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## Xi. Trademark

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## XI. TRADEMARK

*Pizzeria Uno Corporation v. Temple: Injunctive Protection of Federally Registered Trademarks*

To provide nationwide protection for federally registered trademarks,<sup>1</sup> Congress passed the Federal Trademark Act of 1946.<sup>2</sup> Congress recognized that trademarks are essential for business competition because trademarks identify a business' products, protect the public from confusion concerning the source of goods, and promote the improved quality of products.<sup>3</sup> Because Congress believed that existing trademark statutes did not protect adequately the trademarks used by expanding businesses in interstate commerce, Congress intended the Lanham Act to increase protection of federally registered trademarks beyond existing state common law protection.<sup>4</sup> Section 22 of the Lanham Act provides that federal registration of a trademark constitutes constructive notice of federal registration to all future users of the same or similar trademarks.<sup>5</sup> Section 22 thus eliminates the common law defense of good faith subsequent use.<sup>6</sup> The good faith subsequent use defense provided

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1. See S. REP. No. 1333, 79th Cong., 2d Sess. 4-6, *reprinted in* 1946 U.S. CODE CONG. & AD. NEWS 1274, 1276 [hereinafter cited as 1946 SENATE REPORT]. The Committee on Patents noted in the Senate Report that American business was no longer local in scope. *Id.* The Committee, therefore, concluded that sound public policy required that trademarks used in interstate commerce receive the greatest nationwide protection possible through federal regulation. *Id.* The Congressional intent in adopting the Lanham Act was to foster the expansion of business by providing nationwide protection of federally registered trademarks. *In re Beatrice Foods Co.*, 429 F.2d 466, 473 (C.C.P.A. 1960); see *John R. Thompson Co. v. Holloway*, 366 F.2d 108, 114-15 (5th Cir. 1966) (language of Lanham Act and its legislative history show congressional intent to provide national trademark protection for expanding businesses); *Sterling Brewing Co. v. Cold Spring Brewing Corp.*, 100 F. Supp. 412, 418 (D. Mass. 1951) (same).

2. Lanham Trademark Act of 1946, 15 U.S.C. §§ 1051-1127 (1982) [hereinafter cited as Lanham Act].

3. See 1946 SENATE REPORT, *supra* note 1, at 1275. The Committee on Patents noted in the Senate Report that trademarks are essential in business competition because trademarks enable buyers to distinguish among products of different merchants. *Id.* In addition, the Committee on Patents noted that trademarks encourage manufacturers to maintain the quality of their products by allowing manufacturers and merchants to benefit from a good reputation and consumer loyalty. *Id.* Also, trademarks protect the public from deceit about the source of goods. *Id.*

4. *Id.* at 1276-77. The Committee on Patents noted in the Senate Report that no federal common law existed and that the rights of a trademark owner under the common law of one state were different from the trademark owner's rights in another state. *Id.* To improve the protection of trademarks used in interstate commerce, the Committee on Patents suggested federal legislation to protect trademarks used in interstate commerce. *Id.*

5. Lanham Act § 22, 15 U.S.C. § 1072 (1982).

6. See *Dawn Donut Co. v. Hart's Food Stores, Inc.*, 267 F.2d 358, 362 (2d Cir. 1959). In *Dawn Donut Co. v. Hart's Food Stores, Inc.*, the Second Circuit noted that the Lanham Act prevents a good faith defense by a user who adopts the mark after registration because the

that if a subsequent user in a remote geographic market adopted the use of a federally registered trademark, in good faith and without knowledge of the federal registration, the subsequent user gained the right to use the trademark in the subsequent user's geographic market.<sup>7</sup> By providing constructive notice to all subsequent users of the same or confusingly similar trademarks, section 22 of the Lanham Act protects a federal registrant from claims of good faith subsequent use by persons in other geographic locales.<sup>8</sup>

Injunctive protection of a registered trademark, however, is not automatic under the Lanham Act.<sup>9</sup> To enjoin the subsequent use of a federally registered trademark by an alleged infringer, section 32(1) of the Lanham Act requires a federal registrant to show that the subsequent use of a registered trademark is likely to cause public confusion concerning the source of the registrant's goods.<sup>10</sup> The Fourth Circuit in *Pizzeria Uno v. Temple*<sup>11</sup> recently addressed the question of when the owner of a federally registered trademark can enjoin an unauthorized user<sup>12</sup> of the registered trademark in

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subsequent user had constructive notice of the registrant's claim of ownership. *Id.*; see *infra* note 7 and accompanying text (explaining good faith subsequent use defense).

7. See *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 420 (1916); *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 103 (1918). Under the two landmark United States Supreme Court cases, *Hanover Star Milling Co. v. Metcalf* and *United Drug Co. v. Rectanus Co.*, a subsequent user of a mark in a geographically remote market will prevail over a senior user if the subsequent user adopted the mark in good faith and without knowledge of its prior use in another market. *Hanover Star*, 240 U.S. at 420; *Rectanus*, 248 U.S. at 103.

8. See *supra* note 6 (discussing that § 22 of Lanham Act eliminated good faith subsequent use defense).

9. See Lanham Act § 32(1), 15 U.S.C. § 1114 (1982). Section 32(1) of the Lanham Act (Act) provides that if any person uses a registered trademark without the consent of the registrant, and such use is "likely to cause confusion, or to cause mistake, or to deceive," then that person will be subject to the remedies provided in the Act. *Id.* The registrant cannot recover profits or damages unless the registrant can show that the infringer committed the acts of infringement with the intention to cause confusion or deceive. *Id.* If a registrant cannot prove an intent to deceive, the registrant is limited to obtaining injunctive relief. *Id.*; see *Foxtrap, Inc. v. Foxtrap, Inc.*, 671 F.2d 636, 639-41 (D.C. Cir. 1982) (test for injunctive relief set out in § 32(1) of Lanham Act is whether use of trademark by alleged infringer is likely to cause confusion). Section 32(1) of the Lanham Act provides that a registrant may enjoin the subsequent use of a trademark that creates a likelihood of public confusion concerning the origin of products. Lanham Act § 32(1), 15 U.S.C. § 1114 (1982); *Dawn Donut Co. v. Hart's Food Stores, Inc.*, 267 F.2d 358, 364-65 (2d Cir. 1959).

10. See *supra* note 9 and accompanying text (discussing requirements of § 32(1) of Lanham Act for injunctive protection of federally registered trademarks).

11. 747 F.2d 1522 (4th Cir. 1984).

12. See *Pizzeria Uno*, 747 F.2d at 1525-26 (involving unauthorized use of registered trademark in which defendant Temple began using mark after registration and without permission of Pizzeria Uno). An unauthorized user is a person who adopts after registration and without the consent of the registrant a trademark identical to or confusingly similar to a federally registered trademark. See *id.*; *Dawn Donut Co. v. Hart's Food Stores*, 267 F.2d 358, 364 (1959). In *Dawn Donut*, the Second Circuit referred to a person who uses a registered trademark, or a confusingly similar mark, without the consent of the registrant and subsequent to the mark's registration, as a "subsequent user" and an "unauthorized user." *Dawn Donut*, 267 F.2d at 364.

a geographic area outside of the federal registrant's existing market area.<sup>13</sup>

In *Pizzeria Uno*, the Pizzeria Uno Corporation (Pizzeria Uno) was the owner of the registered trademark "Pizzeria Uno."<sup>14</sup> The trademark had been in continuous use since Ike Sewell and his partner, Ric Riccardo, opened the original Pizzeria Uno restaurant in 1943.<sup>15</sup> Pizzeria Uno developed a well-known reputation as a full service restaurant specializing in deep-dish style pizzas.<sup>16</sup> The restaurant received favorable national publicity in newspapers and televised news programs.<sup>16</sup> On April 11, 1978, the Patent and Trademark Office<sup>18</sup> granted Pizzeria Uno's predecessor in title registration of the trademark "Pizzeria Uno."<sup>19</sup> As of 1983, Pizzeria Uno had planned to open 120 to 150 new franchises within the next five years, had received several inquiries from persons interested in obtaining a franchise in South Carolina, and had interviewed two prospective franchisees from Columbia, South Carolina.<sup>20</sup> Additionally, a Pizzeria Uno employee resided in South Carolina to negotiate with prospective franchisees.<sup>21</sup> Pizzeria Uno and Pizzeria Uno's franchisees had a substantial interest in protecting the trademark "Pizzeria Uno" because the Pizzeria Uno franchise required an initial investment of approximately one million dollars and subsequent royalty payments of 5% of gross sales.<sup>22</sup>

James W. Temple, Jr. owned two restaurants located in Columbia and Sumter, South Carolina, which served fast food, Mexican-style.<sup>23</sup> In July 1981 Temple began using the trademark "Taco Uno" to identify his restau-

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13. *Pizzeria Uno*, 747 F.2d at 1525-26.

