Is a Trademark Owner's Right to Use Its Mark Protected by the First Amendment?

Neal R. Platt

Follow this and additional works at: http://scholarlycommons.law.hofstra.edu/hlr

Part of the Law Commons

Recommended Citation
Available at: http://scholarlycommons.law.hofstra.edu/hlr/vol11/iss4/6

This document is brought to you for free and open access by Scholarly Commons at Hofstra Law. It has been accepted for inclusion in Hofstra Law Review by an authorized administrator of Scholarly Commons at Hofstra Law. For more information, please contact lawcls@hofstra.edu.
ARTICLE

IS A TRADEMARK OWNER’S RIGHT TO USE ITS MARK PROTECTED BY THE FIRST AMENDMENT?

Neal R. Platt*

Prior to the Supreme Court decision in *Virginia State Board of Pharmacy v. Virginia Citizens Consumer Council, Inc.*, the first amendment was held not to protect commercial speech. Nonetheless, the judiciary disfavored governmental restrictions on a trademark owner’s use of its mark, primarily out of deference to the owner’s proprietary interest in its mark.

In *Virginia Pharmacy*, the Court struck down the Commonwealth of Virginia’s ban on pharmacists’ advertising as a violation of the public’s first amendment right to receive truthful commercial information. Since *Virginia Pharmacy*, however, courts have failed to apply the proper first amendment standards in passing on the constitutionality of governmental restrictions on nondeceptive trademark use, and thus have not adequately protected the public’s right to

---

* Associate, Fink, Weinberger, Fredman, Berman & Lowell, p.c.; B.S., 1975, Cornell University; J.D., 1978, Hofstra University; LL.M. (Trade Regulation), 1982, New York University. The author would like to thank Professor Harry First of New York University School of Law for his helpful criticism. Both Fink, Weinberger and Professor First are innocent of the conclusions contained herein. This article is dedicated to the memories of Zachary B. Shwal, Neil P. O’Doherty, and Jitendra Shah.

2. See, e.g., Valentine v. Chrestensen, 316 U.S. 52 (1942) (upholding a prohibition on distribution of handbills bearing commercial advertising).
3. See, e.g., Jacob Siegel Co. v. FTC, 327 U.S. 608, 612 (1946) (holding that destruction of a trade name “should not be ordered if less drastic means will accomplish the same result”); FTC v. Royal Milling Co., 288 U.S. 212, 217 (1933) (holding that the FTC’s suppression of use of a deceptive trade name went further than was “reasonably necessary to correct the evil” created).
4. See *Virginia Pharmacy*, 425 U.S. at 749-50, 762-65, 770, 773. Suit was brought by prescription drug consumers who claimed “that they would greatly benefit if the prohibition were lifted and advertising freely allowed.” *Id.* at 753.
know the important information which trademarks convey. The purpose of this article is to demonstrate that the public's constitutional right to know limits the government's right to restrict a trademark owner's ability to use its mark, whether through legislative, judicial, or administrative means.

This article posits that there are three phases in the life of a trademark and that at each successive phase, the information conveyed by the mark increases until the mark reaches its tertiary, maximally informative phase. It discusses the first amendment standards applicable to a mark during each of these three phases and then applies these standards to past governmental restrictions on the use of maximally informative marks to determine whether those restrictions would be held constitutional today.

I. THE TRADEMARK AS INFORMATION

A. What is a Trademark?

Section 4510 of the Lanham Act 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." A trademark can assume almost any imaginable form, as long as it is applied to the goods and is perceptible to the buying public. It can be a visual symbol, an audible symbol, trade dress on a package, a slogan, or even the name of an imaginary character used in

5. See Friedman v. Rogers, 440 U.S. 1 (1979) (use of trade name has significant potential for deception, therefore may permissibly be regulated); infra notes 41-67 and accompanying text.
6. In Virginia Pharmacy, the Court stated that "[f]reedom of speech presupposes a willing speaker." 425 U.S. at 756. Thus, freedom of speech "necessarily protects the right to receive [information]." Id. at 757 (quoting Martin v. City of Struthers, 319 U.S. 141, 143 (1943)).
7. See infra notes 56-67 and accompanying text.
8. See infra notes 68-92 and accompanying text.
9. See infra notes 94-167 and accompanying text.
15. See, e.g., Gottlieb, "In Case You Missed It . . . .", 62 TRADE-MARK REP. 605 (1972) (discussing registration of NBC chimes as service mark).
promoting the sale of a service.\textsuperscript{18}

As the statutory definition illustrates, the fundamental function of a trademark is to identify the owner's goods and distinguish them from those of others.\textsuperscript{19} Trademark rights in a perceptible signal are acquired by using the signal to perform the trademark function.\textsuperscript{20} Through the owner's use of its mark, the public draws an association between the signal and the seller or manufacturer, and the signal becomes indicative of the goods' origin.

A seller will strive to strengthen the association in the public mind between the mark and the positive attributes of its goods. Of course, a seller's attempt can fail when, for example, the public associates the mark with the negative attributes of the seller's goods, rendering the mark valueless, or even a liability.\textsuperscript{21} Once acquired, trademark protection can be lost in several ways, including abandonment\textsuperscript{22} and "genericide."\textsuperscript{23}

\textsuperscript{17} See, e.g., In re McDonald's Corp., 199 U.S.P.Q. (BNA) 490 (T.T.A.B. 1978) ("TWOALLBEEFPATTIESPECIALSAUCELETTUCECHEESEPICKLESONIONSONASESAMEESEEDBUN" held entitled to trademark registration).


"Service mark" is defined in § 45 of the Lanham Act, 15 U.S.C. § 1127. Because a service is intangible, a mark obviously cannot be affixed to a service as it can be to a good. Although this has some practical significance for an applicant seeking registration, see Lanham Act § 3, 15 U.S.C. § 1053 (1976), it has no significance in this article. "Trademark" and "service mark" will be used interchangeably herein.

\textsuperscript{19} Lanham Act § 45, 15 U.S.C. § 1127 (definition of "trademark").

\textsuperscript{20} See id. § 1(a)(1), 15 U.S.C. § 1051(a)(1) (1976) (application for registration must allege applicant's "use in commerce"). The federal statutory definition of "use in commerce," unlike common law or state statutes, requires that the goods associated with a mark be sold or transported in interstate commerce. See id. § 45, 15 U.S.C. § 1127. Because the patent and copyright clause of the Constitution, U.S. Const. art. I, § 8, cl. 8, does not give Congress plenary power over trademarks, see Trade-Mark Cases, 100 U.S. 82 (1879), the interstate commerce clause, U.S. Const. art. I, § 8, cl. 3, has been used as the basis for asserting congressional authority over trademarks. See Lanham Act § 45, 15 U.S.C. § 1127 (final paragraph).

\textsuperscript{21} One can imagine that there might be commercial drawbacks to marketing a 1983-model automobile under the mark "Corvair," vichyssoise under the mark "Bon Vivant," or a tampon under the mark "Rely." Cf. Kleinfield, \textit{Long, Uphill Odds for Tylenol}, N.Y. Times, Oct. 8, 1982, at D1, col. 3.

\textsuperscript{22} See Lanham Act § 45, 15 U.S.C. § 1127 (abandonment of mark presumed after two years of continuous nonuse); infra notes 217-18 and accompanying text.

\textsuperscript{23} Genericide occurs when the signal has ceased to perform the trademark function because it no longer distinguishes the goods of the owner from the goods of others. See 1 J.
Leaving aside constructive notice and other statutory refinements of trademark rights, the essential trademark right can be briefly described by the following pristine hypothetical:

A Corp., a manufacturer of widgets, has been selling its widgets throughout the state of New York for twenty years under the trademark A. Yesterday, B Corp. opened a widget plant and began affixing the A trademark to its widgets and selling them in New York. Today, A Corp. sued to enjoin B Corp. from selling widgets in New York under the A mark.

Under these ideal conditions, A Corp. should win. B Corp. may continue to sell its widgets in New York, of course, under any name but A (or any other confusingly similar name). A Corp.'s right in its mark consists of its ability to prevent B Corp. from purveying a signal that will likely mislead the public into believing that B Corp.'s goods are in fact A Corp.'s goods, thereby tricking the public into buying B Corp.'s goods. In one sense, then, trademark infringement can be thought of as a misrepresentation of the goods' origin.

For purposes of the ensuing constitutional analysis, it is essential to mention whose interests the law seeks to protect in effectuating A Corp.'s desire to stop B Corp. from selling competitive goods under the A mark. The law seeks to protect:

1. A Corp., from another seller who would divert A Corp.'s sales and be unjustly enriched through trading on A Corp.'s reputation and who might damage A Corp.'s reputation by selling inferior merchandise under the A mark;

2. The public, from being deceived into buying B Corp.'s goods in reliance on the representation that the goods come from A Corp.;
(3) Both A Corp. and the public, from the loss of a reliable shorthand signal for indicating the origin of the goods.30

B. What Information Does a Trademark Impart?

Prior to Virginia State Board of Pharmacy v. Virginia Citizens Consumer Council, Inc.,31 the Supreme Court had held commercial speech to be outside the scope of first amendment protection.32 In Valentine v. Chrestensen,33 the Court sustained a New York City ordinance which prohibited the distribution of all handbills except those “solely devoted to ‘information or a public protest.’”34 The Court held that the first amendment imposes no restraint on government regulation “as respects purely commercial advertising.”35

The severity, as well as the clarity, of this rule was gradually eroded during the 1960’s and early 1970’s.36 Finally, in 1976, the Supreme Court overturned Chrestensen in Virginia Pharmacy, affording constitutional protection to the free flow of truthful commercial information.37 Since that decision, which struck down a ban on prescription drug advertising, the Court has overturned bans on posting “For Sale” signs in a residential neighborhood,38 lawyers’ advertising,39 and advertising by public utilities.40 In Friedman v. Rog-

---

30. If B Corp. and others are permitted to use the A mark, the public will realize eventually that the mark has ceased to distinguish the goods of A Corp. from the goods of others. See McCarthy, Compulsory Licensing of a Trademark: Remedy or Penalty?, 67 TRADEMARK REP. 197, 230-32 (1977).


