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Intellectual Property Survey

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INTELLECTUAL PROPERTY SURVEY

INTRODUCTION

The intellectual property area in the Tenth Circuit was relatively quiet during 1994 with only one trademark case surfacing. In *Universal Money Centers., Inc. v. American Telephone & Telegraph Co.*,¹ the Tenth Circuit affirmed the Kansas district court's grant of summary judgment to American Telephone and Telegraph Co. ("AT&T"), concluding as a matter of law that AT&T's use of the word "Universal" was unlikely to cause confusion among consumers.² In doing so, the court approved the application of the "likelihood of confusion" test³ and clarified its position regarding two factors of the test: similarity of services and degree of care exercised by consumers.⁴ More importantly, the court endorsed the addition of another component, "strength of the mark," to the "likelihood of confusion" test.⁵

The Tenth Circuit's decision in *Universal Money*, while not surprising, demonstrates its understanding of trademark rights. The court set forth a clear framework for district courts to follow in trademark infringement disputes by systematically analyzing each factor of importance in the "likelihood of confusion" test and balancing the evidence accordingly.

I. BACKGROUND

A. *The Fundamentals of Trademark Law*

The most important intellectual property asset owned by a business is its trademark.⁶ A trademark is defined as "any word, name, symbol, or device" used by any person "to identify and distinguish his or her goods . . . from those manufactured or sold by others and to indicate the source of the goods even if that source is unknown."⁷ Thus, trademarks promote various functions. They identify the good's origin, guarantee quality consistency, and serve as an advertising device.⁸

1. 22 F.3d 1527 (10th Cir. 1994).

2. *Id.* at 1536.

3. *Id.* at 1530; see *Beer Nuts, Inc. v. Clover Club Foods Co.*, 805 F.2d 920, 925 (10th Cir. 1986) (articulating the application of the likelihood of confusion test) [hereinafter *Beer Nuts II*]; *Beer Nuts, Inc. v. Clover Club Foods Co.*, 711 F.2d 934, 940-41 (1983), *rev'd*, 805 F.2d 920 (10th Cir. 1986) (stating the criteria for the likelihood of confusion test) [hereinafter *Beer Nuts I*].

4. *Universal Money*, 22 F.3d at 1532-33.

5. *Id.* at 1533 (noting that "strength of the mark" was not specifically listed as a relevant factor in *Beer Nuts II*).

6. ROBERT C. DORR & CHRISTOPHER H. MUNCH, *PROTECTING TRADE SECRETS, PATENTS, COPYRIGHTS, AND TRADEMARKS* 124 (1990) (noting that simply mentioning certain trademarks such as Edsel, McDonald's or Exxon elicits either a favorable or unfavorable reaction).

7. Lanham Act § 45, 15 U.S.C. § 1127 (1988 & Supp. IV 1992).

8. See EDMUND W. KITCH & HARVEY S. PERLMAN, *LEGAL REGULATION OF THE COMPETITIVE PROCESS* 246 (rev. 4th ed. 1991); see also *Educational Dev. Corp. v. Economy Co.*, 562 F.2d

Trademark law, however, is concerned with more than protection of the trademark owner. In fact, to address additional concerns, such as shielding the consumer from confusion over the source and identity of products,⁹ Congress enacted the Lanham Act.¹⁰ Of specific interest are §§ 1114(1)(a) and 1125(a) of the Act. Section 1114(a) relates to trademark infringement by one who uses a registered mark which is likely to cause confusion.¹¹ Section 1125(a) is concerned with marks that indicate false designations of origin and are likely to cause confusion.¹² Therefore, the unauthorized marketplace use of a registered mark that is likely to cause confusion as to the origin of the product establishes an action for trademark infringement.¹³

B. Likelihood of Confusion Test

The touchstone for trademark infringement is "likelihood of confusion."¹⁴ As previously noted, the Lanham Act requires that defendant's use of the mark be "likely to cause confusion, or to cause mistake, or to deceive."¹⁵ Various market factors are set out in the RESTATEMENT OF UNFAIR COMPETITION to identify proof of likelihood of confusion.¹⁶ The elements considered include the degree of resemblance between the marks, the similarity of mar-

26, 28 (10th Cir. 1977) (defining a trademark as a "distinctive mark, symbol, or emblem used by a producer of manufacturer to identify and distinguish his goods from those of others"); Jacqueline Stern, Note, *Genericide: Cancellation of a Registered Trademark*, 51 FORDHAM L. REV. 666 (1983).

9. See KITCH & PERLMAN, *supra* note 8, at 247; see also McGraw-Hill Pub. Co. v. American Aviation Assocs., 117 F.2d 293, 294 (D.C. Cir. 1940) (noting that the purpose of trademark law is "to safeguard the consumer by helping him get what he thinks he wants").

10. 15 U.S.C. §§ 1051-1127 (1988 & Supp. IV 1992).

11. 15 U.S.C. § 1114(1)(a) (1988 & Supp. IV 1992) provides that the unauthorized use of "any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, distribution, or advertising of any goods . . . is likely to cause confusion, or to cause mistake, or to deceive."

12. 15 U.S.C. § 1125(a)(1) (1988) states:

Any person who . . . uses in commerce any word, term, name, symbol, or device . . . or any false designation of origin, false or misleading description of fact . . . which . . . is likely to cause confusion, or to cause mistake . . . as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person . . . shall be liable.