14. *Pizzeria Uno Corp. v. Temple*, 566 F. Supp. 385, 386 (C.D.S.C. 1983).

15. *Id.* at 387.

16. *Id.* In *Pizzeria Uno*, the District Court for the District of South Carolina found that Pizzeria Uno employed hosts, waiters, and bartenders to provide full service sit-down dining. *Id.* Take-out orders also were available at Pizzeria Uno restaurants. *Id.*

17. See Brief of Appellant at 22, *Pizzeria Uno Corp. v. Temple*, 747 F.2d 1522 (4th Cir. 1984). Appellant's brief in *Pizzeria Uno* stated that Pizzeria Uno's national reputation was widespread and that the restaurant had achieved considerable fame. *Id.* Appellant's brief also stated that Pizzeria Uno's national publicity included a spot on the "Today Show" in which Tom Brokaw interviewed a Chattanooga, Tennessee woman who had been attracted to the Chicago restaurant. *Id.*

18. See *infra* note 48 and accompanying text (discussing Patent and Trademark Office's role in registering trademarks).

19. *Pizzeria Uno*, 747 F.2d at 1525.

20. *Pizzeria Uno*, 566 F. Supp. at 386-88. In *Pizzeria Uno*, the District Court for the District of South Carolina found that Pizzeria Uno was seeking franchisees throughout the United States and had considered two inquiries from potential franchisees in Columbia, South Carolina. *Id.*

21. *Id.* at 388. In *Pizzeria Uno*, the District Court for District of South Carolina found that Pizzeria Uno had placed an employee in South Carolina to negotiate with potential franchisees. *Id.*

22. *Id.* at 387-88.

23. See *id.* at 388. The district court in *Pizzeria Uno* found that Temple's restaurants were fast-food operations specializing in Mexican food in which patrons ordered food at a counter and then took the food to tables in the restaurant or left with the food and ate elsewhere. *Id.*

rants in Columbia and Sumter, South Carolina.<sup>24</sup> In August 1981 Temple applied to the Patent and Trademark Office to register the trademark "Taco Uno" in connection with his restaurant services.<sup>25</sup> The Patent and Trademark Office refused to register the trademark "Taco Uno" because of Pizzeria Uno's prior registration.<sup>26</sup> Temple petitioned for reconsideration of the Patent and Trademark Office's decision to refuse registration.<sup>27</sup>

Before the Patent and Trademark Office could hold a hearing to reconsider registration of the trademark "Taco Uno," Pizzeria Uno filed suit against Temple in the United States District Court for the District of South Carolina, alleging that Temple's use of the mark "Taco Uno" was infringing Pizzeria Uno's federally registered trademark in violation of section 32(1) of the Lanham Act.<sup>28</sup> Pizzeria Uno also alleged false designation of origin under section 43(a) of the Lanham Act<sup>29</sup> and unfair competition under the common law of South Carolina.<sup>30</sup> After a bench trial, the district court found that both words comprising the trademark "Pizzeria Uno" were descriptive<sup>31</sup> and that Pizzeria Uno had failed to demonstrate a likelihood of public confusion between the trademarks "Pizzeria Uno" and "Taco Uno."<sup>32</sup>

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24. *Id.*

25. *Id.* at 389.

26. *Pizzeria Uno*, 747 F.2d at 1525. In *Pizzeria Uno*, the Patent and Trademark Office issued Temple a letter dated March 16, 1982, stating that the Patent and Trademark Office was refusing registration of Temple's mark because of a previous registration for the mark "Pizzeria Uno." *Id.*

27. *Id.*

28. *Id.* at 1525-26; see *supra* note 9 and accompanying text (discussing § 32(1) of the Lanham Act).

29. *Pizzeria Uno*, 747 F.2d at 1524; see Lanham Act § 43(a), 15 U.S.C. § 1125(a) (1982). Section 43(a) provides that any person who falsely describes goods or misrepresents the origin of goods "shall be liable to a civil action by any person doing business in the locality falsely indicated" or by anyone likely to be damaged by the false description or misrepresentation. *Id.*

30. See *Pizzeria Uno*, 566 F. Supp. at 399. In *Pizzeria Uno*, the District Court for the District of South Carolina concluded that an action for unfair competition under South Carolina common law was basically the same as a federal trademark infringement action under the Lanham Act. *Id.*

31. *Id.* at 395; see *infra* note 40 (discussing descriptive classification of trademarks).

32. *Pizzeria Uno*, 747 F.2d at 1526. In reaching the conclusion that Temple did not infringe Pizzeria Uno's trademark, the District Court for the District of South Carolina in *Pizzeria Uno* based its decision on several findings of fact. *Id.* First, the district court found that the dominant term in both marks was "Uno." *Id.* Second, the district court found that "Uno" was a descriptive mark without secondary meaning. *Id.* Third, the district court found that the operation of the two businesses was not similar. *Id.* Fourth, although the district court found that both businesses used similar advertising media, the district court noted that the advertising markets were separated geographically because Pizzeria Uno's closest restaurant to Temple's restaurants was Atlanta, Georgia. *Id.* Consequently, the district court found that consumer confusion from advertising was unlikely. *Id.* Finally, the district court found no intent by Temple to infringe Pizzeria Uno's trademark nor any actual confusion between the marks. *Id.* Consequently, the district court concluded that Temple had not infringed Pizzeria Uno's mark and dismissed the case. *Id.* On appeal, Pizzeria Uno challenged the district court's findings of fact and conclusions of law. *Id.*

As a result, the district court found no trademark infringement by Temple and dismissed the case on its merits.<sup>33</sup>

On appeal, the United States Court of Appeals for the Fourth Circuit noted that to grant injunctive protection for a federally registered trademark, section 32 of the Lanham Act requires a registered trademark owner to show that an alleged infringer's use of the registered trademark is likely to cause confusion in the buying public.<sup>34</sup> The *Pizzeria Uno* court determined that the Fifth Circuit had established the appropriate guidelines for deciding whether a likelihood of confusion exists in *Sun-Fun Products, Inc. v. Suntan Research & Development, Inc.*<sup>35</sup> The *Sun-Fun* guidelines provide that a court must consider the distinctiveness of the contested trademark, the similarities between the two trademarks, the similarity of the products or services associated with the two trademarks, the similarity of the parties' business facilities, the similarities in advertising used by the parties, the defendant's intent in adopting the trademark, and the existence of actual confusion created by concurrent use of the two marks.<sup>36</sup> The Fourth Circuit cautioned, however, that not all of these elements are relevant in every case involving trademark infringement.<sup>37</sup> The *Pizzeria Uno* court stated that the distinctiveness of the two marks is the paramount element for determining whether a likelihood of confusion exists between the two marks.<sup>38</sup> According to the Fourth Circuit, the primary disagreement between the parties concerning the distinctiveness of the trademarks was whether Pizzeria Uno's trademark was descriptive or suggestive.<sup>39</sup> The *Pizzeria Uno* court noted that the importance of the dispute concerning whether the trademark "Pizzeria Uno" was descriptive or suggestive lay in the degree of protection afforded to trademarks in the respective classifications.<sup>40</sup> The Fourth Circuit stated that if the

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33. *Pizzeria Uno*, 566 F. Supp. at 399.