33. 316 U.S. 52 (1942).

34. Id. at 53.

35. Id. at 54.


37. See Virginia Pharmacy, 425 U.S. at 770-73.


ers. The Court, however, declined to extend the logic of its prior commercial speech decisions when faced with the question whether the first amendment protects a trademark owner's right to use its mark without governmental interference.

In Friedman, Dr. Rogers, "an advocate of the commercial practice of optometry," sought declaratory and injunctive relief against enforcement of a Texas statute which prohibited the practice of optometry under a trade name other than the optometrist's personal name. To warrant protection under Virginia Pharmacy, a trade name would have to impart truthful commercial information. The Court, however, upheld the Texas statute. The opinions by the Justices in Friedman illustrate divergent viewpoints on whether a trade name conveys protective information.

1. Majority View.—Denying first amendment protection to Dr. Rogers' use of a nonpersonal trade name in his optometric practice, the majority distinguished its prior decisions invalidating state bans on pharmacists and lawyers advertising:

In those cases, the State had proscribed advertising by pharmacists and lawyers that contained statements about the products or services offered and their prices. These statements were self-contained and self-explanatory. Here, we are concerned with a form of commercial speech that has no intrinsic meaning. A trade name conveys no information about the price and nature of the services offered by an optometrist until it acquires meaning over a period of time by associations formed in the minds of the public between the name and some standard of price or quality. Because these ill-defined associations of trade names with price and quality information can be manipulated by the users of trade names, there is a significant possibility that trade names will be used to mislead the public.

The majority then recited a litany of ways in which unscrupulous

42. Id. at 5-6. Texas optometrists had informally divided themselves into two camps, those of "professional" and "commercial" practitioners. Id. at 5. Dr. Rogers was the leader of the commercial forces. Together with his associates, he operated more than 100 optometry offices under a nonpersonal trade name. Id. at 21 (Blackmun, J., concurring in part and dissenting in part).
43. Id. at 6. See infra note 64 and accompanying text.
44. See Virginia Pharmacy, 425 U.S. at 770-73.
45. See id at 748.
47. Friedman, 440 U.S. at 12-13 (footnotes omitted).
optometrists could deceive the public through the use of trade names. Writing for the majority, Justice Powell appears to have held that a trade name conveys a small quantum of information whose social value is greatly outweighed by its enormous capacity to deceive.

2. Minority View.—Justice Blackmun, joined by Justice Marshall, dissented from the Court's upholding of the ban on optometric trade names. The dissenters characterized trade names as "a vital form of commercial speech," and adopted the following approach posited by Professor Benham, a noted economist:

"One of the most valuable assets which individuals have in this large mobile country is their knowledge about trade names. Consumers develop a sophisticated understanding of the goods and services provided and the prices associated with different trade names. This permits them to locate the goods, services, and prices they prefer on a continuing basis with substantially lower search costs than would otherwise be the case. This can perhaps be illustrated by pointing out the information provided by such names as Sears, Neiman Marcus or Volkswagen. This also means that firms have an enormous incentive to develop and maintain the integrity of the products and services provided under their trade name: the entire package they offer is being judged continuously by consum-

48. See id. at 13. The Court stated that a trade name, by its continuity, could conceal changes in staff. Trade names might also permit an optometrist with a tarnished reputation to adopt a new name. In addition, trade names can give the appearance of competition among shops using different names but under common ownership. The Court also found that the use of trade names facilitates large-scale advertising which a state may wish to "discourage." Id.

Many of the artifices listed by the Court could be applied as easily to any other industry which uses trade names. It is disturbing to note that this may portend the Court's willingness to uphold state restrictions on trade name use generally. At some point, state regulation would have to yield to the federal policy encouraging trademark use and protection embodied in the Lanham Act.

The term "trade name" is defined in the Lanham Act separately from the terms "trademark" and "service mark." See Lanham Act § 45, 15 U.S.C. § 1127 (1976). A trade name is essentially the name of a business firm. Id. A trade name, however, can become a registrable trademark or service mark in the same manner as any other signal. It is clear from Friedman that Dr. Rogers' trade name was being used as a service mark. See 440 U.S. at 21-23 (Blackmun, J., concurring in part and dissenting in part). For purposes of this discussion, any difference between trademarks and trade names is irrelevant.

49. See Central Hudson Gas & Elec. Corp. v. Public Serv. Comm'n, 447 U.S. 557, 563 (1980) ("The government may ban forms of communication more likely to deceive the public than to inform it.") (citing Friedman v. Rogers, 440 U.S. 1, 13, 15-16 (1979)).

50. Friedman, 440 U.S. at 19-28 (Blackmun, J., concurring in part and dissenting in part).

51. Id. at 22 n.3 (Blackmun, J., concurring in part and dissenting in part).
ers on the basis of the samples they purchase."

The dissent also noted that if, as the majority held, a trade name has no intrinsic meaning, then "it cannot by itself be deceptive. A trade name will deceive only if it is used in a misleading context."

C. Three Phases in the Life of a Trademark

Neither the majority nor the dissent in Friedman v. Rogers denied that a trade name is susceptible of deceptiveness. The difference of opinion between the majority and the dissent can perhaps best be explained as a basic disagreement over what information a trade name conveys and the value of that information. Furthermore, neither the majority nor the dissent was entirely wrong about what information a trade name conveys. The opinions diverged because they focused on different points in the life of a trade name. Returning to our hypothetical, let us examine the information conveyed by the trademark at each phase of its life.

Two years before A Corp. was formed under the laws of New York, inventor Jones developed a highly efficient widget-production process and planned to form a corporation to produce widgets. Jones sought a corporate name which, he hoped, would also become a trusted trademark for widgets. At this point the term "A" was merely one of a nearly infinite number of possible signals which Jones could have chosen as his corporate name.

Jones called his lawyer and asked her if there was any limit on his choice of a corporate name. She explained that there were some limits on available corporate names and asked what names Jones had in mind. Jones supplied three fanciful possibilities: "The Widget Trust," "The Widget Exchange," and "A". Jones' lawyer explained that, according to New York State law, any corporate name would have to contain a corporate designation, such as "corporation" or "incorporated." She further explained that "The Widget Trust" could not be used as a corporate name in New York because it contained the word "trust," and that "The Widget Exchange" could not be used without the attorney general's approval because it con-
tained the word "exchange." Rather than develop additional alternatives, Jones chose "A Corp." and his lawyer filed a certificate of incorporation under that name.

At this preselection stage, any of these alternative names, absent statutory proscription, were capable of becoming a quality indicator through adoption and use. Aside from Jones' slight disappointment, however, neither Jones nor the public was seriously inconvenienced by the state's prohibition on Jones' incorporation under a potentially deceptive name. Jones still had a nearly infinite pool of names from which to choose, minus an insignificant number of prohibited names. Let us refer to the preselection phase as the primary phase in the life of the A mark.

On the first day of its widget production, A Corp. most likely intended its application of the A trademark to mean simply, "this widget was manufactured by A Corp.," and that is probably what the first buyer thought when he saw the mark on the widget at the time of sale. At this point, as the Friedman majority stated, the trademark had no intrinsic meaning to the consumer. It did, however, have an intrinsic meaning to Jones. Applying the A mark was Jones' way of saying "I made this." The A mark became more than a possible trademark, although it had not yet reached the stage where it actually communicated a certain level of quality to the public. By transcending mere possibility and becoming a potential quality indicator, the A mark entered its secondary phase. This is tantamount to saying that the mark had been selected and was being used to indicate the source of goods in a way that would almost certainly cause it imminently to become an indicator of quality to the public. The A signal had become a trademark but had not yet reached its full informative potential.

Now let us assume that most widget buyers entirely consume one widget every two months and re-enter the widget market imme-

---

58. See id. § 301(a)(10) (McKinney Supp. 1982).
59. Not all restrictions on trademark use deal with corporate names. Both the federal and New York trademark statutes eliminate certain categories, such as immoral, deceptive, or scandalous marks, from the pool of registrable trademarks irrespective of the form of business organization employed by the registrant. See Lanham Act § 2, 15 U.S.C. § 1052 (1976); N.Y. Gen. Bus. Law § 361(a) (McKinney 1968).
60. See Friedman, 440 U.S. at 12-13. The trademark restriction sub judice in Friedman not only banned the future adoption of optometric trade names, but stifled the use of trademarks already in use. See infra text accompanying notes 62-65. Cf. Model Code of Professional Responsibility DR 2-102(B)(1981)(prohibiting attorneys from using trade names). The majority's focus on information imparted only by newly adopted trade names seems to have been inappropriate.
After a few months, the prospective purchaser who has used an \( A \) widget will reap additional and crucial information from the appearance of the \( A \) mark on a widget. The mark will say something like: “This widget was manufactured by the people who made the durable widget you used last week,” or perhaps, “this widget was manufactured by the people who made the widget that spontaneously exploded and burned down your garage last week,” or possibly something in between, depending on the purchaser’s past experience with \( A \) widgets.\(^6\) In any case, the experienced \( A \) widget user will consider his or her past experience with \( A \) widgets before purchasing another, relying on the probability that the next will likely perform much like the last. Whether the prospective purchaser will purchase another \( A \) widget will depend largely upon \( A \) Corp.’s quality control and adeptness at perceiving and anticipating the needs of widget consumers.\(^6\) By this phase, the \( A \) signal has entered its tertiary phase, having attained its full informative potential as an actual quality indicator. It was upon this point in the trademark’s life that the Friedman dissenters focused.\(^6\)

How could the Friedman majority and dissent have made such contradictory characterizations of the quantum of information conveyed by the same trademark? The answer lies in the failure of the Texas statute under consideration to distinguish among the three phases of a trademark’s life. The statute, as adopted in 1969, provided in pertinent part: “No optometrist shall practice or continue to practice optometry under . . . any name other than the name under which he is licensed to practice optometry in Texas . . . .”\(^6\) Thus,
in a single stroke, the Texas Legislature banned all optometrists' nonpersonal trade names, including those which had already attained their full informative potential. According to the Supreme Court opinions, it appears that Dr. Rogers' mark had become an effective quality indicator.