13. 15 U.S.C. § 1114(1)(a); see *Jordache Enters. v. Hogg Wyld, Ltd.*, 828 F.2d 1482, 1484 (10th Cir. 1987); *Amoco Oil Co. v. Rainbow Snow, Inc.* 809 F.2d 656, 658 (10th Cir. 1987); *Beer Nuts II*, 805 F.2d at 924.

14. See, e.g., *Nikon Inc. v. Ikon Corp.*, 987 F.2d 91, 94 (2d Cir. 1993); *Americana Trading Inc. v. Russ Berrie & Co.*, 966 F.2d 1284, 1285, 1287 (9th Cir. 1992); *DeCosta v. Viacom Int'l., Inc.*, 981 F.2d 602, 605-06 (1st Cir. 1992); *Sands, Taylor & Wood Co. v. Quaker Oats Co.*, 978 F.2d 947, 958 (7th Cir. 1992); *Coherent, Inc. v. Coherent Technologies, Inc.*, 935 F.2d 1122, 1125 (10th Cir. 1991); *Beer Nuts II*, 805 F.2d at 925; *Giant Food, Inc. v. Nation's Foodservice, Inc.*, 710 F.2d 1565, 1569 (Fed. Cir. 1983); DORR & MUNCH, *supra* note 6, at 148 (noting that the test is also utilized by the Patent Trademark Office (PTO) to determine whether to approve a trademark application).

15. 15 U.S.C. § 1114(1)(a).

16. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 21 (1993) ("Whether an actor's use of a designation causes a likelihood of confusion with the use of a trademark . . . by another . . . is determined by a consideration of all the circumstances involved in the marketing of the respective goods. . . .").

keting techniques of the two parties, the characteristics of the prospective consumers and the degree of care exercised in making purchasing decisions, the degree of distinctiveness of the mark, and the product and geographic markets in which the competing marks are used.¹⁷

A majority of courts utilize a variation¹⁸ of the "sight, sound and meaning" test set out in the RESTATEMENT OF TORTS.¹⁹ The Tenth Circuit endorsed the Restatement of Torts approach by laying out the relevant factors to consider in *Beer Nuts, Inc. v. Clover Club Foods Co.*²⁰ *Beer Nuts II* involved a trademark infringement action over the registered and incontestable trademark name "BEER NUTS" owned by Beer Nuts, Inc.²¹ Clover Club sold the same product, sweetened, salted peanuts, under the name "BREW NUTS."²² Beer Nuts sued Clover Club in an action for trademark infringement. The District Court ruled that there was no likelihood of confusion concerning the origin of the competing products.²³ The Tenth Circuit repeated the factors to consider for the "likelihood of confusion" test.²⁴

The court cautioned that the list was not exhaustive, nor was one factor

17. *Id.*

18. *See, e.g., Nikon*, 987 F.2d at 94 (listing eight factors: strength of the mark, the similarity between the two marks, the similarity between the products, the likelihood that the senior user will overlap with the junior user, the sophistication of buyers, quality of defendant's product, actual confusion, and the defendant's bad faith in adopting the mark); *DeCosta*, 981 F.2d at 606 (listing eight factors: similarity of the marks, similarity of the goods and services, relation of the "channels" which parties trade through, similarity of advertising, types of prospective buyers, actual confusion, junior user's reason for using mark, and strength of the mark); *Americana Trading*, 966 F.2d at 1287 (listing six factors: strength of the mark, similarity in appearance, sound, and meaning, class of goods in question, marketing channels used, actual confusion, and intent of the junior user); *In re E. I. Du Pont De Nemours & Co.*, 476 F.2d 1357, 1361 (C.C.P.A. 1979) (listing thirteen factors: similarity of appearance, sound, connotation and commercial impression, similarity of goods, similarity of trade channels, conditions under which purchase is likely to be made, fame of the mark, number of similar marks, actual confusion, length of time concurrent use of the mark has created confusion, variety of goods on which a mark is used, market interface between junior and senior user, extent to which the junior user could exclude others from using mark, extent of potential confusion, and any other probative fact).

19. THE RESTATEMENT OF TORTS § 729 (1938) outlines the following criteria:

- (a) the degree of similarity between the designation and the trademark or trade name in
 - (i) appearance;
 - (ii) pronunciation of the words used;
 - (iii) verbal translation of the pictures or designs involved;
 - (iv) suggestion;
- (b) the intent of the actor in adopting the designation;
- (c) the relation in use and manner of marketing between the goods or services marketed by the actor and those marketed by the other;
- (d) the degree of care likely to be exercised by purchasers.

20. *Beer Nuts I*, 711 F.2d at 940 (stating that to determine whether likelihood of confusion exists, the "court has used the criteria set out in the Restatement of Torts § 729 (1938)"). The Tenth Circuit confronted the likelihood of confusion issue first in *Beer Nuts I*. After laying out the relevant criteria to be analyzed, the case was remanded to make a determination. However, the Tenth Circuit had an opportunity to revisit *Beer Nuts I* when the case was once again appealed to review the district court's determination that it was unlikely that confusion would exist between the two marks. *Beer Nuts II*, 805 F.2d at 925 (reiterating the Restatement of Torts factors set forth in *Beer Nuts I*).

21. *Beer Nuts II*, 805 F.2d at 922.