34. *Pizzeria Uno*, 747 F.2d at 1527; see *supra* note 9 and accompanying text (explaining statutory prerequisites for injunctive relief in § 32(1) of Lanham Act).

35. *Pizzeria Uno*, 747 F.2d at 1527; see *Sun-Fun Prods., Inc. v. Suntan Research & Dev. Inc.*, 656 F.2d 186, 189 (5th Cir. 1981) (establishing seven elements as general guide to make likelihood of confusion determination).

36. *Sun-Fun*, 656 F.2d at 189.

37. *Pizzeria Uno*, 747 F.2d at 1527; see *Modular Cinemas of Am., Inc. v. Mini Cinemas Corp.*, 348 F. Supp. 578, 582 (S.D.N.Y. 1972) (cautioning that not all *Sun-Fun* elements are relevant or entitled to equal weight in every case).

38. *Pizzeria Uno*, 747 F.2d at 1527.

39. *Id.*; see *infra* note 40 and accompanying text (discussing definition of descriptive and suggestive marks).

40. *Pizzeria Uno*, 747 F.2d at 1527; see *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1976). The *Abercrombie* court noted that courts classify marks into four categories, which roughly reflect their distinctiveness and eligibility as trademarks. *Abercrombie*, 537 F.2d at 9. The classifications of trademarks are generic, descriptive, suggestive, and arbitrary. *Id.* These classifications overlap one another and trademarks can fall into different categories depending on the products associated with the mark. *Id.* For example, "ivory" is generic when used to describe products made from the tusks of an elephant, but arbitrary when used in connection with soap products. *Id.* at 9 n.6. A generic mark is a mark that describes a type or class of products. *Id.* at 9. The *Abercrombie* court offered the analogy

trademark "Pizzeria Uno" was suggestive, then the trademark would be protectable under the Lanham Act.<sup>41</sup> If "Pizzeria Uno" was descriptive, however, the trademark would not be registerable under the Lanham Act, unless Pizzeria Uno could show that the trademark had acquired a secondary meaning in the buying public.<sup>42</sup> Additionally, according to the Fourth Circuit, federal registration constitutes prima facie evidence of the trademark owner's right to exclusive use of the registered trademark in connection with the goods or services specified in the registration.<sup>43</sup>

In surveying the approaches generally taken by courts to decide whether

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that a generic mark is a genus of which the particular product is a species. *Id.* Generic marks are inherently nondistinctive and cannot be registered under the Lanham Act. *Id.* Furthermore, if a mark ever becomes "the common descriptive name of an article or substance," § 14(c) of the Lanham Act requires cancellation of the federal registration. Lanham Act § 14(c), 15 U.S.C. § 1064(c) (1982). A descriptive mark ordinarily describes the size, qualities, or desirable characteristic of a product or service. *Abercrombie*, 537 F.2d at 9. For example, the trademark "Deep Bowl Spoon" would be descriptive when applied to spoons because the trademark informs the consumer of the proportions of the spoon, deep and bowl-shaped. Fletcher, *The Pestlur Case-Collateral Estoppel Effect of CCPA and TTAB Decisions-Actual Confusion as to Incontestability of Descriptive Marks*, 64 TRADEMARK REP. 252, 260 (1974). The trademark is not generic because the product described is not a deep bowl, but a spoon. *Id.* Section 2(e) of the Lanham Act, however, forbids the registration of marks that are merely descriptive. Lanham Act § 2(e), 15 U.S.C. § 1052(e). The Lanham Act makes an exception to prohibiting the registration of descriptive marks if a merely descriptive mark acquires secondary meaning in the buying public. Lanham Act § 2(f), 15 U.S.C. § 1052(f). Section 2(f) allows the registration of a mark that "has become distinctive of the applicant's goods in commerce." Lanham Act § 2(f), 15 U.S.C. § 1052(f). A descriptive mark acquires secondary meaning when consumers recognize the mark as identifying only one source of a product. *Abercrombie*, 537 F.2d at 9. For example, in *Armstrong Paint & Varnish Works v. Nu-Enamel Corp.*, the United States Supreme Court held that although the trademark "Nu-Enamel" was descriptive of enamel paints, Nu-Enamel Corporation deserved exclusive use of the mark because customers associated the Nu-Enamel Corporation's trademark with goods manufactured by Nu-Enamel Corporation. *Armstrong Paint & Varnish Works v. Nu-Enamel Corp.*, 305 U.S. 315, 335-36 (1938). A suggestive mark, however, is inherently distinctive and, therefore, automatically registerable under the Lanham Act. Lanham Act § 2(f), 15 U.S.C. § 1052(f); *Abercrombie*, 537 F.2d at 10. A suggestive mark does not convey directly characteristics of a product, but requires the use of the consumer's imagination or association to discern the attributes of the product. *General Shoe Corp. v. Rosen*, 111 F.2d 95, 98 (4th Cir. 1940). For example, the mark "Skinvisible" does not describe immediately transparent medical adhesive tape, but requires the customer to associate the terms "invisible" and "skin" with the product, transparent medical adhesive tape. *Minnesota Mining & Mfg. Co. v. Johnson & Johnson*, 454 F.2d 1179, 1180 (C.C.P.A. 1972). Arbitrary and fanciful marks are inherently distinctive and have the same rights as suggestive marks. *Abercrombie*, 537 F.2d at 11. A fanciful mark is a name or symbol invented for use as a trademark, like Kodak or Xerox. *Abercrombie*, 537 F.2d at 11 n.12. An arbitrary mark is an ordinary word associated with goods or services in an unfamiliar context. *Id.* For example, the term "ivory" is arbitrary when associated with soap products. *Id.* at 9 n.6. See generally 1 J. MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION §§ 31:1-26, at 431-517 (2d ed. 1984) (discussing classification of trademarks into categories of distinctiveness).

41. *Pizzeria Uno*, 747 F.2d at 1527; see *supra* note 40 and accompanying text (discussing descriptive and suggestive classifications of trademarks).

42. *Pizzeria Uno*, 747 F.2d at 1527-28; see *supra* note 40 and accompanying text (discussing descriptive and suggestive classifications of trademarks).

43. *Pizzeria Uno*, 747 F.2d at 1529.

a trademark is descriptive or suggestive, the Fourth Circuit discerned several considerations affecting the descriptive-suggestive determination.<sup>44</sup> The *Pizzeria Uno* court first noted that courts usually distinguish between the classifications of descriptive and suggestive marks by making a facial comparison of the terms "descriptive" and "suggestive."<sup>45</sup> Examining several definitions courts have formulated to differentiate the descriptive and suggestive classifications, the Fourth Circuit noted that courts generally have defined a descriptive mark as one that identifies qualities or characteristics of a product.<sup>46</sup> Courts have defined a suggestive mark as one that requires a consumer to use the consumer's imagination to form a conclusion concerning the nature of the goods associated with a trademark.<sup>47</sup> Second, the *Pizzeria Uno* court observed that registration without the Patent and Trademark Office requiring proof of secondary meaning creates a rebuttable presumption that the trademark is suggestive and, therefore, entitled to protection under the Lanham Act.<sup>48</sup> The Fourth Circuit noted that the Patent

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44. *Id.* at 1527.

45. *Id.* at 1528; *see supra* note 40 and accompanying text (discussing descriptive and suggestive classifications of trademarks).

46. *Pizzeria Uno*, 747 F.2d at 1528; *see supra* note 40 and accompanying text (discussing descriptive and suggestive classifications of trademarks); *infra* note 47 and accompanying text (same).