The Court was thus faced with the dilemma of choosing among three imperfect holdings: (1) upholding the statute as it applied to all optometric trade names; (2) striking down the statute as it applied to all optometric trade names; or (3) finding that the Texas statute was constitutionally required to "grandfather in" marks which had reached a fully informative phase prior to enactment of the ban. Striking down the statute completely would have given full first amendment protection to marks in not only the tertiary, but also the primary and secondary phases of informativeness. As we will see later, this would have given first amendment protection where it was not due. The "grandfathering" alternative would have at least protected "free speech" based upon the date when the speaker began speaking, a result which would have given the owners of the grandfathered marks an unwarranted competitive advantage. Left with these possibilities the Court chose one of the more sensible and certainly the most easily administered alternatives, but not the one which was most consistent with the spirit of its prior commercial speech decisions.

Friedman can be read as holding that all trademark use falls outside the scope of first amendment protection. However, this reading would render Friedman entirely inconsistent with the Court's later refinement of the commercial speech test. In hindsight, it would have been better had the Court struck down the statute as it applied

amended statute now provides: "An optometrist may practice optometry under a trade name or an assumed name or under the name of a professional corporation or a professional association." Id. The same subsection requires an optometrist to display his actual name in the reception area. Id.

65. The district court finding that the public "identif[ied] the [trade] name with a certain quality of service and goods," Friedman v. Rogers, 438 F. Supp. 428, 431 (E.D. Tex. 1977), aff'd in part and rev'd in part, 440 U.S. 1 (1979), was not disturbed on appeal. See Friedman, 440 U.S. at 8. In fact, the mark ("Texas State Optical" or "TSO") had been in use before the Texas trade name ban was adopted. See id. at 21 (Blackmun, J., concurring in part and dissenting in part).


67. See infra notes 86-87 and accompanying text.
to all marks and left it to the Texas Legislature to design a statute that permitted at the minimum, the use of all quality-indicative, nondeceptive trade names. As the next section demonstrates, the Court's later refinement of its commercial speech test casts serious doubt on the continued validity of the broad implications of its holding in Friedman.

II. THE EFFECT OF THE PUBLIC'S RIGHT TO KNOW ON GOVERNMENTAL POWER TO RESTRICT TRADEMARK USE

A. First Amendment Standards

In Central Hudson Gas & Electric Corp. v. Public Service Commission,⁶⁸ the Supreme Court addressed the question "whether a regulation of the Public Service Commission of the State of New York violate[d] the First and Fourteenth Amendments because it completely ban[ned] promotional advertising by an electrical utility."⁶⁹ The Court held that the ban did violate those amendments.⁷⁰ For purposes of this article, the primary importance of Central Hudson is not its holding, but rather its elaboration of the constitutional standards applied to commercial speech:

In commercial speech cases . . . a four-part analysis has developed. At the outset, we must determine whether the expression is protected by the First Amendment. For commercial speech to come within that provision, it at least must concern lawful activity and not be misleading. Next, we ask whether the asserted governmental interest is substantial. If both inquiries yield positive answers, we must determine whether the regulation directly advances the governmental interest asserted, and whether it is not more extensive than is necessary to serve that interest.⁷¹

The Court distinguished Friedman v. Rogers,⁷² citing it for the proposition that "[t]he government may ban forms of communication more likely to deceive the public than to inform it."⁷³ If Friedman stood for no more than that proposition, it would be easily distinguishable from Central Hudson. Unfortunately, the cases are diffi-

---

⁶⁹. Id. at 558.
⁷⁰. Id. at 572.
⁷¹. Id. at 566. The Court recently elaborated on the requirement that the activity be lawful. See Village of Hoffman Estates v. Flipside, Hoffman Estates, Inc., 455 U.S. 486 (1982) (permitting municipality to ban "head shops").
The Central Hudson test was applied to the facts in Friedman, and it was found that the expression was protected by the First Amendment. The majority deemed it sufficient to point to the potential deception that could be performed with any trade name. The majority found that Dr. Rogers' own use of his trade name in a way that was neither unlawful nor misleading passes muster under both criteria and should have been held protected.

Was the governmental interest in Friedman substantial? According to the Court, the statute involved was calculated to "ensure that information regarding optometrical services [would] be communicated more fully and accurately to consumers than it had been in the past when optometrists were allowed to convey the information through unstated and ambiguous associations with a trade name." While this state interest may seem substantial in the abstract, one may doubt whether the question of substantiality of state interest can be meaningfully addressed without reference to the social value of the information being quashed, an issue which the Court never examined. Furthermore, whether this state interest was truly the basis for the legislature's enactment of this statute is not easily ascertainable.

Did the trade name ban "directly" advance the governmental interest asserted? Stated as it is in the above quotation, the state's interest seems to be served by the statute.

On the "no more extensive than necessary" step of the Central Hudson test, however, the Friedman Court stumbled. The dissenters correctly found that the statute unconstitutionally banned nondeceptive trade name use. There was no evidence that Dr. Rogers had actually deceived anyone. The Friedman majority permitted a state
to ban an entire category of commercial speech on the grounds that the category as a whole was potentially misleading. The majority neglected to address the “least restrictive remedy” standard which would have required the Court to limit the ban to misleading optometric trade name use. The Court thus allowed Texas to toss out the baby with the bathwater, the very result that the fourth prong of the Central Hudson test was designed to prohibit. The majority seemed unconcerned that without a trademark, commercial advertising is nearly worthless and that by banning optometrists’ trade names, Texas successfully banned optometrist advertising outside the small area around a given practice.

Friedman is an anomaly in the first amendment law of commercial speech, affording insufficient protection to a trademark which had already attained its maximally informative phase as a nondeceptive quality indicator. It is to be hoped that the Friedman holding will be limited to its facts.

B. How Much Protection Is Warranted at Each Phase?

1. Primary Phase.—At the primary phase in a trademark’s life, i.e., the preselection phase, first amendment protection is unwarranted. The mark is not in use, so it cannot be said to be an expression of any sort, either by the prospective owner or to the public. At this phase, the minimal due process standard applicable to regulation of other commercial behavior should be applied. Thus, the government has the legitimate power to eliminate potentially deceptive signals from the infinite pool of potential quality indicators “[i]f the laws passed are seen to have a reasonable relation to a proper legislative purpose, and are neither arbitrary nor discriminatory.”

2. Secondary Phase.—During the mark’s secondary phase, once it has been adopted and used, but before an appreciable number of buyers regard it as a quality indicator, the mark conveys commercial information only to the extent that it communicates, as in
our hypothetical, "Jones (or A Corp.) made this." Since the mark communicates to the public nothing of present value to it, the mark does not warrant first amendment protection as commercial speech. At this stage, under minimal due process standards, the mark may warrant more protection than a primary-phase mark, and a more substantial governmental purpose should be required to outweigh the owner's unrestricted right to use the mark. The secondary phase in a trademark's life is apt to be ephemeral and, with diligent marketing efforts on the part of the owner, can be shortened to a few purchase cycles.  

Because the secondary phase of a trademark's life is so brief, courts will rarely be called upon to enunciate a standard to be applied to a mark in this phase. The extent to which government can interfere with the owner's use in this phase will be difficult to decide and will turn upon the different facts in each case. Experience demonstrates that the great majority of trademarks upon which courts are asked to pass judgment fall into the tertiary phase.

3. Tertiary (Maximally Informative) Phase.—The precise point at which a mark enters its tertiary, maximally informative phase as a quality indicator is not easy to ascertain, but may be proven in the same manner as secondary meaning, i.e., by affidavit and survey evidence. Passage to this phase should entitle the mark to all the first amendment protection commercial speech can receive. Restrictions on the owner's use of a mark at this stage must satisfy the Central Hudson four-step analysis in every regard. As
a practical matter, then, the government may act with least restraint when it restricts the use of marks not yet adopted or only recently adopted, but it acts at its peril when it attempts to restrict the use of a mark which the public has come to regard as a quality indicator.

No trademark-restriction case discussed in this article fails to enunciate a legitimate governmental interest. Instead, the basic flaw in many cases is that they either answer incorrectly or neglect to focus on the questions: “Does the restriction directly advance the state interest without unnecessarily impinging on other state interests of equal importance?” and “could a more limited restriction on commercial speech serve the state interest as well?” Yet, the answers to these questions are decisive.92

C. First Amendment Limitations on Governmental Power and Past Restrictions on Trademark Use

Before Central Hudson Gas & Electric Corp. v. Public Service Commission,93 governmental actions restricting an owner’s use of its established trademark generally did one or more of the following:

1. Prevented the owner from using its trademark for a fixed or indefinite term;
2. Conditioned the owner’s continued use of the mark on its performance of, or forbearance from, some other act;
3. Restricted the time, place, or manner in which the owner might display its mark;

progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.” U.S. Const. art. I, § 8, cl. 8 (emphasis added).