22. *Id.*

23. *Id.*

24. *Id.* at 925. For a list of the factors, see *supra* note 19.

determinative.²⁵ After applying the factors, the Tenth Circuit held that both trademarks, "BEER NUTS" and "BREW NUTS," identified the source of the products.²⁶ However, because of the similarity between the marks and products, there was a likelihood of confusion. Thus, the court concluded that Clover Club's use of "BREW NUTS" constituted infringement of the "BEER NUTS" trademark.²⁷

1. Similarity of the Marks

The similarity of marks should be tested according to the three levels encountered in the marketplace: sight, sound, and meaning.²⁸ Four relevant factors to consider when evaluating "similarity" are the marks' appearance, pronunciation of the words used, verbal translation of the designs used, and suggestion or meaning.²⁹ A "side-by-side" comparison, however, should not be made.³⁰ Instead, the court must ascertain whether the public will be confused when individually presented with the infringing mark.³¹ Moreover, when balancing the factors, the similarities between the marks should be weighed more heavily than the difference.³²

a. Similarity of Appearance

The first subtest of similarity of the marks relies solely on the comparison of the visual appearance of the marks.³³ When analyzing the similarity of designs, the overall impression created by the mark is most important, not the dissection and comparison of individual features.³⁴ For example, the visual appearance of a gold horse's head compared with that of a large brightly colored pig head with two hooves was strikingly dissimilar.³⁵ On the other hand, there was similarity in the designs of EXXON and Texon since both utilized red block letters on a white background with a blue bar underlining EXXON and with an address in blue letters beneath Texon.³⁶

25. *Beer Nuts II*, 805 F.2d at 925.

26. *Id.* at 928.

27. *Id.*

28. *Beer Nuts I*, 711 F.2d at 940; see *Americana Trading Inc. v. Russ Berrie & Co.*, 966 F.2d 1284, 1287-88 (9th Cir. 1992).

29. See *Beer Nuts I*, 711 F.2d at 940; see also *Jordache Enters. v. Hogg Wyld, Ltd.*, 828 F.2d 1482, 1484-85 (10th Cir. 1987) (listing the four factors and stating that "[t]rademarks may be confusingly similar if they suggest the same idea or meaning").

30. *Beer Nuts I*, 711 F.2d at 941.

31. *Id.*

32. *Id.* at 940.

33. *DORR & MUNCH*, *supra* note 6, at 148.

34. See *Armstrong Cork Co. v. World Carpets, Inc.*, 597 F.2d 496, 502 (5th Cir. 1979); see also *Giant Food, Inc. v. Nation's Foodservice, Inc.*, 710 F.2d 1565, 1570-71 (D.C. Cir. 1983) (stating that the dominant portion of a mark justifiably has greater weight in evaluating the likelihood of confusion but the mark must be considered as a whole).

35. *Jordache*, 828 F.2d at 1485 (noting that the striking dissimilarities in the designs used greatly outweighed any similarities).

36. *Exxon Corp. v. Texas Motor Exch. Inc.*, 628 F.2d 500, 505 (5th Cir. 1980).

b. *Similarity of Pronunciation*

The second subtest relies upon phonetic similarity.³⁷ Again, courts emphasize that the similarity is based upon the total impression and not on individual similar features.³⁸ Thus, while the marks "Alpha" and "Alpa" were found to be closely related in appearance and sound, other factors mitigated the total effect.³⁹ However, the marks "BREW NUTS" and "BEER NUTS," although clearly different, were found to have "phonetic and semantic similarities" which outweighed other differences.⁴⁰

c. *Verbal Translation of the Designs*

The third subtest involves the translation of the design. If the translation suggests the same meaning as the opposing mark, then the trademarks may be confusingly similar.⁴¹ Therefore, when the term "BREW NUTS" was combined with a stein of an overflowing head of foam, there was no other reasonable translation of the design except that it was meant to be beer.⁴²

d. *Similarity of Meaning or Suggestion*

The final subtest is the similarity of the meaning of the marks. For example, the word "brew" is a synonym for "beer" and was found to convey the same meaning.⁴³ A contrary result, however, was found for the terms "Dawn" and "Daylight."⁴⁴

2. Intent of the Actor

The Tenth Circuit, in *Beer Nuts II*, noted that when a junior user deliberately adopts a similar mark, this implies an "inference of intent" that the junior user is trying to pass his goods off as those of the senior user.⁴⁵ However, knowledge of the existence of the mark, without more, is insufficient to foreclose further inquiry.⁴⁶ Thus, the focal point for the issue of intent is whether a benefit is derived from the reputation of the plaintiff.⁴⁷

37. DORR & MUNCH, *supra* note 6, at 148.

38. See *Pignons S.A. de Mecanique de Precision v. Polaroid Corp.*, 657 F.2d 482, 487 (5th Cir. 1981).

39. *Id.* (noting that similar marks are less likely to be confusing when used in conjunction with clearly displayed names or logos); see *Jordache*, 828 F.2d at 1485 (acknowledging the phonetic similarity of "Jordache" and "Lardashe" but finding striking dissimilarities in the overall design).

40. *Beer Nuts II*, 805 F.2d at 926 (noting that "brew" and "beer" are both "one syllable words having four letters three of which are the same, and they both begin with the same letter").

41. *Jordache*, 828 F.2d at 1485.

42. *Beer Nuts II*, 805 F.2d at 926.