47. *Pizzeria Uno*, 747 F.2d at 1528; *see Soweco, Inc. v. Shell Oil Co.*, 617 F.2d 1178, 1183 (5th Cir. 1980) (descriptive term is one that identifies quality or characteristic of article or service and suggestive term is one that suggests characteristics of goods to which term applies), *cert. denied*, 450 U.S. 981 (1981); *Union Carbide Corp. v. Ever-Ready, Inc.*, 531 F.2d 366, 379 (7th Cir.) (descriptive mark imparts information about product directly to customer, while suggestive term requires customer to use customer's imagination to connect information with product), *cert. denied*, 459 U.S. 830 (1976); *supra* note 40 and accompanying text (discussing descriptive and suggestive classifications of trademarks).

48. *Pizzeria Uno*, 747 F.2d at 1528-29. Under the Lanham Act, the Patent and Trademark Office is the administrative agency charged with registering trademarks. Lanham Act § 1, 15 U.S.C. § 1051 (1982). The Patent and Trademark Office must determine the proper classification of a trademark because the Patent and Trademark Office cannot register a merely descriptive mark. *Del Laboratories, Inc. v. Alleghany Pharmacal Corp.*, 516 F. Supp. 777, 780 (S.D.N.Y. 1981); *see Lanham Act* § 2(e), 15 U.S.C. § 1052(e). The Patent and Trademark Office can, however, register a descriptive mark if the mark acquires a secondary meaning in the buying public. Lanham Act § 2(f), 15 U.S.C. § 1052(f) (1982). A descriptive trademark acquires secondary meaning when the mark is distinctive of the registrant's products. *Id.* If the Patent and Trademark Office allows registration of a trademark without proof of secondary meaning, the Patent and Trademark Office has concluded that the trademark is suggestive and not descriptive. *Union Carbide Corp. v. Ever-Ready, Inc.*, 531 F.2d 366, 378 (7th Cir. 1976). A court must consider as *prima facie* correct the Patent and Trademark Office's decision to register a trademark as suggestive. *Id.* The determination by the Patent and Trademark Office will not preclude a third party from challenging the validity of the trademark after registration. *Keebler Co. v. Rovira Biscuit Corp.*, 624 F.2d 366, 373 (1st Cir. 1980). On registration of the trademark, however, the burden of proof concerning the registrant's exclusive right to use of the trademark shifts to the party challenging the validity of the mark. *Id.* The party challenging the registered trademark owner's presumptive right to exclusive use of the mark must overcome the presumption by a preponderance of the evidence. *Vuitton et fils S.A. v. J. Young Enter., Inc.*, 644 F.2d 769, 775-76 (9th Cir. 1981). A registered mark, however, becomes incontestable



and Trademark Office will not register a descriptive mark unless the applicant for registration demonstrates that his mark has acquired secondary meaning.<sup>49</sup> Third, the Fourth Circuit discerned that although courts generally focus on the word not disclaimed as the dominant term in a composite mark when making the descriptive-suggestive determination, courts always consider the entire trademark to decide whether a composite mark is descriptive or suggestive.<sup>50</sup> Fourth, the *Pizzeria Uno* court stated that courts also examine the frequency with which the dominant term of a particular trademark appears in other trademarks.<sup>51</sup> When the dominant term of a particular trademark appears frequently in other trademarks, the Fourth Circuit noted that courts usually find that the dominant term is descriptive.<sup>52</sup> Finally, the *Pizzeria Uno* court examined the proper application of the doctrine of foreign equivalents.<sup>53</sup> The Fourth Circuit observed that courts considering a trademark composed of a foreign word usually translate the foreign word into English.<sup>54</sup> If the translation of the foreign word describes a product or

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after five continuous years in use without a final decision adverse to the registrant. Lanham Act § 15 U.S.C. § 1065 (1982). If a trademark owner's right to use the mark is incontestable, registration is conclusive evidence of the registrant's right to use the mark. *Id.*

49. See *supra* note 48 and accompanying text (discussing circumstances in which Patent and Trademark Office will grant registration to descriptive mark).

50. *Pizzeria Uno*, 747 F.2d at 1530; see *Continental Scale Corp. v. Weight Watchers Int'l., Inc.* 517 F.2d 1378, 1381-82 (C.C.P.A. 1975) (courts should not give disclaimed terms same weight as dominant terms when making likelihood of confusion test, but courts should consider entire trademark); *American Drill Bushing Co. v. Rockwell Mfg. Co.*, 342 F.2d 1019, 1021 (C.C.P.A. 1965) (same); *American Throwing Co. v. Famous Bathrobe Co.*, 250 F.2d 377, 382 (C.C.P.A. 1957) (Hatfield, J., concurring) (when mark consists of two words, one disclaimed and other one not, word not disclaimed is critical term for descriptiveness-suggestiveness determination). Section 6 of the Lanham Act expressly authorizes the registration of trademarks with disclaimed terms. Lanham Act § 6, 15 U.S.C. § 1056 (1982). In *In re Franklin Press*, the Court of Custom and Patent Appeals noted that when a registrant disclaims a term in a trademark, the registrant relinquishes any exclusive appropriation of the disclaimed term beyond its use as part of the trademark. *In re Franklin Press*, 597 F.2d 270, 273 (C.C.P.A. 1979).

51. *Pizzeria Uno*, 747 F.2d at 1530-31; see *Amstar Corp. v. Domino's Pizza, Inc.*, 615 F.2d 252, 259-60 (5th Cir.) (Amstar court held that numerous identical trademarks already in use by different businesses reduce likelihood of confusion, *cert. denied*, 449 U.S. 899 (1980)); *Arrow Distilleries, Inc. v. Globe Brewing Co.*, 117 F.2d 347, 351 (4th Cir. 1941) (because 98 existing trademarks included the term "arrow," *Arrow* court found minimal threat of danger to plaintiff's reputation through confusion about source or sponsorship of plaintiff's goods); *King-Size, Inc. v. Frank's King Size Clothes, Inc.*, 547 F. Supp. 1138, 1157 (S.D. Tex. 1982) (because numerous other retailers use description "king size" in referring to oversized men's clothing, *King-Size* court determined that trademark was descriptive and had not acquired secondary meaning).

52. *Pizzeria Uno*, 747 F.2d at 1530-31; see *supra* note 51 and accompanying text (discussing trademark infringement cases involving dominant terms that frequently appear in other trademarks or product descriptions).

53. *Pizzeria Uno*, 747 F.2d at 1531-32; see *infra* notes 54-55 and accompanying text (discussing doctrine of foreign equivalents).

54. *Pizzeria Uno*, 747 F.2d at 1531-32; see *Weiss Noodle Co. v. Golden Cracknel and Specialty Co.*, 290 F.2d 845, 846 (C.C.P.A. 1961) (under doctrine of foreign equivalents, courts translate foreign word into English and then test English translation for descriptiveness or

is equivalent to an existing trademark in English, then courts consider the mark non-distinctive and not entitled to protection without proof of secondary meaning.<sup>55</sup>

Based on the court's views of general trademark law, the Fourth Circuit adopted certain rules to guide courts in deciding whether a trademark is descriptive or suggestive.<sup>56</sup> First, a court should ascertain whether the mark describes characteristics of the goods or whether the mark merely "intimates or suggests" an idea of the product.<sup>57</sup> Second, when dealing with a composite mark, a court should focus on the dominant word, giving minimum consideration to any disclaimed words, especially if a disclaimed word is descrip-

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suggestiveness); *Bart Schwartz Int'l Textiles, Ltd. v. FTC*, 289 F.2d 665, 667 (C.C.P.A. 1961) (same); 1 J. McCARTHY, *supra* note 40, § 11:14, at 464-65 (foreign words are translated into English and then tested for descriptiveness or suggestiveness by determining whether people in buying public who are familiar with foreign language would consider mark descriptive).