92. So important are these questions that the constitutionality of FTC jurisdiction to regulate unfair advertising is in doubt. See S. Rep. No. 500, 96th Cong., 2d Sess. 17-18, reprinted in 1980 U.S. Code Cong. & Ad. News 1102, 1118-20. The Supreme Court recently struck down a state restriction on lawyers’ advertising based on criteria which were broader than deceptiveness. See In re R.M.J., 455 U.S. 191 (1982). In addition, the Reagan Administration cited constitutional concerns in casting a negative vote on the World Health Organization’s proposed ban on direct advertising of breast milk substitutes:

[I]t places a complete ban on advertising to the general public whether the material being advertised is truthful or not truthful. Now that has grave constitutional problems for us; we couldn’t adopt it here at home, and we can’t recommend it for anyone else.

\[\ldots\]

Here is an effort to control the free flow of what can be truthful information in a commercial context. It’s not something that we can support.


4. Compelled the owner to permit some other business(es) to use the owner's mark for a fixed or indefinite term (known as "compulsory trademark licensing").

For discussion purposes, each of these remedies will be treated separately.

1. Trademark Excision.—Courts and administrative agencies have ordered a trademark owner to stop using its mark in two basic types of cases: deception and monopolization.

   a. Deception.—In FTC v. Royal Milling Co., the Federal Trade Commission (FTC) had issued cease and desist orders preventing certain preparers of flour from using trade names containing the words "milling company," "mill," or words of similar import, since none of the respondent companies milled grain into flour. Although the Supreme Court agreed with the conclusion of the FTC that the deceptive use of the trade names was an unfair trade practice, the Court remanded the orders suppressing use of the trade names, stating:

   These names have been long in use, in one instance beginning as early as 1902. They constitute valuable business assets in the nature of good will, the destruction of which probably would be highly injurious and should not be ordered if less drastic means will accomplish the same result. The orders should go no further than is reasonably necessary to correct the evil and preserve the rights of competitors and public; and this can be done . . . by requiring proper qualifying words to be used in immediate connection with the names.

   Similarly, in Jacob Siegel Co. v. FTC, the Court found that the FTC had failed to consider whether an order "short of excision" would eliminate the deceptiveness of the trade name "Alpacuna" as

94. 288 U.S. 212 (1933).
96. On appeal to the Sixth Circuit Court of Appeals, the FTC's cease and desist orders were overturned on the ground that even if the practices enjoined were deceptive, the resultant harm amounted only to a private harm, not a public wrong requiring Commission action. Royal Milling, 58 F.2d 581, 583 (6th Cir. 1932) rev'd sub nom. In re McGraw, 15 F.T.C. 38 (1931). The Supreme Court reversed the Sixth Circuit, holding that "the purchasing public is entitled to be protected against [this] species of deception." 288 U.S. at 217.
98. Id. (citations omitted).
100. Id. at 614.
applied to fabrics containing no vicuna. The case was remanded to the court of appeals to enable it to consider whether a lesser remedy would suffice.

Royal Milling and Jacob Siegel form the basis of a consistent judicial policy. Neither decision explicitly addressed whether a trademark constitutes property within the scope of the due process clause of the fifth amendment. The language quoted above, however, coupled with the fact that the decisions antedate the first amendment approach of Virginia State Board of Pharmacy v. Virginia Citizens Consumer Council, Inc. demonstrates that in enunciating the "least-restrictive-remedy" test, the Court was primarily concerned not with the first amendment interests of either the owner or the public, but with the owner's fifth amendment property interests. Freedom of speech was not mentioned in either opinion.

101. Id. at 609.
102. See id. at 614.
103. See, e.g., Korber Hats, Inc. v. FTC, 311 F.2d 358 (1st Cir. 1962) (remanding case to FTC for consideration of whether a less drastic remedy than excision could eliminate deception in using "Milan" as a trade name in connection with hats); Carter Prods., Inc. v. FTC, 268 F.2d 461 (9th Cir. 1959) (permitting order excising "liver" from trade name "Carter's Little Liver Pills" upon finding of no beneficial effect on liver); Elliot Knitwear, Inc. v. FTC, 266 F.2d 787 (2d Cir. 1959) (remanding case to FTC for consideration whether order compelling disclosure of fiber content could cure deceptiveness of trade name "Cashmora" as used in connection with fabric containing no cashmere). See also In re Bakers Franchise Corp., 59 F.T.C. 70 (1961) (deceptiveness of "Lite Diet" trade name for bread could be cured only by excision because only dietetic characteristic of bread was that it was thinly sliced), aff'd, 302 F.2d 258 (3d Cir. 1962).
104. "[N]or shall any person . . . be deprived of life, liberty or property, without due process of law; nor shall private property be taken for public use, without just compensation." U.S. Const. amend. V.
105. See supra text accompanying note 98.
107. This, of course, raises the question whether a trademark is a property or liberty right. In Paul v. Davis, 424 U.S. 693 (1976), the Supreme Court seemed to imply that an individual's general reputation is neither property nor liberty. See id. at 701. In that case, a private citizen had sued a state law enforcement officer under 42 U.S.C. § 1983 (Supp. IV 1980), alleging that the officer had, under color of state law, published plaintiff's name and likeness on a list of "Active Shoplifters." 424 U.S. at 694-97. The Court held that plaintiff failed to assert a claim cognizable under § 1983 because plaintiff's interest in "reputation alone" does not constitute liberty or property under the due process clause of the fourteenth amendment, id. at 712, but merely an interest which may or may not be protected by state defamation law. On the other hand, the Court has held that whether a right is property or liberty is not in the first instance a constitutional question. Such interests can arise from common law, statute, or usage. See, e.g., Board of Regents v. Roth, 408 U.S. 564, (1972). The Lanham Act, state trademark laws, and federal and state common law relating to trademarks would seem to give rise to property and liberty interests in trademarks. See also Ford Motor Co. v. United States, 405 U.S. 562, 576 n.11 (1972).
108. In Friedman v. Rogers, 440 U.S. 1 (1979), the Supreme Court distinguished Royal
Although the "least restrictive remedy" test was fashioned to satisfy fifth amendment concerns, it can also suffice for first amendment purposes where a trademark is a source of actual deception. This is the simplest of cases, because the government's legitimate interest in preventing deception is coterminous with the public's interest in not being deceived and, as indicated earlier, the trademark owner has no countervailing constitutional right to deceive the public. Based as it is on protection of the property interests of the

*Milling* and *Jacob Siegel* on the ground that those decisions expounded a limit on FTC enforcement jurisdiction which arose out of deference to property interests. See *Friedman*, 440 U.S. at 12 n.11. The Court stated: "There is no First Amendment rule . . . requiring a State to allow deceptive or misleading commercial speech whenever the publication of additional information can clarify or offset the effects of the spurious communication." *Id.* See *Encyclopaedia Brittanica, Inc. v. FTC*, 605 F.2d 964 (7th Cir. 1979), cert. denied, 445 U.S. 934 (1980); National Comm'n on Egg Nutrition v. FTC, 570 F.2d 157 (7th Cir. 1977), cert. denied, 439 U.S. 821 (1978). But see McCarthy, supra note 30, at 236-39. In his discussion of *Royal Milling* and *Jacob Siegel*, Professor McCarthy seems to have taken the position, albeit not explicitly, that first amendment values underlie the "least restrictive remedy" test. *Id.* Indeed, under *Central Hudson* it has become one prong of the first amendment commercial speech test. See *supra* text accompanying note 71.

109. *See generally* Tomei v. Finley, 512 F. Supp. 695 (N.D. Ill. 1981). At least one judge has suggested that a little trademark infringement may be good for the consumer. See *Standard Brands, Inc. v. Smidler*, 151 F.2d 34, 41 (2d Cir. 1945) (Frank, J., concurring).

110. If the commercial speech doctrine is intended to protect the public's right to receive truthful commercial information, see *Virginia Pharmacy*, 425 U.S. at 733, then the public may have a right to compel the government to allow an owner to use its mark in a truthful way. The possibility that the public's right may form the basis of an implied right of action under the first amendment merits consideration. In *Virginia Pharmacy*, the plaintiff-consumers alleged not only first and fourteenth amendment violations, but also a violation of 42 U.S.C. § 1983 (Supp. IV 1980) because of state restrictions on advertising by pharmacists. 373 F. Supp. 683, 684 (E.D. Va. 1974). Section 1983 provides for a private right of action against persons who deprive another of constitutional rights under color of state law. The district court, in holding that the statute violated the first amendment rights of plaintiff-consumers, did not address the section 1983 issue. *See id.* at 685. Appeal to the Supreme Court focused only on the constitutional question, and not the statutory issue. *See* 425 U.S. at 750-51.