43. *Id.* (stating that "brew" could not "reasonably be taken to mean coffee or tea or beverages in general; it can only be understood to mean beer").

44. *Dawn Donut Co. v. Day*, 450 F.2d 332, 333 (10th Cir. 1971) (defining "Dawn" as "the first appearance of light at morning" and "Daylight" as including "all of the period when the sun is shining on a particular area of the earth").

45. *Beer Nuts II*, 805 F.2d at 927.

46. *GTE Corp. v. Williams*, 904 F.2d 536, 541 (10th Cir.), *cert. denied*, 498 U.S. 998 (1990).

47. *Jordache*, 828 F.2d at 1485; see *Americana Trading Inc.*, 966 F.2d at 1289 (stating that

3. Similarity of Services and Manner of Marketing Services

a. *Similarity of Services*

An additional factor to consider is whether likelihood of confusion exists in the similarity of the products or services provided by the plaintiff and the defendant.⁴⁸ "The greater the similarity between the products and services, the greater the likelihood of confusion."⁴⁹

b. *Similarity in Manner of Marketing Services*

The method of advertising is another relevant factor to consider.⁵⁰ If the products are marketed similarly, it increases the possibility of confusion.⁵¹

4. Degree of Care

The fourth element to analyze is the degree to which the consumers are likely to be careful buyers of the product.⁵² In consideration of this factor, the cost and nature of the product are helpful in determining if purchasers would impulsively buy the item or if the price was such that it would require more deliberation.⁵³ The sophistication of the purchaser should also be considered in determining the degree of care which would be exercised.⁵⁴

C. *Additional Factors*

1. Actual Confusion

Actual confusion within the marketplace provides the best evidence of the

"[a] latecomer who adopts a mark with intent to capitalize upon a market previously developed by competitors in the field must at least prove that his effort has been futile"); *Sicilia Di R. Biebow & Co. v. Cox*, 732 F.2d 417, 431 (5th Cir. 1984).

48. *Universal Money Ctrs., Inc. v. AT&T*, 797 F. Supp. 891, 894 (D. Kan. 1992).

49. *Exxon*, 628 F.2d at 505.

50. *Universal Money*, 22 F.3d at 1532.

51. *Id.*; see *Universal Money*, 797 F. Supp. at 895; *Beer Nuts II*, 805 F.2d at 926; *Victory Pipe Craftsmen, Inc. v. Faberge, Inc.*, 582 F. Supp. 551, 558 (N.D. Ill. 1984).

52. See *Sands, Taylor & Wood Co. v. Quaker Oats Co.*, 978 F.2d 947, 959 (7th Cir. 1992); *Jordache*, 828 F.2d at 1487; *Beer Nuts I*, 711 F.2d at 940-41.

53. *Coherent Inc. v. Coherent Technologies, Inc.*, 935 F.2d 1122, 1125 (10th Cir. 1991) (noting that Coherent's customers are likely to be careful buyers because the products are expensive); *Beer Nuts II*, 805 F.2d at 926-27 (stating that items purchased impulsively are generally not on one's shopping list and thus, little degree of care is exercised when purchasing the item); *Beer Nuts I*, 711 F.2d at 941 ("[B]uyers typically exercise little care in the selection of inexpensive items that may be purchased on impulse. Despite a lower degree of similarity, these items are more likely to be confused than expensive items which are chosen carefully."); *Omaha Nat'l Bank v. Citibank*, 633 F. Supp. 231, 235-36 (D. Neb. 1986) (holding that customers who select between ATM card providers are likely to exercise a relatively high degree of care).

54. *Coherent*, 935 F.2d at 1125 (noting that "Coherent's customers are likely to be careful buyers for several reasons: They are sophisticated persons, such as engineers, project managers and corporate officers. . . ."); *Amoco Oil Co. v. Rainbow Snow, Inc.*, 809 F.2d 656, 662 (10th Cir. 1987) (stating that "[t]he public is not so naive as to believe that any business that employs a rainbow as part of its name is affiliated with Rainbo Oil"); *Nikon Inc. v. Ikon Corp.*, 987 F.2d 91, 95 (2d Cir. 1993) (quoting "[t]he more sophisticated and careful the average consumer of a product is, the less likely it is that similarities . . . will result in confusion concerning the source or sponsorship of the product").

likelihood of confusion.⁵⁵ The absence of evidence indicating confusion, however, will not necessarily support a finding that it is unlikely that confusion will exist.⁵⁶ Indications of confusion among consumers can be determined by using a survey,⁵⁷ but the survey must measure marketplace confusion.⁵⁸ Additionally, actual confusion may be demonstrated by evidence of consumer inquiries to the plaintiff as to affiliation of the alleged infringing product. However, this evidence will not be weighed heavily.⁵⁹

2. Likelihood of Expansion of Product Lines

In *Coherent, Inc. v. Coherent Technologies, Inc.*, the District Court of Colorado added to its analysis the likelihood of expansion of product lines.⁶⁰ The Tenth Circuit did not directly comment on this element. The court merely noted that review of the lower court's record confirmed the overall findings.⁶¹ Thus, one could infer that this factor could be considered along with the likelihood of confusion test.