55. *Pizzeria Uno*, 747 F.2d at 1531-32; see *Bart Schwartz Int'l Textiles, Ltd. v. FTC*, 289 F.2d 665, 667 (C.C.P.A. 1961). In *Bart Schwartz Int'l Textiles, Ltd. v. FTC*, the *Bart Schwartz* court noted that the term "fiocco" designated rayon in Italian tariff regulations. *Bart Schwartz*, 289 F.2d at 667-68. The *Bart Schwartz* court concluded that under the doctrine of foreign equivalents "fiocco" was the equivalent of rayon, and, therefore, unregistrable because the term was descriptive of rayon. *Id.* In *Volkswagenwerk Aktiengesellschaft v. Church*, the Ninth Circuit court found the term "volkswagon" translated into "Peoples Car." *Volkswagenwerk Aktiengesellschaft v. Church*, 256 F. Supp. 626, 629 (S.D. Cal. 1966), *aff'd*, 411 F.2d 350 (9th Cir. 1969). As a result, the *Volkswagenwerk* court held that the term "volkswagen" was a common descriptive name of a popular, low priced car and declined to protect the mark. *Id.* In *McKesson & Robbins v. Charles H. Phillips Chem. Co.*, the Second Circuit held that the mark "Leche de Magnesia" translated into Milk of Magnesia. *McKesson & Robbins v. Charles H. Phillips Chem. Co.*, 53 F.2d 1011, 1011-12 (2d Cir.), *cert. denied*, 285 U.S. 552 (1932). Noting that "Leche de Magnesia" when translated into English was the same as a widely known American trademark, the *McKesson & Robbins* court held that the term was descriptive and, therefore, unregistrable. *Id.* In *In re Maclin-Zimmer-McGill Tobacco Co.*, the Circuit Court of Appeals for the District of Columbia noted that the Spanish word "El Gallo" means rooster in English and found the mark unregistrable because the mark conflicted with the existing American trademark "The Rooster" and created a likelihood of confusion. *In re Maclin-Zimmer-McGill Tobacco Co.*, 262 F. 635, 635 (D.C. Cir. 1920). *But see Sarkli Ltd.*, 721 F.2d 353, 353-54 (Fed. Cir. 1983). In *Sarkli*, the Federal Circuit found no likelihood of confusion between "Repechage" and "Second Chance." *Id.* Although the word "repechage" had connotations of "second chance," the *Sarkli* court held that repechage was not the equivalent of "second chance" because of differences in the terms' appearance and pronunciation. *Id.* Similarly, in *Continental Nut Co. v. Le Cordon Bleu*, the *Continental Nut* court found on the basis of dictionary definitions in *Funk & Wagnalls New Standard Dictionary of the English Language* that the terms "cordon bleu" and "blue ribbon" did not have the same meaning to the American public. *Continental Nut Co. v. Le Cordon Bleu*, 494 F.2d 1395, 1397 (C.C.P.A. 1974). Consequently, the *Continental Nut* court found no harm to the owner of the "Blue Ribbon" trademark by registering the trademark "Le Cordon Bleu." *Id.* See generally 1 J. McCARTHY, *supra* note 40, § 11:14, at 466 (doctrine of foreign equivalents should apply only in situations when translation of foreign word is equivalent to existing trademark or descriptive of product).

56. *Pizzeria Uno*, 747 F.2d at 1533.

57. *Id.*; see *supra* note 40 and accompanying text (discussing differences between different categories of trademarks).

tive.<sup>58</sup> Third, a court should note the frequency with which other trademarks or product descriptions employ the dominant term.<sup>59</sup> Fourth, if the trademark under consideration is a foreign word, courts should consider the applicability of the doctrine of foreign equivalents.<sup>60</sup> Finally, courts should give weight to the Patent and Trademark Office's determination of whether the trademark is descriptive or suggestive.<sup>61</sup>

Under the Fourth Circuit's guidelines for determining whether a trademark is descriptive or suggestive, the *Pizzeria Uno* court held that the district court clearly erred in finding that the trademark "Pizzeria Uno" was descriptive.<sup>62</sup> In reaching its decision, the Fourth Circuit identified "Uno" as the dominant term in both "Pizzeria Uno" and "Taco Uno."<sup>63</sup> The Fourth Circuit, however, rejected the district court's finding that the term "UNO" is in common use in the English language merely because the term appears in an English dictionary as the acronym for the United Nations Organization.<sup>64</sup> In the Fourth Circuit's view, the parties never intended their use of "Uno" to refer to the United Nations Organization.<sup>65</sup> Furthermore, the Fourth Circuit concluded that other trademarks and product descriptions do not use extensively the dominant term "Uno."<sup>66</sup> Consequently, the *Pizzeria*

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58. *Pizzeria Uno*, 747 F.2d at 1533; see *supra* note 50 and accompanying text (discussing consideration given to disclaimed words when making descriptive-suggestive determination).

59. *Pizzeria Uno*, 747 F.2d at 1533; see *supra* note 51 and accompanying text (discussing descriptive-suggestive determination of dominant terms frequently used in other trademarks).

60. *Pizzeria Uno*, 747 F.2d at 1533; see *supra* notes 54-55 and accompanying text (discussing doctrine of foreign equivalents).

61. *Pizzeria Uno*, 747 F.2d at 1533; see *supra* note 48 and accompanying text (discussing consideration by courts of Patent and Trademark Office's decision that mark is descriptive or suggestive).

62. *Pizzeria Uno*, 747 F.2d at 1533. The *Pizzeria Uno* court stated that the proper standard for appellate review of a district court's findings of fact in trademark cases is the clearly erroneous standard. *Id.* at 1526. The *Pizzeria Uno* court noted that some courts have applied different standards of review for subsidiary and ultimate findings of fact in trademark infringement cases. *Id.* The Fourth Circuit decided, however, that the United States Supreme Court's holding in *Pullman-Standard v. Swint* eliminated any distinction between subsidiary and ultimate findings of fact in the application of the clearly erroneous standard to findings of fact in federal trademark infringement cases. *Id.*; see *Pullman-Standard v. Swint*, 456 U.S. 273, 286-87 (1982) (clearly erroneous standard applies to all findings of fact, both subsidiary and ultimate); cf. *United States v. United States Gypsum Co.*, 333 U.S. 364, 395 (1948) (federal circuit court entitled to determine that federal district court's decision is clearly erroneous when no evidence in record supports district court's findings or when circuit court has strong conviction that district court made mistake); *Friend v. Leidinger*, 588 F.2d 61, 64 (4th Cir. 1978) (same); *Phillips v. Crown Central Petroleum Corp.*, 556 F.2d 702, 703 (4th Cir. 1977) (same), *cert. denied*, 444 U.S. 1074 (1980); *Lincoln v. Board of Regents*, 697 F.2d 928, 938-39 n.13 (11th Cir.) (clearly erroneous standard does not protect findings made by application of incorrect legal standards or in disregard of applicable legal standards), *cert. denied*, 464 U.S. 826 (1983).