While section 1983 provides a private right of action against persons who deprive another of constitutional rights under color of state law, section 1983 does not apply to similar violations committed under color of federal law. To remedy this anomalous situation, the Supreme Court has "discovered" an implied right of action arising directly under the fourth amendment. See *Bivens v. Six Unknown Named Agents of Fed. Bureau of Narcotics*, 403 U.S. 388 (1971). No great leap of imagination is required to hypothesize a private right of action on the part of a member of the public against a federal officer acting in violation of the Federal Constitution by improperly restricting another's trademark use. See *generally* Student Project, *Constitutional Torts Ten Years After Bivens*, 9 HOFSTRA L. REV. 943, 1005-08 (1981) (describing first amendment applications of *Bivens*). However, under current standing doctrine, the injury to an individual member of the public may be too diffuse to warrant standing. Cf. *Valley Forge Christian College v. Americans United for Separation of Church and State, Inc.*, 454 U.S. 464 (1982) (finding that any injury to an individual member of the public because of grant of federal land to religious group was too diffuse to warrant standing). A finding that the public has a constitutional right to free trademark use might raise questions about the repelability in
owner, the "least restrictive remedy" formula may not, however, suffice in all instances to protect the owner's and the public's liberty interests in the trademark. That the remedy be the least restrictive is only one of the four first amendment criteria set forth in Central Hudson.\textsuperscript{111}

b. Monopolization.—In \textit{Ford Motor Co. v. United States},\textsuperscript{112} the Supreme Court affirmed a district court order that, inter alia, prohibited Ford from using its name on spark plugs for five years.\textsuperscript{113} The district court held that Ford had violated section 7 of the Clayton Act\textsuperscript{114} by purchasing Autolite's only domestic spark plug plant, the "Autolite" trade name, a battery installation, and limited distribution rights.\textsuperscript{115} Before the acquisition, the spark plug manufacturing trade had been highly concentrated.\textsuperscript{116} Instead of entering the market de novo, Ford chose to enter by the less costly means of acquisition.\textsuperscript{117} As one of the "Big Three" automobile manufacturers and thus a major purchaser of spark plugs, Ford had exercised substantial procompetitive influence on the spark plug market. By acquiring Autolite's assets, Ford ceased to affect the market as a potential entrant, thus decreasing competition.\textsuperscript{118}

Because of the propensity of spark plug installers to replace plugs with those of the same manufacturer (an original equipment or toto of the Lanham Act. For example, if the Act were repealed, could the government ban trade name use completely? Could it bar actions for trademark infringement? It is no more necessary to anticipate answers to all these questions in this area than in any other area of constitutional torts, because liberty interests, like property interests, always arise in the first instance from common law, statute, or usage. \textit{Cf.} Palko v. Connecticut, 302 U.S. 319, 327 (1937) (Cardozo, J.) (dictum) ("Of [the freedom of thought and speech] one may say that it is the matrix, the indispensable condition, of nearly every other form of freedom. With rare aberrations a pervasive recognition of that truth can be traced in our history, political and legal.").\textsuperscript{119}

\textsuperscript{111} See supra text accompanying note 71.
\textsuperscript{112} 405 U.S. 562 (1972).
\textsuperscript{114} Clayton Act § 7, 15 U.S.C. § 18 (1976 & Supp. V 1981). The Act prohibits the acquisition of stock or assets where the result may substantially lessen competition or create a monopoly "in any line of commerce in any section of the country." \textit{Id.}
\textsuperscript{115} United States v. Ford Motor Co., 286 F. Supp. 407, 410 (E.D. Mich. 1968). Separate proceedings were held to determine: (1) whether Ford violated § 7 of the Clayton Act; and (2) what remedy should attach to such violation. The liability issue is reported at 286 F. Supp. 407, while the remedy issue is reported at 315 F. Supp. 372, aff'd, 405 U.S. 562.
\textsuperscript{116} 405 U.S. at 570.
\textsuperscript{117} \textit{Id.} at 566.
\textsuperscript{118} \textit{Id.} at 566-71.
“OE” tie) the district court enjoined Ford for ten years from manufacturing spark plugs, ordered Ford to purchase one-half of its total annual requirement of spark plugs for the next five years from the divested plant under the “Autolite” name, and prohibited Ford for five years from using its own name on plugs. A majority of the Supreme Court felt that preventing Ford from selling plugs under its own name during the five-year period would permit the divested Autolite plant to overcome the OE tie and survive as a competitor. Chief Justice Burger and Justice Blackmun, however, found the remedy to be unjustifiably broad. Justice Blackmun was particularly offended by the trademark restriction and stated: “[T]o deny [Ford] the use of its own name is to deny it a property right that has little to do with this litigation.”

Ford is one of a number of cases in which trademark use has been viewed as a threat to competition. In an appendix to this article, the author posits that trademark use alone, however aggressive and ubiquitous, can never suffice to restrain trade. In every case of an antitrust violation involving a trademark, the locus of the wrong is a commercial practice other than trademark use, whether that practice be monopolization, unlawful tie-in, or unlawful exclusive dealing. None of these unlawful practices is constitutionally protected, while trademark use merits first amendment protection as commercial speech. Consequently, a remedy other than trademark excision should be employed to cure antitrust violations. Interference with an owner’s use of its mark cannot satisfy the “least restrictive remedy” test, since it would be possible to cure the violation without obstructing trademark use at all. Additionally, courts have developed effective procompetitive doctrines to ensure that trademark rights do not encompass a right to restrain trade.

2. Conditioning Continued Use.—The government, most nota-

119. Ford, 315 F. Supp. at 375. Id. at 378.
120. Id. The other portions of the injunction are irrelevant here. Ford was unusual in permitting a temporary ban on trademark use, but it is not unique. See, e.g., United States v. General Elec. Co., 82 F. Supp. 753, 848-52 (D.N.J. 1949), modified, 115 F. Supp. 835, 858-59 (D.N.J. 1953).
121. Ford, 405 U.S. at 582, 583 (Burger, C.J., concurring in part and dissenting in part); see id. at 595 (Blackmun, J., concurring in part and dissenting in part).
122. Id. at 595 (Blackmun, J., concurring in part and dissenting in part). It appears that the free speech issue in Ford was not urged upon the Court, although the property issue was. See Brief for Appellant at 41, Ford, reprinted in 32 ANTITRUST LAW: MAJOR BRIEFS AND ORAL ARGUMENT OF THE SUPREME COURT OF THE UNITED STATES 79, 119-23 (P. Kurland & G. Casper eds. 1979).
123. See McCarthy, supra note 81, at 123.
bly the FTC, has at times conditioned advertising on the performance of some other act.\textsuperscript{124} Such orders have generally not placed a condition on affixation of the mark to goods. Instead, they have restricted the mark’s use by restricting the commercial advertising in which the mark could be used.

The most celebrated of these cases was \textit{In re Warner-Lambert Co.}\textsuperscript{126} In that case, the FTC found that Listerine-brand mouthwash had been advertised as a cure for colds and sore throats.\textsuperscript{126} Such advertising had taken place for over fifty years.\textsuperscript{127} Since the Commission found that the advertising was false\textsuperscript{128} and would have a lingering effect even after it ceased,\textsuperscript{129} the makers of Listerine were ordered to cease and desist from advertising Listerine as a cold remedy\textsuperscript{130} and to cease and desist from disseminating . . . any advertisement[s] for Listerine Antiseptic unless it is clearly and conspicuously disclosed in each such advertisement, in the exact language below that: “Contrary to prior advertising, Listerine will not help prevent colds or sore throats or lessen their severity.” This requirement extended only to the next ten million dollars of Listerine advertising.\textsuperscript{131}

The Court of Appeals for the District of Columbia modified the Commission’s order to delete the phrase “contrary to prior advertising,” but otherwise affirmed.\textsuperscript{132}

Because deceptiveness was not inherent in the trade name “Listerine,” excision would obviously have been inappropriate. Yet the order severely limited Warner-Lambert’s ability to bring its mark to the public’s attention in connection with truthful claims unless the corrective phrase was also present.\textsuperscript{133} The court of appeals held that

\begin{footnotesize}
\begin{itemize}
\item \textsuperscript{125} \textit{In re Warner-Lambert Co.}, 86 F.T.C. 1398 (1975), modified and aff’d, 562 F.2d 749 (D.C. Cir. 1977), cert. denied, 435 U.S. 950 (1978).
\item \textsuperscript{126} 86 F.T.C. at 1486.
\item \textsuperscript{127} Id. at 1501.
\item \textsuperscript{128} Id. at 1496-97.
\item \textsuperscript{129} Id. at 1501-04.
\item \textsuperscript{130} Id. at 1513-14.
\item \textsuperscript{131} Id. at 1514. This requirement would terminate when Warner-Lambert had expended an advertising sum equivalent to the average annual Listerine advertising budget for the period of April 1962 to March 1972. Id. at 1515.
\item \textsuperscript{132} See 562 F.2d at 763-64.
\item \textsuperscript{133} The administrative law judge’s dubious basis for this restriction was that Listerine advertisements about the product’s ability to kill germs which would not contain the corrective
\end{itemize}
\end{footnotesize}
this type of restriction on the use of the mark "Listerine" did not violate the first amendment.\textsuperscript{134}

Another example of a condition on trademark use is that imposed by the Food and Drug Administration (FDA) on brand name advertising of prescription drugs. FDA regulations require that the generic name of the drug appear in an advertisement each time the brand name appears, except in running text, where the generic name may appear less frequently.\textsuperscript{135} The legitimate governmental goal underlying these regulations is the promotion of competition between brand name and generic prescription drugs. The appearance of the generic name the first time the trademark appears accomplishes the goal fully and no more restrictively than necessary. As originally adopted, however, the regulations required the generic name to appear every time the brand name appeared.\textsuperscript{136} Although the original rules survived challenge in litigation,\textsuperscript{137} the FDA wisely eliminated the obvious overkill. As originally adopted, the regulations were more restrictive than were necessary. \textit{Central Hudson Gas & Electric Corp. v. Public Service Commission}\textsuperscript{138} would therefore have militated against finding them constitutional.\textsuperscript{139}

Remedies conditioning an owner's right to use its mark on the phrase would merely reinforce the deceptive claims of past advertising. 86 F.T.C. at 1480. The Commission declined to rely on this rationale. \textit{See id.} at 1504 n.28. In the absence of such a finding, it is difficult to see how conditioning the ads on the inclusion of the corrective phrase prevents future deception. If the intent was to remedy past deception, an affirmative retraction requirement would have been less restrictive of Warner-Lambert's trademark use. Undoubtedly, it would also have been more embarrassing to management and may have raised the question whether Warner-Lambert has a right not to be compelled to speak. \textit{Cf.} \textit{Abood v. Detroit Bd. of Educ.}, 431 U.S. 209, 232-37 (1977) (compulsory contributions to ideological activities of public sector union violates first amendment rights of dissenting members). Warner-Lambert's failure to press for the least restrictive remedy before the FTC and in the courts militates in favor of permissive intervention by consumer groups to ensure that a trademark owner, as guardian of the public's right to free trademark use, does not waive the public interest to further a purely private interest, such as saving management from embarrassment. \textit{See supra} note 110.