3. Strength of the Mark

The District Court of Utah, in *Amoco Oil Co. v. Rainbow Snow, Inc.*, considered the strength of the plaintiff's mark as a factor.⁶² Again, the Tenth Circuit chose not to comment upon the addition of another element to the likelihood of confusion test. Instead, the court noted that the findings were not clearly erroneous.⁶³ The court preferred to rely upon the substantial evidence of the district court's findings that related to the factors outlined in *Beer Nuts II*.⁶⁴ Consequently, it was unclear whether "strength of the mark" was a viable factor to consider.

However, in *Universal Money*, the Tenth Circuit endorsed the use of "strength of the mark" as an additional element and clarified its meaning of

55. *Jordache*, 828 F.2d at 1487; see *Standard Oil Co. v. Standard Oil Co.*, 252 F.2d 65, 74 (10th Cir. 1958) (holding that "[t]here can be no more positive proof of likelihood of confusion than evidence of actual confusion").

56. See, e.g., *Beer Nuts II*, 805 F.2d at 927 (noting that consumers are unlikely to bother informing the plaintiff that they are confused); *Nikon*, 987 F.2d at 95.

57. See, e.g., *Coherent*, 935 F.2d at 1126 (noting that surveys may be used to show actual confusion); *Jordache*, 828 F.2d at 1487 (finding that "the evidentiary value of such surveys depends on the relevance of the questions asked and the technical adequacy of the survey procedures."); *Standard Oil*, 252 F.2d at 75 (stating that the results of a survey may be received as evidence to establish the existence of confusion).

58. *Coherent*, 935 F.2d at 1126 (holding that "[b]ecause Coherent's survey did not measure marketplace confusion, neither of these cases indicates it should be given more weight").

59. *Jordache*, 828 F.2d at 1487 (holding that customer inquiry evidence is admissible, but even when combined with other evidence it is of comparatively little value).

60. 736 F. Supp. 1055, 1064 (D. Colo. 1990).

61. 935 F.2d 1122, 1125 (10th Cir. 1991) (noting that Coherent did not intend to expand into defendant's product line, nor did Coherent Technology intend to expand into the plaintiff's).

62. 809 F.2d 656, 663 (10th Cir. 1987).

63. *Id.*

64. *Id.* (noting that there was ample evidence of the dissimilarities between the two marks, lack of intent to create confusion, different marketing techniques, and the degree of care likely to be exercised by consumers).

similarity of services and degree of care.⁶⁵

II. THE *UNIVERSAL MONEY II*⁶⁶ DECISION

A. *Facts and Procedural History*

Universal Money Centers, Inc. ("UMC"), a Missouri Corporation, owns the following registered trademarks: "UNIVERSAL MONEY CARD," "UNIVERSAL MONEY CENTER," "UNIVERSAL MONEY" and design, and "UNIVERSAL MONEY."⁶⁷ UMC provides electronic banking services and contracts with various financial institutions to provide plastic "debit" cards for its customers. The cards bear one of the UMC trademarks and are used for accessing automatic teller machines ("ATMs") and for retail purchases at selected stores.⁶⁸

AT&T introduced the "AT&T Universal Card," a combination telephone and retail card, on March 26, 1990. In the following twelve months, AT&T spent over \$60 million in advertising to promote its card.⁶⁹ The AT&T Universal Card is affiliated with Visa and MasterCard and may be used at retail stores, to place telephone calls, and to withdraw from ATMs displaying the "Plus" or "VISA" logos.⁷⁰

UMC filed an action in the District of Kansas alleging trademark infringement and sought a preliminary injunction seeking to enjoin AT&T from using the term "Universal."⁷¹

B. *District Court Holding*

On August 30, 1990, the district court denied UMC's motion for a preliminary injunction.⁷² Two years later, on June 16, 1992, the court granted AT&T's motion for summary judgment, finding as a matter of law that the concurrent use of the word "Universal" was not likely to cause confusion as to the origin of the two products.⁷³

The district court adhered to the *Beer Nuts II* test for likelihood of

65. *Universal Money*, 22 F.3d at 1532-33.

66. *Id.* at 1527.

67. *Id.* at 1528 (noting that the terms "MONEY," "MONEY CARD," and "MONEY CENTER" were disclaimed from the trademark).

68. *Id.*

69. *Id.*

70. *Id.* at 1528-29. However, the AT&T Universal Card cannot be used at UMC ATMs since AT&T and UMC are not affiliated. *Id.* at 1529.

71. *Id.* at 1529. UMC employees were alerted to AT&T's use of the word "Universal" on March 26, 1990 when AT&T began their advertising campaign. *Id.*

72. *Id.*

73. *Id.* The district court acknowledged that "likelihood of confusion is a question of fact, [however], 'summary judgment is appropriate where there is no genuine dispute about the facts material to the [likelihood of confusion] analysis, and those facts could lead to only one reasonable conclusion.'" *Universal Money I*, 797 F. Supp. at 893 (citation omitted) (quoting *Lang v. Retirement Living Publishing Co.*, 759 F. Supp. 134, 137 (S.D.N.Y. 1991), *aff'd*, 949 F.2d 576 (2d Cir. 1991)).

confusion.⁷⁴ The court found that the degree of similarity between the marks was minimal and that there was little chance of consumer confusion.⁷⁵ Likewise, there was no indication that AT&T intentionally selected "Universal" in order to "pass off its goods as the product of another."⁷⁶ While acknowledging that there were similarities in the services of the products, the primary purpose of the cards was different.⁷⁷ The court also found that the UMC card and the AT&T card were marketed through different channels.⁷⁸ Furthermore, the purchasers of debit cards were found to exercise at least a moderate degree of care in selecting a particular card.⁷⁹ Thus, the consumer would be conscious of the services provided by the card and also the source of the card.⁸⁰ In support of its decision, the court noted that there was an insignificant amount of actual consumer confusion over the origin of the cards.⁸¹ Finally, the term "Universal" was regarded as a weak trademark since it is frequently used by businesses.⁸² UMC appealed from the district court's finding of lack of confusion.