63. *Pizzeria Uno*, 747 F.2d at 1533. In *Pizzeria Uno*, the Fourth Circuit identified "Uno" as the dominant term in the trademarks "Pizzeria Uno" and "Taco Uno" because the parties had disclaimed respectively the terms "Pizzeria" and "Taco". *Id.*

64. *Id.*

65. *Id.*

66. *Id.*

*Uno* court concluded that the term "Uno" is not a commonly used word in the English language.<sup>67</sup>

In applying the doctrine of foreign equivalents to the trademark "Pizzeria Uno," the Fourth Circuit found that "Uno" translates into "one."<sup>68</sup> The *Pizzeria Uno* court disagreed with the district court's finding that the term "Uno" translates into "number one," and is, therefore, synonymous with "the best."<sup>69</sup> The Fourth Circuit found that "Uno" does not mean "the best" in either Italian or Latin, and the public who understands Latin or Italian would not consider the term "Uno" to mean "the best."<sup>70</sup> So, the Fourth Circuit did not consider the trademark "Pizzeria Uno" descriptive of the "best" pizzeria.<sup>71</sup>

Finally, the *Pizzeria Uno* court noted that the Patent and Trademark Office granted Pizzeria Uno's trademark registration without requiring Pizzeria Uno to prove that the trademark "Pizzeria Uno" had acquired secondary meaning.<sup>72</sup> The Fourth Circuit held that the registration by the Patent and Trademark Office was a prima facie determination that the trademark "Pizzeria Uno" was suggestive.<sup>73</sup> As a result, Temple had the burden of proving that the mark was not suggestive.<sup>74</sup> The Fourth Circuit concluded that Temple failed to rebut the presumption created by the Patent and Trademark Office's determination that "Pizzeria Uno" was a suggestive trademark.<sup>75</sup> Relying solely on the *Sun-Fun* element of the trademarks' distinctiveness, the Fourth Circuit held that the district court clearly erred in finding that Pizzeria Uno was not a suggestive trademark.<sup>76</sup> The *Pizzeria Uno* court noted that the district court had considered other elements outlined in *Sun-Fun* to determine whether Pizzeria Uno was distinctive, but had concluded that the other *Sun-Fun* elements were not material to the Pizzeria Uno dispute.<sup>77</sup>

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67. *Id.*

68. *Id.* at 1533-34.

69. *Id.*

70. *Id.* at 1533.

71. *Id.*

72. *Id.* at 1534.

73. *Id.*

74. *Id.*

75. *Id.* In *Pizzeria Uno*, the Fourth Circuit observed that "Uno" was arguably an arbitrary mark when applied to Italian restaurants. *Id.* at 1534 n.9. If "Uno" were an arbitrary term when applied to restaurant services, the trademark "Pizzeria Uno" would be inherently distinctive and entitled to the greatest protection possible. *Id.*; see Lanham Act § 2, 15 U.S.C. § 1052 (1982). Because Pizzeria Uno never argued that "Uno" was arbitrary or fanciful, the *Pizzeria Uno* court declined to consider the issue. *Pizzeria Uno*, 747 F.2d at 1534 n.9.

76. *Pizzeria Uno*, 747 F.2d at 1534.

77. See *id.* at 1534-35. Although the Fourth Circuit in *Pizzeria Uno* did not consider the other *Sun-Fun* elements material to the resolution of the Pizzeria Uno dispute, the Fourth Circuit discussed the other *Sun-Fun* factors because the district court had considered them. *Id.*; see *Sun-Fun Prods., Inc. v. Suntan Research & Dev. Inc.*, 656 F.2d 186, 189 (5th Cir. 1981) (establishing seven elements as general guide to make likelihood of confusion determination); see *supra* notes 36-37 and accompanying text (discussing factors outlined in *Sun-Fun Prods., Inc. v. Sun-*

Although the Fourth Circuit determined that Pizzeria Uno was a properly registered trademark and, therefore, entitled to protection under the Lanham Act, the *Pizzeria Uno* court concluded that Pizzeria Uno presently could not enjoin Temple's use of the trademark "Taco Uno."<sup>78</sup> Relying on Fourth Circuit's decision in *Armand's Subway, Inc. v. Doctor's Associates, Inc.*,<sup>79</sup> the *Pizzeria Uno* court found that a registered trademark does not entitle the owner to injunctive relief absent actual competition between the registered trademark owner and the alleged infringer in the geographic area in which the alleged infringer operates.<sup>80</sup>

Unfortunately, the statutory requirements in section 32(1) of the Lanham Act and the landmark case of *Dawn Donut Co. v. Hart's Food Stores, Inc.* do not support the Fourth Circuit's holding in *Pizzeria Uno*, requiring actual competition in the alleged infringer's geographic market as a prerequisite for

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*tan Research & Dev. Inc.* for determining whether trademark is descriptive or suggestive). In applying the *Sun-Fun* elements addressed by the district court, the Fourth Circuit first examined whether the marks were similar. *Pizzeria Uno*, 747 F.2d at 1534. The Fourth Circuit found that because the dominant term "Uno" in both "Pizzeria Uno" and "Taco Uno" is the same, the marks are similar in both sound and appearance. *Id.* The Fourth Circuit held that the strong similarity between "Pizzeria Uno" and "Taco Uno" is likely to cause consumers to confuse the source of Temple's restaurant services. *Id.* In examining the similarity of the goods or services that the trademarks identify, the Fourth Circuit compared the Pizzeria Uno dispute with a similar dispute in *Clinton Detergent Co. v. Proctor & Gamble Co. Pizzeria Uno*, 747 F.2d at 1534-35; see *Clinton Detergent Co. v. Proctor & Gamble Co.*, 302 F.2d 745, 748 (C.C.P.A. 1962). In the *Clinton* case, the *Clinton* court found that Carjoy car cleaner and Joy dish detergent were similar products. *Id.* Although the products were intended for different purposes, the *Clinton* court found a similarity in the products because dish detergents can be used to clean cars and vice-versa. *Id.* The Fourth Circuit found the difference, therefore, between Pizzeria Uno's full service dining and Taco Uno's fast-food service insignificant in comparison to the difference between the products involved in the *Clinton* case. *Pizzeria Uno*, 747 F.2d at 1535. The *Pizzeria Uno* court found a similarity between Pizzeria Uno's and Temple's services because both businesses provided food services. *Id.* The Fourth Circuit considered the advertising media employed by both parties to be similar, but did not consider the similarity of advertising used by the parties important because of the present absence of geographic overlap in the parties' advertising markets. *Id.* Finally, the *Pizzeria Uno* court noted that the intent of the alleged infringer is not a defense for creating actual confusion or a likelihood of confusion in the buying public concerning the source of goods. *Id.* Based on the Fourth Circuit's conclusion that the concurrent use of the trademarks "Pizzeria Uno" and "Taco Uno" would create a likelihood of confusion, the Fourth Circuit disregarded the issue of Temple's intent in adopting the trademark "Taco Uno." *Id.*

78. *Pizzeria Uno*, 747 F.2d at 1536.

79. 604 F.2d 849 (4th Cir. 1979).

80. *Pizzeria Uno*, 747 F.2d at 1536. In *Pizzeria Uno*, the Fourth Circuit cited *Armand's Subway, Inc. v. Doctor's Assoc., Inc.* for the proposition that a registered trademark owner is not entitled to injunctive relief except in areas 'actually penetrated by' the alleged infringer. *Pizzeria Uno*, 747 F.2d at 1536; *Armand's Subway, Inc. v. Doctor's Assoc., Inc.*, 604 F.2d 849, 851 (4th Cir. 1979). The *Armand's* holding appears to require actual geographic competition between the parties in the same geographic area. See *Armand's*, 604 F.2d at 849-51 (holding that registrant would not be entitled to injunctive relief except in geographic market areas actually penetrated by registrant).

injunctive protection.<sup>81</sup> In *Dawn Donut*, the Second Circuit outlined the standard for awarding a registrant injunctive relief against the unauthorized use of a confusingly similar trademark in a remote geographic area.<sup>82</sup> The *Dawn Donut* court noted that to enjoin an unauthorized user under section 32(1) of the Lanham Act, a registrant must show only that the unauthorized use of a registered trademark creates a likelihood of public confusion concerning the source of the products associated with the trademark.<sup>83</sup> The *Dawn Donut* court stated that for a registered trademark owner to enjoin an unauthorized user in a remote geographic market, the registrant does not have to prove actual competition between the two marks in the remote geographic market.<sup>84</sup> The registrant must show only that the registrant is likely to expand his use of the trademark into the unauthorized user's market area.<sup>85</sup>

In *Dawn Donut*, Dawn Donut Company, Inc. (Dawn Donut), a wholesale distributor of doughnuts and other baked goods, sued to enjoin Hart's Food Stores, Inc. (Hart) from using Dawn Donut's federally registered trademarks "Dawn" and "Dawn Donut."<sup>86</sup> The Second Circuit found that Dawn Donut had confined Dawn Donut's use of the marks to a geographic area outside of Hart's retail market and was not likely to move into Hart's geographic market.<sup>87</sup> The *Dawn Donut* court, therefore, denied Dawn Donut's request for injunctive relief.<sup>88</sup> The Second Circuit held that when a federal registrant confines his use of a mark to a particular geographic market, with no likelihood of the registrant expanding into an unauthorized user's market, then the registrant cannot obtain injunctive relief.<sup>89</sup> The *Dawn Donut* court noted, however, that when a registrant does show a likelihood of expansion into the unauthorized user's market, then the registrant can obtain injunctive relief.<sup>90</sup>

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81. 267 F.2d 358 (2d Cir. 1954); see *infra* text accompanying notes 82-85 (discussing holding in *Dawn Donut*); *supra* note 9 and accompanying text (discussing statutory requirements established in § 32(a) of Lanham Act for injunctive protection of federally registered trademarks).