134. \textit{See} 562 F.2d at 768-71.
139. \textit{Id.} at 566. \textit{See supra} text accompanying note 71.
performance of some other act as well as those placing time, place, and manner restrictions on use are also subject to the *Central Hudson* criteria which require, inter alia, that such restrictions be no more restrictive than necessary to achieve a legitimate governmental goal.

3. *Time, Place, and Manner Restrictions.*—The Supreme Court has stated that commercial speech is entitled to less protection than other speech.\(^{140}\) Even political speech, however, is subject to reasonable time, place, and manner restrictions.\(^{141}\) A fortiori, commercial speech must be subject to similar, if not greater, restrictions. The parameters of permissible restrictions, however, are far from clear.

In a sense, *Friedman v. Rogers*\(^ {142}\) involved a manner restriction by which Texas restricted the pool of trade names available to optometrists to their own personal names.\(^ {143}\) On the other hand, *Friedman* more closely resembles the excision cases in that nonpersonal trade names were entirely banned.\(^ {144}\)

A better example of a time, place, or manner restriction, was imposed by the trial court in *Berkey Photo, Inc. v. Eastman Kodak Co.*\(^ {145}\) Following a jury verdict finding that Kodak had engaged in anticompetitive practices, Kodak moved on several grounds for judgment notwithstanding the verdict.\(^ {146}\) Judge Frankel, the district court judge, denied the motion in most respects.\(^ {147}\) Berkey moved for equitable relief, complaining of Kodak’s “insistence upon using the Kodak backprint on its color paper.”\(^ {148}\) Although Judge Frankel held that Kodak’s use of its backprint was “insufficient to sustain the finding of a [Sherman Act] section 2 violation in the color paper market,”\(^ {149}\) he decreed that Kodak “sell color print paper without

---


143. *See supra* note 64 and accompanying text.

144. *Id.* For a discussion of *Friedman*, *see supra* notes 41-53 and accompanying text.


146. 457 F. Supp. at 410.

147. *Id.* at 410, 444.

148. *Id.* at 424-25.

149. *Id.* at 425.
the backprint at the option of the purchaser.”150 Of primary concern was that the backprint might “force Kodak's photofinishing rivals to advertise their competition.”151

The Second Circuit reversed the district court on this point,152 directing that the no-backprint decree be vacated as unnecessary and that it not appear in any decree to be entered on remand.153 The court of appeals noted: “Judge Frankel did not expressly consider whether his prohibition was a justifiable curtailment of Kodak’s trademark rights.”154 The original decree requiring Kodak not to use its mark on color paper of its own manufacture is a good example of a “place” restriction on an owner’s ability to use its own mark. The “reasonableness” of such a restriction should be determined by reference to the criteria set forth in Central Hudson Gas & Electric Corp. v. Public Service Commission.155 Thus, the legality of each time, place, or manner restriction will be determined according to the legitimacy of the underlying governmental goal and the possibility of fashioning a less restrictive means to that end.156

Measured by these standards, the legality of banning the Kodak backprint is questionable. It is not at all clear that preventing a manufacturer from placing its mark on goods to be sold by its competitors is a legitimate governmental means or goal. Can the government compel brand name food makers to offer their food unbranded to retailers who also sell their own house brand? I think it cannot.

Another example of a place restriction is the legislative ban on radio and television advertising of cigarettes.157 The constitutionality

150. Id. at 434. The Second Circuit found that Judge Frankel's opinion contradicted itself on this point. 603 F.2d at 293 n.53. Judge Frankel had attempted to explain the inconsistency by pointing out that although Kodak's use of the backprint to injure photofinishers did not support a finding of liability for monopolization, equitable relief barring the backprint was justified to prevent Kodak's wrongful use of its monopoly power against Berkey. 457 F. Supp. at 434 n.33.

151. 457 F. Supp. at 433-34.


153. Id. at 293.

154. Id. The Second Circuit focused on Kodak's rights in the use of its trademark and did not discuss the public's interest in Kodak's use of its trademark.


156. See supra text accompanying note 71.

of this ban is also questionable. The Surgeon General, at least, is satisfied that cigarette smoking is dangerous to the health and should be discouraged, a conclusion with which this writer will not quibble. But if the ban was intended to discourage cigarette use, could this not have been accomplished by use of a warning in each ad such as that which appears on every cigarette package?

It is politically unrealistic to posit that before the government can ban cigarette ads, it must ban cigarettes. But in banning only radio and television ads, Congress seems to have chosen to ban certain ads because it feared they might be effective. This is paternalism of the type that Virginia State Board of Pharmacy v. Virginia Citizens Consumer Council, Inc. was intended to prohibit.

4. Compulsory Trademark Licensing.—In re Borden Inc. was a proceeding before the FTC under section 5 of the FTC Act in which Borden was charged with maintaining an unlawful monopoly in processed lemon juice. The administrative law judge found that Borden’s “ReaLemon” brand of reconstituted lemon juice was such a monopoly and held that Borden would have to license the “ReaLemon” mark to its competitors for ten years at a royalty not to exceed one-half of one percent of dollar sales. When the decision was appealed to the Commission, the majority, in a brief opinion, expressed its reluctance to try to cure the monopoly by compulsory trademark licensing. Commissioner Pertschuk, however, would have ordered “some form of trademark relief.”

---

159. 92 F.T.C. 669 (1978), aff’d, 674 F.2d 498 (6th Cir. 1982).
161. 92 F.T.C. at 672.
162. Id. at 702, 767-73.
163. Id. at 777. Reasonable quality standards, equivalent to that of Borden’s ReaLemon, were also to be part of the licensing arrangement. Id. For discussion of compulsory trademark licensing see Dobb, Compulsory Trademark Licensure as a Remedy for Monopolization, 68 TRADE-MARK REP. 505, 506 (1978); Holmes, Trademark Licensing as Structural Antitrust Relief: An Analytical Framework, 71 TRADE-MARK REP. 127 (1981); McCarthy, supra note 30, at 197; Palladino, Compulsory Licensing of a Trademark, 26 BUFFALO L. REV. 457 (1977), reprinted in 68 TRADE-MARK REP. 522 (1978).
164. See 92 F.T.C. at 807.
165. Id. at 813 (separate opinion of Comm’r Pertschuk on the issue of relief). The FTC staff has also proposed compulsory trademark licensing to remedy restraints of trade in the
One noted commentator has thoroughly excoriated the propriety of compulsory trademark licensing.\textsuperscript{166} Of all trademark-restricting antitrust remedies, none is more offensive to established constitutional principles than compulsory trademark licensing. Compulsory trademark licensing is designed to break up a monopoly by means of consumer deception. Consumer deception is not a legitimate governmental means to accomplish an admittedly legitimate trust-busting end.

Commissioner Pertschuk, in his separate opinion in \textit{Borden}, dismissed the notion that compulsory licensing might be deceptive.\textsuperscript{167} To the contrary, the remedy is effective \textit{only} if it deceives the public. To demonstrate this point we will return to our hypothetical. If \textit{A} Corp. is compelled to license its mark to \textit{B} Corp., at least initially, the public will cull from the mark the false information that widgets bearing the mark were made by \textit{A} Corp. or at least under \textit{A} Corp.'s quality control. This of course assumes that if the consumer knew that \textit{B} Corp. and not \textit{A} Corp. had made the widget, she would not buy it; a fair assumption, since the remedy would be indicated only where the mark is a source of substantial market power. Suppose, however, that the government could empower \textit{A} Corp. to control the quality of \textit{B} Corp.'s \textit{A}-brand widgets. Although this would render the remedy less objectionable, it would be only a partial improvement. The public still has the right to assume that \textit{A} Corp.'s licensees were chosen by \textit{A} Corp. as workmanlike and trustworthy licensees, not foisted on \textit{A} Corp. by the government.

As a practical matter, even in voluntary licensing, quality control generally will be performed in the first instance by the agents of \textit{B} Corp. Only if \textit{A} Corp. becomes aware of lapses in quality control will it intervene to remedy the problem or terminate the license. Similarly with compulsory licensing, until \textit{A} Corp. discovers and can convince the government that \textit{B} Corp. is in breach of its obligations, shoddy widgets will be sold under the \textit{A} mark. If this practice continues long enough, \textit{A} Corp.'s proprietary interest in the mark will be destroyed, as will the public's trust in the mark and the mark's capacity to convey information.