C. The Tenth Circuit Majority Opinion

The Tenth Circuit began with a reminder that the burden of proof is on UMC to demonstrate that the concurrent use of the term "Universal" by AT&T was likely to cause consumer confusion over the source of the products.⁸³ The court repeated the factors to consider in determining likelihood of confusion between two marks.⁸⁴ However, it cautioned that since the factors are interwoven, the "list is not exhaustive" and "no one factor is dispositive."⁸⁵

74. *Universal Money*, 797 F. Supp. at 893.

75. *Id.* at 894. Specifically, the court noted that (1) even though both AT&T and UMC use the word "Universal," the "dominant portion" of the competing marks was dissimilar; (2) "the marks have different sounds and cadences;" (3) the overall design of the two cards (lettering styles, logos, and color schemes) were significantly different; and (4) the two marks, in the court's view, failed to communicate "the same idea or stimulate the same mental reaction." *Id.*

76. *Id.* (quoting *Beer Nuts I*, 711 F.2d at 941). The court noted that instead AT&T chose the term because of its meaning and because of the favorable response of AT&T's customers. *Id.*

77. *Id.* at 895 (finding that the primary purpose of the UMC card was for ATM use compared to the primary purpose of the AT&T card was to purchase items on credit).

78. *Id.* at 895-96 (stating that AT&T markets its card directly to the public through media sources compared to UMC which markets indirectly to the public through financial institutions).

79. *Id.* at 896.

80. *Id.* (noting that a card such as UMC's and AT&T's was unlikely to be purchased impulsively since it could only be obtained by exercising a certain degree of effort).

81. *Id.* at 896-97 (noting that AT&T offered survey results, consumer affidavits and depositions to show the lack of actual confusion, whereas UMC had "offered little but allegations and denials").

82. *Id.* at 897 (pointing out that there are over 200 businesses which use the term "Universal").

83. *Universal Money*, 22 F.3d at 1530 (stating that it was irrelevant that UMC's registered trademark had become incontestable. "The party alleging infringement has the burden of proving likelihood of confusion.") (quoting *Jordache*, 828 F.2d at 1484).

84. *Id.* For a list of the factors, see *supra* note 19.

85. *Universal Money*, 22 F.3d at 1530 (quoting *Jordache*, 828 F.2d at 1484).

1. Similarity of the Marks

The Tenth Circuit agreed with the district court's conclusion that there was a minimal degree of similarity between UMC's and AT&T's marks.⁸⁶ The two marks were strikingly dissimilar in their appearance, thus confusion would not occur even when they were "singly presented."⁸⁷ Also, the two marks did not sound the same - "Universal Money" versus "AT&T Universal Card."⁸⁸ Furthermore, the two marks did not even "convey the same idea or stimulate the same mental reaction."⁸⁹ Therefore, any similarities between the marks were greatly outweighed by the differences.⁹⁰

2. Intent of the Actor

The court concurred with the district court that the evidence did not reveal any intent on the part of AT&T to copy UMC's mark.⁹¹ It was not enough to show that AT&T knew about UMC's registered trademark.⁹² Instead, the inquiry focused on whether AT&T was trying to acquire an advantage "from the reputation or goodwill" of UMC.⁹³ Since no evidence pointed to this, AT&T lacked the requisite intent.⁹⁴

3. Similarity of Services & Manner of Marketing Services

a. *Similarity of Services*

The Tenth Circuit regarded the district court's analysis of this factor as "overly technical."⁹⁵ The services provided by AT&T and UMC cards were similar; however, since the marks themselves were "strikingly dissimilar," it carried little weight.⁹⁶

b. *Similarity in Manner of Marketing Services*

The court held that it was unlikely that consumers would be confused due to the differing methods of advertising engaged by AT&T and UMC.⁹⁷ Moreover, the fact that the cards were distributed in the same manner could not "be

86. *Id.* at 1531.

87. *Id.* The court remarked on the differences in the overall design of the two cards. *Id.* UMC always combined "Universal" with the term "Money." On the other hand, AT&T combined "Universal" with the AT&T mark but never with "Money." *Id.* Also, the AT&T card had a Visa or Mastercard logo on its face. *Id.*

88. *Id.*

89. *Id.*

90. *Id.*

91. *Id.* at 1532.

92. *Id.* "Mere knowledge [of a similar mark] should not foreclose further inquiry." *Id.* (quoting *GTE Corp. v. Williams*, 904 F.2d 536, 541 (10th Cir. 1990)).

93. *Id.* (quoting *Jordache*, 828 F.2d at 1485).

94. *Id.*

95. *Id.*

96. *Id.* (acknowledging that similarity of services weighed in UMC's favor).