82. *Dawn Donut*, 267 F.2d at 364-65; see *supra* note 9 and accompanying text (discussing statutory requirements established in § 32(a) of Lanham Act for injunctive protection of federally registered trademarks).

83. *Dawn Donut*, 267 F.2d at 364; see *supra* note 9 and accompanying text (discussing statutory requirements established in § 32(a) of Lanham Act for injunctive protection of federally registered trademarks).

84. *Dawn Donut*, 267 F.2d at 364 n.4; see *supra* note 9 and accompanying text (discussing statutory requirements established in § 32(a) of Lanham Act for injunctive protection of federally registered trademarks).

85. *Dawn Donut*, 267 F.2d at 364 n.4; see *supra* text accompanying notes 82-84 (discussing *Dawn Donut* requirements for federal registrant to obtain injunctive protection of federally registered trademark).

86. *Dawn Donut*, 267 F.2d at 361.

87. *Id.* at 365.

88. *Id.*

89. *Id.* at 364.

90. *Id.* at 364 n.4.

Although not all of the federal circuits have addressed the issue of when a registered trademark owner can enjoin the unauthorized use of a registered trademark in a remote geographic market, most of the circuits that have addressed the issue follow the *Dawn Donut* formulation requiring a registrant to show only a likelihood of expansion into a remote geographic to obtain injunctive protection.<sup>91</sup> For example, in *American Foods, Inc. v. Golden Flake, Inc.*,<sup>92</sup> the Fifth Circuit cited the *Dawn Donut* holding with approval.<sup>93</sup> In *American Foods*, the plaintiff, Golden Flake, Inc. (Golden Flake), owned a registered trademark of the words "Golden Flake" in connection with the sale of potato chips.<sup>94</sup> In 1961 the defendant, American Foods, Inc. (American Foods) began using the term "Golden Flake" for the sale of dinner rolls.<sup>95</sup> Golden Flake sued American Foods for trademark infringement under the Lanham Act alleging that American Foods' use of the trademark created confusion in the buying public concerning the source of goods produced by Golden Flake.<sup>96</sup> The District Court for the Northern District of Alabama enjoined American Foods' use of the trademark in Golden Flake's existing market area, but denied Golden Flake's request for an injunction in the remaining areas of the United States.<sup>97</sup> In affirming the district court's decision, the Fifth Circuit applied the *Dawn Donut* rule.<sup>98</sup> The Fifth Circuit concluded that because Golden Flake produced no proof of probable expansion beyond Golden Flake's existing market, Golden Flake could not obtain injunctive relief outside of that market.<sup>99</sup> The Fifth Circuit noted that the

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91. See *Mr. Donut of Am., Inc. v. Mr. Donut, Inc.*, 418 F.2d 838, 844 (9th Cir. 1969) (following *Dawn Donut*); *Continente v. Contiente*, 378 F.2d 279, 282 (9th Cir. 1967) (same); *infra* text accompanying notes 101-105 (discussing holding in *Contiente*); *John R. Thompson Co. v. Holloway*, 366 F.2d 108, 114 (5th Cir. 1966) (following *Dawn Donut*); *American Foods, Inc. v. Golden Flake, Inc.*, 312 F.2d 619, 626 (5th Cir. 1963) (following *Dawn Donut*); *infra* text accompanying notes 92-100 (discussing holding in *Golden Flake*). In *Mr. Donut of Am. v. Mr. Donut, Inc.*, the Ninth Circuit held that a federal registrant is entitled to injunctive relief under the Lanham Act when the registrant has expanded his business to a point when the use of confusingly similar marks is no longer confined to separate and distinct markets. *Mr. Donut*, 418 F.2d at 844. In *John R. Thompson Co. v. Holloway*, the Fifth Circuit denied plaintiff's request for injunctive relief against an unauthorized user of two federal trademark registrations of the mark "Holloway House." *John R. Thompson Co.*, 366 F.2d at 114. Applying the *Dawn Donut* test, the *Thompson* court found that Thompson had no enforceable rights in the area in which Holloway operated his business because Thompson produced no evidence of foreseeable expansion into Holloway's geographic market. *Id.*

92. 312 F.2d 619 (5th Cir. 1963).

93. *Id.* at 626.

94. *Id.* at 622.

95. *Id.* In *Golden Flake*, Golden Flake, Inc. (Golden Flake) had been selling potato chips and horseradish in Alabama under the trademark "Golden Flake" since 1936. *Id.* In 1961, American Foods, Inc. (American Foods) began using the expression "Golden Flake" in connection with the sales of dinner rolls in Alabama and surrounding areas. *Id.*

96. *Id.*

97. *Id.*

98. *Id.* at 626; see *supra* notes 82-85 and accompanying text (discussing holding in *Dawn Donut*).

99. See *Golden Flake*, 312 F.2d at 626. In *Golden Flake*, the Fourth Circuit noted that

dismissal was without prejudice to Golden Flake and that Golden Flake could seek injunctive relief against American Goods in other geographic areas should Golden Flake later decide to expand its geographic markets.<sup>100</sup>

The Ninth Circuit in *Continente v. Continente*<sup>101</sup> similarly applied the *Dawn Donut* rule to a case involving the protection of a federally registered trademark against unauthorized use in a remote geographic market.<sup>102</sup> In *Continente*, Rosa Continente sued her brother-in-law, John A. Continente, for infringement of the trademark "Continente" in connection with the sale of grapes.<sup>103</sup> Although both parties grew their grapes in the same region, the Ninth Circuit found that customers were not likely to confuse the suppliers of the grapes because the parties sold their grapes in two separate geographic markets, New York City and Vancouver, British Columbia.<sup>104</sup> Because the plaintiff, Rosa Continente, failed to produce evidence showing a likelihood of expanding her sales of grapes into British Columbia, the Ninth Circuit applied the *Dawn Donut* test and denied her request for injunctive relief.<sup>105</sup>

Unlike the Second, Fifth, and Ninth Circuits, the Third Circuit has not followed *Dawn Donut*.<sup>106</sup> In *Holiday Inns of America, Inc. v. B & B Corp.*,<sup>107</sup> Holiday Inns of America, Inc. (Holiday Inns), a rapidly expanding corporation, sued B & B Corporation (B&B) to enjoin B&B's use of Holiday Inns' registered mark in connection with B&B's motel in St. Thomas, Virgin Islands.<sup>108</sup> Holiday Inns produced evidence of two applications for franchises in the Virgin Islands to demonstrate Holiday Inns' plan to expand into the U.S. Virgin Islands.<sup>109</sup> The District Court of the Virgin Islands, Division of St. Thomas and St. John, granted Holiday Inns' motion for summary judgment and enjoined B&B's use of the mark "Holiday Inns."<sup>110</sup> Although the Third Circuit agreed that Holiday Inns had a protectable interest in the registered mark, the Third Circuit denied Holiday Inns' request for injunctive relief.<sup>111</sup> The Third Circuit held that a court must limit the use of injunctive relief to situations in which the plaintiff faces immediate and irreparable harm.<sup>112</sup>

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after 38 years of doing business, Golden Flake still conducted 95 percent of its business in Alabama and showed no evidence of future expansion. *Id.* at 625.