A compulsory license to all of \textit{A} Corp.'s competitors destroys the mark expeditiously and destines it to become an almost certain

\textsuperscript{166} See \textit{McCarthy}, \textit{supra} note 30.

\textsuperscript{167} 92 F.T.C. at 812 (separate opinion of Comm'r Pertschuk on the issue of relief).
victim of genericide. This will certainly raise a fifth amendment just compensation issue.\textsuperscript{168} Since it will also destroy the public’s shorthand means of learning important product information at the point of sale, it is anathema to the public’s first amendment right to receive truthful commercial information.\textsuperscript{169}

III. Conclusion

Following the lead of \textit{Central Hudson Gas & Electric Corp. v. Public Service Commission},\textsuperscript{170} courts and administrative agencies should be sensitive to the constitutional protection owed to trademarks as commercial speech. Regulation of trademark use and the imposition of trademark-restricting remedies should be consistent with the principles of the first amendment and free speech. Once a nondeceptive trademark has begun to convey quality information to the public, governmental action which restricts a trademark owner’s right to use its mark should be sanctioned only when the restriction is no broader than necessary to accomplish an important governmental goal and the means is legitimate and reasonably related to the end sought.

\textbf{Appendix: Can a Trademark Really be Used to Restrain Trade?}

There is no limit to the grounds upon which imaginative counsel can claim that his client’s adversary has used its trademark in restraint of trade. Such a claim can be raised either to support a claim for affirmative relief\textsuperscript{171} or by way of defense.\textsuperscript{172} Trademark owners have been alleged to restrain trade mainly by using their marks to establish exclusive-dealing arrangements, tie-ins, and unlawful monopolies.\textsuperscript{173}

Official hostility to the dubious “monopoly” created by a mark is not new\textsuperscript{174} and seems to have originated from perceived similarities between

\begin{footnotesize}
\begin{enumerate}
\item \textsuperscript{168} "[N]or shall any person . . . be deprived of life, liberty or property, without due process of law; nor shall private property be taken for public use, without just compensation." U.S. CONST. amend. V.
\item \textsuperscript{170} 447 U.S. 557 (1980).
\item \textsuperscript{171} See, e.g., \textit{In re Borden, Inc.}, 92 F.T.C. 669 (1978), aff’d, 674 F.2d 498 (6th Cir. 1982).
\item \textsuperscript{174} See, e.g., Diggins, \textit{Trade-Marks and Restraints of Trade}, 32 GEO. L.J. 113 (1944). Diggins states: “The significance and effectiveness of trade-marks in regulating and
\end{enumerate}
\end{footnotesize}
trademark rights and the true monopoly granted by a patent. The comparison is inapposite; the hostility misdirected. While it is true that a trademark owner has the exclusive right to use the mark in connection with goods or services of a certain description, a "monopoly" in a mark does not of its own force become a monopoly in the goods or services in connection with which the mark is used. Moreover, both the common law of trademarks and the Lanham Act are effectively designed to prevent it from becoming so.

Exclusive-Dealing Arrangements

Section 3 of the Clayton Act declares that it shall be unlawful to lease or sell:

- goods . . . or other commodities . . . on the condition, agreement, or understanding that the lessee or purchaser thereof shall not use or deal in the goods . . . or other commodities of a competitor . . . where the effect . . . may be to substantially lessen competition or tend to create a monopoly in any line of commerce.

An exclusive-dealing arrangement is generally one in which a buyer obligates itself to buy one or more of a seller's line of products exclusively from that seller and not from the seller's competitors. As one commentator has noted: "The antitrust issue such contracts raise is foreclosure of the competitors of that favored supplier from access to the outlets restrained by the commitment to exclusive representation and the extent of the resulting effect upon competition in the relevant market."
A complaint that implicates a trademark in an exclusive-dealing arrangement would have to rest on the contractual condition or requirement that the buyer purchase only goods bearing the seller's trademark. The mark itself, however, is not the gravamen of the complaint. Exclusiveness is the gravamen, and that can be extracted as well by a seller with sufficient bargaining power even if he has no mark.

_Tie-Ins_

Another type of restraint in which trademarks have been implicated is tie-ins. The Supreme Court has described a tying arrangement as:

an agreement by a party to sell one product but only on the condition that the buyer also purchases a different (or tied) product . . . . [Tying arrangements] are unreasonable in and of themselves whenever a party has sufficient economic power with respect to the tying product to appreciably restrain free competition in the market for the tied product.

Conventional theory holds that tying arrangements tend to lessen competition in the market for the tied product and deny buyers the advantages of shopping around.

In two recent cases, trademark licensor/franchisors were accused of conditioning the grant of a trademark license/franchise on the purchase by the licensee/franchisee of other items. In _Photovest Corp. v. Fotomat Corp._, the district court found that the tied products or services were film-processing services, kiosk leases, the franchisor's right to designate its own chrome processors, and pickup and delivery service. Over Fotomat's assertion that these alleged "ties" were part of the purchase of a "turn-key" operation, the Seventh Circuit affirmed the district court findings of liability on the chrome processor tie, the pickup and delivery tie, and the lease tie.

In _Principe v. McDonald's Corp._, however, the Fourth Circuit adopted a more sanguine view of the "turn-key" or "success formula" defense. The plaintiff in that case had accused McDonald's of tying two products to its franchise/trademark: a lease and a security deposit note.
Donald's urged the court to define the tying good broadly enough so as to include the tied good, i.e., to hold that the tying good was not a mere trademark license/franchise, but a method of doing business, or "success formula."\textsuperscript{192} The Fourth Circuit agreed, stating:

Given the realities of modern franchising, we think the proper inquiry is not whether the allegedly tied products are associated in the public mind with the franchisor's trademark, but whether they are integral components of the business method being franchised. Where the challenged aggregation is an essential ingredient of the franchised system's formula for success, there is but a single product and no tie-in exists as a matter of law.\textsuperscript{193}

Exclusive-dealing and tying arrangements have not given rise to remedies which restrict an owner's right to enforce its trademark rights. The most appropriate remedies are obvious, i.e., to break up the tie-in\textsuperscript{194} or the exclusiveness of the arrangement,\textsuperscript{195} as the case may require.

\textbf{Monopolization}

It is in the monopolization area that the trademark is most often alleged to be at the root of an antitrust violation. It is in this area also where the trademark owner's rights are most threatened because the obvious remedy, breaking up the monopolist, is heavily disfavored.\textsuperscript{196} In monopolization cases, the trademark itself may become the target of an administrative or

\textsuperscript{192} See id. at 309. For an additional formulation of the trademark-as-tying-good issue, see Krehl v. Baskin-Robbins Ice Cream Co., 1982-1 Trade Cas. (CCH) \$ 64,449, at 72,516, 72,519-21 (9th Cir. 1982). There, the Ninth Circuit posited that there are two types of franchise systems, those where the mark identifies the "business format system" and those where the mark identifies to the public only the goods sold under the mark. According to this theory, franchises are not necessarily of the same type with respect to every good. Id. at 72,520 n.11. The court held the Baskin-Robbins system to be of the product-identifying type and so found no need to express an opinion on whether a trademark could ever be so closely identified with a business format system as to render the mark and the business format one good. Id. at 72,520 n.10. As to trademarks that identify only goods sold under the mark, the court stated that "[t]he desirability of the trademark and the quality of the product it represents are so inextricably interrelated in the mind of the consumer as to preclude any finding that the trademark is a separate item for tie-in purposes." Id. at 72,521 (emphasis added). The court distinguished its earlier ruling in Siegel v. Chicken Delight, Inc., 448 F.2d 43 (9th Cir. 1971), stating that in Siegel the tied products, including paper goods, were so unrelated to the Chicken Delight business franchise system that they must be deemed separate goods. See Krehl, 1982-1 Trade Cas. (CCH) \$ 64,449, at 72,520. See generally Harkins, Tying and the Franchisee, 47 A.B.A. ANTITRUST L.J. 903 (1979); Zeidman, The Rule of Reason in Franchisor-Franchisee Relationships, 47 A.B.A. ANTITRUST L.J. 873, 881-85 (1979).

\textsuperscript{193} Princep, 631 F.2d at 309. See also R. Posner, supra note 181, at 181. "The tie-in doctrine furnishes no answer to the question of when a sale consists of a combination of separate products or when it is a single product made up of components . . . ." Id.


\textsuperscript{196} See R. Posner, supra note 181, at 78-95.
judicial remedy. Nonetheless, the gravamen of a monopoly claim is the exclusionary behavior of the alleged monopolist in the market for goods or services allegedly monopolized, not the monopolist's use of its mark. Indeed, it is difficult to hypothesize facts in which a monopolist could have attained its position solely or primarily by trademark use, however nefarious.

**Lanham Act Section 33(b)(7)**

Monopolization claims have been asserted offensively in monopolization cases and defensively to challenges brought under section 33(b)(7) of the Lanham Act, which provides:

(b) If the right to use the registered mark has become incontestable . . . the registration shall be conclusive evidence of the registrant's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified . . . except when one of the following defenses or defects is established:

. . . .

(7) That the mark has been or is being used to violate the antitrust laws of the United States.

In *Carl Zeiss Stiftung v. V.E.B. Carl Zeiss, Jena*, Judge Mansfield of the Southern District of New York thoroughly reviewed the legislative history of section 33(b)(7), as well as the relevant cases up to that time. The *Carl Zeiss* decision stands firmly for the proposition that in asserting the defense of section 33(b)(7), it is not enough merely to prove that merchandise bearing a trademark, however valuable the trademark, has been used in furtherance of antitrust violations. . . . An essential element . . . is proof that the mark itself has been the basic and fundamental vehicle required and used to accomplish the violation.