97. *Id.* (comparing the methods of advertising: AT&T promotes their card directly to the public; UMC does not).

said to create confusion.”⁹⁸

4. Degree of Care

The court agreed with UMC that the degree of care exercised by consumers should be measured *at the time they used their cards*.⁹⁹ This contrasted with the district court’s inquiry into the degree of care that consumers exercised *when selecting a provider* of ATM cards.¹⁰⁰ The court refused, however, to find that AT&T cardholders’ attempts to use UMC ATMs were a result of any similarities between the marks.¹⁰¹ Instead, the court noted that it was common to confuse any ATM card with other ATM cards or machines.¹⁰²

5. Strength of Mark

The Tenth Circuit endorsed the district court’s consideration of the strength or weakness of UMC’s marks.¹⁰³ Since the term “Universal” is “widely used” by other business entities, it is a “relatively weak mark.”¹⁰⁴

6. Actual Confusion

The court found that despite some evidence of actual confusion, it was not sufficient to warrant a finding of likelihood of confusion.¹⁰⁵ The small amount of evidence supporting likelihood of confusion was undermined by the “sheer lack of similarity between the marks.”¹⁰⁶

D. *The Dissent*

The dissent disagreed with the weight of authority given to AT&T’s survey results, which indicated a small amount of actual confusion.¹⁰⁷ UMC had presented sufficient evidence of four hundred AT&T cardholders who had attempted to use an UMC ATM.¹⁰⁸ The dissent also indicated that the testi-

98. *Id.* at 1532-33.

99. *Id.* at 1533 (noting that “the purpose of the inquiry is to determine the degree of care used by consumers at the time of ‘purchase’”).

100. *Id.*

101. *Id.*

102. *Id.*

103. *Id.* (noting that it was not a specific factor listed in the *Beer Nuts II* test).

104. *Id.* at 1533-34. “A strong trademark is one that is rarely used by parties other than the owner of the trademark, while a weak trademark is one that is often used by other parties.” *Id.* at 1533 (quoting *Exxon Corp. v. Texas Motor Exch. of Houston, Inc.*, 626 F.2d 500, 504 (5th Cir. 1980)).

105. *Id.* at 1535 (noting that “isolated instances of actual confusion [were] de minimis”).

106. *Id.* at 1535-36 (concluding that AT&T submitted “substantial” and “reliable” evidence to rebut the inference of likelihood of confusion).

107. *Id.* at 1538 (Ebel, J., dissenting) (pointing out that UMC’s evidence raised a material issue of fact of the validity of AT&T’s survey results).

108. *Id.* (describing the AT&T card as displaying “Universal” in the upper right corner, the AT&T logo in the upper left corner, and the Visa logo in the lower right corner). The dissent regarded this evidence as sufficient proof that an AT&T cardholder would presume that both Universal and Visa sponsored the card. *Id.* at 1539. Moreover, actual confusion was found by AT&T’s own expert. *Id.*

mony and affidavits submitted by UMC employees should have been given more credence.¹⁰⁹ When conflicting evidence is submitted, according to the dissent, it is for the jury to determine the truth of the matter.¹¹⁰

III. ANALYSIS

Although the Tenth Circuit did not make any extraordinary findings in *Universal Money*, the opinion was helpful because it clarified certain factors and also gave insight into what criteria should be considered within the subttests of likelihood of confusion. Hopefully, the decision will provide better guidelines for those who engage in trademark clearance searches.

For example, in the court's discussion of the degree of similarity in appearance of the two marks, the court specifically contrasted the lettering styles, logos and coloring schemes.¹¹¹ Also of importance was the combination of the term "Universal" with other words.¹¹² Thus, if the term was coupled with other logos or marks, then confusion would be unlikely.¹¹³ Even though the terms "Money," "Money Center," and "Money Card" were disclaimed as descriptive of services, the terms still must be considered in the likelihood of confusion determination.¹¹⁴ UMC argued that it was for the jury to determine if AT&T's card was confusingly similar to that of UMC's since the term "Universal" was set off from the accompanying AT&T logo.¹¹⁵ However, the court dismissed UMC's contentions since "the distinctive AT&T house mark [was] prominently displayed on the front of AT&T's card."¹¹⁶

Other helpful guidelines were provided by the court in its analysis of AT&T's intent in adopting the term "Universal." Special attention was focused on the amount of money that was expended on promotional activities,¹¹⁷ how

109. *Id.* at 1539 (giving weight to a phone survey of 64 AT&T cardholders and the testimony of UMC's Senior Vice-President stating actual confusion).

110. *Id.*

111. *Id.* at 1531; *see Jordache*, 828 F.2d at 1485 (noting that the word "Jordache" was written in either white block letters or blue block letters and sometimes was in script. Whereas, "Lardashe" was written in script accompanied by additional marks); *Beer Nuts II*, 805 F.2d at 926 (commenting that both logos "brew" and "beer" have one syllable, four letters, and begin with the same letter); *Giant Food, Inc. v. Nation's Foodservice, Inc.*, 710 F.2d 1565, 1570 (D.C. Cir. 1983) (noting that the "dominant portion" of both logos is the term "Giant" within a circular or oval-shaped object with the letters "G" and "T" partially outside the circular portion of the designs); *Exxon*, 628 F.2d at 505 (noting that both marks utilized red, block letters on a white background with either blue lettering underneath or a blue bar).

112. *Universal Money*, 22 F.3d at 1531.