100. *Id.* at 626.

101. 378 F.2d 279 (9th Cir. 1967).

102. *Id.* at 279-81.

103. *Id.*

104. *Id.* at 282.

105. *Id.* at 282-83.

106. See *Holiday Inns of Am., Inc. v. B & B Corp.*, 409 F.2d 614, 618 n.13 (5th Cir. 1966) (declining to follow *Dawn Donut*).

107. 409 F.2d 614 (3d Cir. 1969).

108. *Id.* at 615. In *Holiday Inns of Am., Inc. v. B & B Corp.*, Holiday Inns of America, Inc. (Holiday Inns) had registered a service mark pursuant to § 1127 of the Lanham Act. *Id.* The *Holiday Inns* court noted that the legal effect of registering a service mark under the Lanham Act is identical to that of registering a trademark. *Id.* at 615 n.1.

109. *Id.* at 618.

110. *Id.* at 615.

111. *Id.* at 618.

112. *Id.*



Although the Third Circuit noted that Holiday Inns had established a strong case to support a future likelihood of confusion when the two marks began competing in the same market area,<sup>113</sup> the Third Circuit required an additional showing of actual competition in the same geographic market.<sup>114</sup> As a result, the *Holiday Inns* court concluded that a likelihood of confusion would exist only when Holiday Inns commenced operations in the Virgin Islands, and only then Holiday Inns could enjoin B&B's use of Holiday Inns' mark.<sup>115</sup>

Both the *Holiday Inns* and *Pizzeria Uno* decisions implicitly require actual confusion in the buying public before a federal registrant can obtain injunctive protection of the trademark.<sup>116</sup> Commentators agree, however, that the Third and Fourth Circuits' approach for protecting trademarks is unsatisfactory.<sup>117</sup> Commentators have noted that a growing business with

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113. *Id.*

114. *Id.*

115. *Id.* at 618-19.

116. See *Pizzeria Uno*, 747 F.2d at 1536 (denying injunctive protection of registered trademark absent competition between marks in unauthorized user's market area); *Holiday Inns*, 409 F.2d at 618-19 (denying Holiday Inns injunctive protection of registered service mark in Virgin Islands until Holiday Inns commences operations in Virgin Islands). In *Pizzeria Uno*, the Fourth Circuit found that the concurrent use of the two trademarks "Pizzeria Uno" and "Taco Uno" was likely to create confusion. *Pizzeria Uno*, 747 F.2d at 1535-36. Pizzeria Uno also produced strong evidence of Pizzeria Uno's probable expansion into the Columbia, South Carolina market, including two applications for franchises in Columbia. *Pizzeria Uno*, 566 F. Supp. at 388. Ignoring Pizzeria Uno's evidence of probable expansion into the South Carolina market, the Fourth Circuit refused injunctive relief until Pizzeria Uno actually established a business in South Carolina. *Pizzeria Uno*, 747 F.2d 1536. As a result, the Fourth Circuit forces Pizzeria Uno to wait until Pizzeria Uno can show actual competition between the marks, and, therefore, actual confusion between the marks. Similarly, the Third Circuit denied Holiday Inns of America, Inc. (Holiday Inns) injunctive protection of Holiday Inns' mark from unauthorized use of the mark "Holiday Inn," by B & B Corporation (B&B) in the Virgin Islands until Holiday Inns commenced operation of a motel in the Virgin Islands. *Holiday Inns*, 409 F.2d at 618-19. Although the *Holiday Inns* court noted that Holiday Inns had established a strong case to support a future likelihood of confusion when the marks began actual competition, the Third Circuit denied injunctive protection of Holiday Inns' mark. *Id.* The holdings in both cases require more than a likelihood of confusion and seem to require actual confusion created by actual competition between two marks.

117. See 2 J. MCCARTHY, *supra* note 40, § 26:14 at 319. McCarthy questions the decision of the Third Circuit in *Holiday Inns of America, Inc. v. B & B, Inc.*, in which the Third Circuit refused to enjoin B&B's use of Holiday Inns' registered mark in connection with a motel in the Virgin Islands until Holiday Inns commenced the construction of a motel in the Virgin Islands. *Id.* McCarthy suggests that the Third Circuit's holding in *Holiday Inns* changes the Lanham Act's requirement for injunctive protection of a registered trademark from a likelihood of public confusion concerning the source of goods or services to a requirement that the unauthorized use of a registered mark creates actual confusion. *Id.* When a registrant shows a likelihood of expansion into a remote geographic area, McCarthy finds no reason to defer injunctive protection until the registrant actually has commenced operations in the geographic area. *Id.* Another commentator suggests that the Third Circuit's decision in *Holiday Inns* misapplies the principles of trademark protection established in *Dawn Donut* and forces a registrant to face the risk of an unfavorable reputation created by an unauthorized user. Comment, *The Scope of Territorial Protection of Trademarks*, 65 Nw. U.L. REV. 781, 805 (1970).

plans to move into a new geographic market unnecessarily may face an unfavorable reputation created by an unauthorized user.<sup>118</sup>

By holding that injunctive relief is not proper absent actual competition between a registrant and an unauthorized user in the same geographic area, the Fourth Circuit implicitly establishes a requirement of actual geographic competition and actual confusion, contrary to the principles of trademark protection enunciated in *Dawn Donut* and the Lanham Act.<sup>119</sup> *Dawn Donut* established that the Lanham Act affords protection to registered trademark owners upon a showing that the registrant is likely to expand his use of the trademark into an unauthorized user's market, even though no present competition exists between the registrant and the unauthorized user.<sup>120</sup> The effect of the *Pizzeria Uno* court's holding is to require a federal registrant to show actual confusion in a remote geographic area to obtain injunctive relief, although the Lanham Act only requires a showing of the likelihood of confusion.<sup>121</sup> Furthermore, Congress intended that the Lanham Act would provide federally registered trademarks with the greatest possible nationwide protection to foster the growth of expanding businesses.<sup>122</sup> The Fourth Circuit's holding in *Pizzeria Uno*, however, impairs trademark protection for expanding businesses by allowing unauthorized users to taint prospective markets prior to the registrant's imminent expansion into the market. The Fourth Circuit, therefore, should promote the public policy of the Lanham Act by granting injunctive relief to registered trademark owners in remote geographic markets whenever registrants can prove a likelihood of expansion into the geographic market.

DANIEL J. FETTERMAN

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118. Cf. *Holiday Inns*, 409 F.2d at 618 (Holiday Inns unable to obtain injunctive protection until commencing operations in market area of infringer); see *supra* note 117 and accompanying text (discussing commentators' criticisms of Third Circuit's holding in *Holiday Inns of America, Inc. v. B & B Corp.*).

119. See *Pizzeria Uno*, 747 F.2d at 1524, 1536 (denying injunctive protection absent actual competition between trademarks in same geographic area); *Dawn Donut*, 267 F.2d at 364 n.4 (establishing likelihood of expansion as prerequisite for injunctive protection of federally registered trademark in remote geographic areas); *supra* note 116 and accompanying text (discussing that Fourth Circuit's holding in *Pizzeria Uno* creates actual confusion requirement for injunctive protection of trademark against infringement in remote geographic area).

120. *Dawn Donut*, 267 F.2d at 364; see *supra* text accompanying notes 82-85 (discussing holding in *Dawn Donut*).

121. See *supra* note 116 and accompanying text (discussing that Fourth Circuit's holding in *Pizzeria Uno* creates actual confusion requirement for injunctive protection of trademark against infringement in remote geographic area); Lanham Act § 32, 15 U.S.C. § 1114 (1982).

122. See *supra* notes 1-4 and accompanying text (discussing congressional intent of Lanham Act).