199. In *In re Borden*, 92 F.T.C. 669 (1978), *aff'd*, 674 F.2d 498 (6th Cir. 1982), the FTC claimed that Borden had effectively used its ReaLemon trademark to establish a monopoly in the concentrated lemon juice market. *Id.* at 672. The case received notoriety for the administrative law judge's recommendation, rejected by the Commission, that Borden be compelled to license the ReaLemon mark to its competitors. See *id.* at 767, 773, 777, 807.


201. *Id.*


203. *Id.* at 1312-14.

204. *Id.* at 1314-16.

205. *Id.* at 1315 (emphasis added).
Although Judge Mansfield rejected the defense of section 33(b)(7) on the facts of that case,\(^{206}\) he stated in dictum that in the exercise of its equity powers, the court could impose the unclean hands doctrine and "deny enforcement of a trademark on the part of one who has used that trademark in violation of the antitrust laws."\(^{207}\) The court thus indicated that the antitrust defense, if successful, might in an appropriate case constitute a complete defense to a claim for trademark infringement.\(^{208}\) Despite the court's painstaking research into the issue, however, no such case was cited in the opinion.\(^{209}\) In fact, although several courts have refused to strike a section 33(b)(7) defense at preliminary stages of litigation,\(^{210}\) this author has been

---

206. Id.
207. Id. at 1314 (citing Morton Salt Co. v. G.S. Suppiger Co., 314 U.S. 488 (1942)).
208. See id. In drawing a parallel between the misuse defense in patent litigation and the antitrust defense in trademark litigation, Judge Mansfield was careful to distinguish the two:

The distinction arises from the fact that a patent represents a grant of a limited monopoly that in most instances would, absent its legalization by Congress, constitute an unlawful restraint of trade. The limited monopoly is granted in exchange for disclosure of the patented invention to the public so that it may be utilized in free competition upon expiration of the patent. A valid trademark, on the other hand, merely enables the owner to bar others from use of the mark, as distinguished from competitive manufacture and sale of identical goods bearing another mark, or even no mark at all, since the purpose of trademark enforcement is to avoid public confusion that might result from imitation or similar unfair competitive practices rather than to authorize restraints upon trade.

Id.

209. The court declared that although the defense of section 33(b)(7) is difficult to prove, proof is not impossible. See id. at 1315. In support of this proposition, the court cited Phi Delta Theta Frat. v. J.A. Buchroeder & Co., 251 F. Supp. 968 (W.D. Mo. 1966), in which the court refused to strike the section 33(b)(7) defense. There, the defense was raised that defendant had attempted to monopolize the "insignia goods" business by securing "Sole Official Jeweler Contracts" from every fraternity and sorority in the United States. See id. at 970-71.

unable to locate a final reported decision in which section 33(b)(7) has been asserted successfully as a defense either to incontestability or to a whole infringement claim.  

The notorious lack of success of section 33(b)(7) in litigation cannot be attributed to judicial insensitivity to the possibility that a trademark may be used to violate the antitrust laws. To the contrary, courts and legislatures have been so attuned to the potentially anticompetitive attributes of trademarks that other doctrines have been developed to ensure that trademarks cannot be used to restrain trade.

**Procompetitive Limitations on Trademark Rights**

Opponents of the widespread use of trademarks and the “irrational advertising” often associated with such use regard a strong trademark as a bludgeon which the owner may use to thwart the success of actual and potential competitors. According to this view, a court which enforces a powerful mark against an infringer allows itself to be used as a tool for the furtherance of monopoly. The analogy, however, is inapposite. A bludgeon can be used without judicial approbation, but a trademark owner who wishes to assert his exclusive rights against an infringing competitor must persuade a judge to issue an injunction against the competitor. Since courts will not willingly permit their process to be invoked to violate established public policy, they have developed several doctrines, applicable in numerous trademark contexts, to preserve competition. Thus, the antitrust laws and the Lanham Act have been read in pari materia.

One such procompetitive doctrine is that which requires a mark to be used in order for rights to attach. In the absence of such a requirement, one who first conceived a mark would be able to prevent an actual business from using it. The owner of a mark must “use it or lose it.” One cannot retain exclusive rights in a mark simply by having once owned a business that used the mark. After two years of continuous nonuse, abandonment is

---

211. For a discussion of antitrust violations asserted as a defense to trademark infringement and to defeat incontestable registrations, see 2 J. McCarthy, supra note 12, § 31:25, at 418-19 (1973).

212. See McCarthy, supra note 30, at 243-54.

213. See, e.g., id. at 244-47.

214. See id.

215. See IA, Pt. 2, J. Moore, W. Taggart, A. Vestal, & J. Wicker, Moore's Federal Practice ¶ 0.311[1], at 3163-64 (2d ed. 1982) (federal court sitting in diversity will not enforce contracts made in non-forum state where contract is contrary to public policy of forum state).

216. See Weiner King, Inc. v. Wiener King Corp., 615 F.2d 512 (C.C.P.A. 1980).

217. The Lanham Act deems a mark to be “abandoned” once it is no longer in use and there is intent not to resume use. Lanham Act § 45, 15 U.S.C. § 1127 (1976).
presumed. Another procompetitive doctrine is that of "functionality," which provides that a functional element of a good cannot receive trademark protection if competitors would thus be prevented from competing in the market for the good.

The most effective procompetitive limitation on trademark rights is what has, because of its awesome implications, come to be known as "genericide." In functional terms, a generic signal is one that has ceased to perform the trademark function, i.e., it no longer distinguishes the goods of the owner from the goods of others. In seeking public recognition, aggressive trademark owners have sought to make their marks synonymous in the public mind with the good or service in connection with which the mark is used. Purely as a marketing matter, A Corp. would want a widget user to walk into the retailer's place of business and ask for an "A" instead of a "widget," because if the retailer is honest and knows what the law requires, he will sell the customer only an A-brand widget. If the term "widget," however, is popularly unused, and if A widgets so dominate the market that the common descriptive name for widgets has become A, A Corp. is in jeopardy of losing its exclusive right to use the A mark on widgets. "A" would then be usable by any widget maker as the common descriptive name of the good, so that B Corp. could sell, instead of a B-brand widget, a B-brand A.

This hypothetical is incapable of delineating all the subtleties and exceptions to the genericity doctrine, but it does illustrate how courts, on a regular basis, prevent a "monopoly" in a mark from being transformed by the owner into a monopoly in the good or service in connection with which the mark is used.

Notwithstanding these procompetitive limitations on trademark rights, the very inclusion of section 33(b)(7) in the Lanham Act seems to indicate that Congress contemplated that these doctrines might be insufficient to prevent owners from using their trademarks as instruments of monopoliza-

---

218. Id.
221. See 1 J. McCarthy, supra note 12, § 12:1, at 405-06 (1973).
222. See 1 R. Callmann, LAW OF UNFAIR COMPETITION, TRADEMARKS AND MONOPOLIES § 2.02 (L. Altman, rev. ed. 1981).
223. Some familiar generic terms which once served as trademarks are aspirin, cola, dry ice, escalator, shredded wheat, the pill, and thermos. For a fuller list of generic terms, see 1 J. McCarthy, supra note 12, § 12:3 (1973).
tion. The logic behind this construction would be: (1) The doctrines of use, abandonment, and genericity were expressly included in the statute; (2) If section 33(b)(7) had been intended to incorporate no more than these doctrines, then it would be mere surplusage; (3) Since surplusage is not to be presumed, section 33(b)(7) therefore must have been intended as a further limitation on the anticompetitive use of trademarks. Although this logic is irrefutable as far as it goes, it fails to account for the possibility that the congressional draftsmen were aware that there are innumerable imaginative ways to restrain trade and intended section 33(b)(7) to give courts sufficient leeway to develop new doctrines to ensure that the Lanham Act would not become a statutory exception to the antitrust laws. 225

Although section 33(b)(7) has not been very useful in litigation thus far, it should not be repealed, lest repeal be construed as congressional intent that the procompetitive doctrines incorporated in the Lanham Act should be held exclusive. 226

Does section 33(b)(7) conform with the Central Hudson Gas & Electric Corp. v. Public Service Commission 227 criteria for governmental restrictions on the use of trademarks that indicate quality? The question is unanswerable in the abstract and must be examined in each case where the defense is asserted. The question should not even arise if the mark has not reached its maximally informative phase. This much, however, can be stated in the abstract: If the mark is found to be protected, then the congressional objective of preserving competition should always be held substantial. As long as the defense is sustained only in cases where judicial enforcement of the owner’s trademark rights would otherwise further a restraint of trade, the defense is no broader than necessary to achieve the legitimate end of preserving competition.

To conclude, it can be safely said that cases in which a trademark is actually used to restrain trade are exceedingly rare. The procompetitive limitations adopted by courts on a case-by-case basis have thus far served admirably in preventing the trademark right from encompassing any right to stymie competition. It is far more common for trademarks to serve a procompetitive function than to serve an anticompetitive one. As the Third Circuit recently stated:

The adoption of a distinctive trade dress as a means of identifying a product with its source is a legitimate means for the promotion of the user’s business, and permitting piracy of that identifying trade dress can only


discourage other manufacturers from making a similar individual promotional effort. Moreover allowing a manufacturer to be able to acquire and maintain a reputation for consistent good quality is certainly procompetitive. Permitting a business climate in which substitutions of products over which the first manufacturer has no quality control in the long run can only discourage the effort to compete on the basis of reputation for quality.228