113. *See id.*; *see, e.g., Pignons*, 657 F.2d at 487 (stating that "in certain circumstances otherwise similar marks are not likely to be confused where used in conjunction with the clearly displayed name and/or logo of the manufacturer").

114. *Universal Money*, 22 F.3d at 1531. The court refused to focus solely on the term "Universal" but instead included the disclaimed terms as well. *Id.* (citing *Giant Food*, 710 F.2d at 1570).

115. *Id.*

116. *Id.*

117. *Id.* at 1532 (pointing out that AT&T spent more than \$60 million on promotional services, thereby allowing the inference that AT&T was "relying on its own publicity and reputation"); *see also Proctor & Gamble Co. v. Johnson & Johnson Inc.*, 485 F. Supp. 1185, 1201 (S.D.N.Y. 1979) (noting that the defendant had spent nearly \$10 million on publicity, promotion and other related activities), *aff'd*, 636 F.2d 1203 (2d Cir. 1980).

the term "Universal" was selected,¹¹⁸ and the diligence of trademark counsel in searching for interference of the word "Universal."¹¹⁹ While not pertinent in this case, an additional factor examined in *Beer Nuts II* was the existence of a prior relationship between the two parties.¹²⁰ Mere knowledge of the existence of a term is not enough; rather, the focus is whether a benefit was derived from the plaintiff.¹²¹

With regard to similarity of services, the court criticized the district court's approach as being "overly technical for the purposes of 'likelihood of confusion.'"¹²² The district court engaged in a dissection of the services of the two products and found that UMC cards were primarily used at ATMs, while AT&T cards were credit cards used for long-distance telephone calls and retail purchases.¹²³ The Tenth Circuit suggested a more general approach should be taken for comparison of services and that it was not necessary to engage in contrasting technical differences such as manner of operation and purpose.¹²⁴ Similarities in products or services will carry little weight if the marks are strikingly dissimilar.¹²⁵

As for the similarity in manner of marketing services, the court focused on the amount of money spent on advertising¹²⁶ and the means used for product promotion.¹²⁷ Even though the card distribution process through the mail to the customers was identical for both UMC and AT&T, AT&T's process was not regarded as "promotional."¹²⁸ Thus, they were dissimilar in

118. *Universal Money*, 22 F.3d at 1531 (noting that the selection process taken by AT&T involved consumer reaction studies and a "name game" whereby employees suggested the term); cf. *Proctor & Gamble*, 485 F. Supp. at 1201 (noting that name selection resulted from "extensive lengthy consumer testing and research during which hundreds of names were considered and many were tested").

119. *Universal Money*, 22 F.3d at 1531-32. Approximately 200 registered marks were found to include the term "Universal," including UMC's. Their marks were analyzed for likelihood of confusion, but counsel determined that confusion was unlikely. However, AT&T was cautioned that the use of the word "posed a risk" because of its popularity and because AT&T was "vulnerable to complaints of infringement because we are AT&T." *Id.*

120. *Beer Nuts II*, 805 F.2d at 927 (noting that "[s]uch a relationship provides evidence of the alleged infringer's intent to trade on the plaintiff's goodwill").

121. *Universal Money*, 22 F.3d at 1532 (stating that the benefit is the reputation or goodwill of the plaintiff).

122. *Id.*

123. *Id.*; see *Universal Money*, 797 F. Supp. at 895.

124. See *Universal Money*, 22 F.3d at 1532 (noting that both cards can be used at ATM's, at selected retail stores, and to access selected insurance benefits); see also *Exxon*, 628 F.2d at 505 (finding a "strong similarity" between Exxon's reputation of providing petroleum products and car care services and defendant's automotive repair business). But see *Pignons*, 657 F.2d at 487 (noting that even though both products are single lens reflex cameras, "their functional characteristics are equally distinct").

125. *Universal Money*, 22 F.3d at 1532.

126. *Id.* (noting that AT&T had spent "millions" on advertising).

127. *Id.* (noting that AT&T promoted their card directly to the public using various media sources, whereas UMC markets directly to financial institutions who market the cards to account-holders); see also *Exxon*, 628 F.2d at 506 (finding that even though Exxon's advertising was "national in nature, both parties aim at the Houston market" through identical advertising media).

128. See *Universal Money*, 22 F.3d at 1532-33 (pointing out that in order to obtain an AT&T card, the customer must "reach out" and select AT&T as a provider, whereas account-holders at the sponsoring financial institution could receive a UMC card.); cf. *Pignons*, 657 F.2d at 488 (noting that plaintiff's cameras were sold through "exclusive distributorships" which sell to the public, whereas defendant mass-marketed their cameras through camera stores, discount stores and

marketing.

The district court focused upon the degree of care consumers would exercise in selecting between providers of ATM cards.¹²⁹ However, the Tenth Circuit agreed with UMC that consumers may exercise a higher degree of care in choosing an ATM card, but the degree of care is low when they are actually using the card.¹³⁰ Thus, when analyzing this criterion, it is important to determine when an actual purchase is being made in order to determine the degree of care.

The Tenth Circuit approved of the application of a "strength of mark" test.¹³¹ The more similar the trademarks used on various goods, the less likely the potential for confusion between specific products which incorporate the "weak mark."¹³² Factors for consideration include the length of time the party has used the mark¹³³ and how widely used the mark is by other active parties.¹³⁴ Of significant importance is the concurrent use of similar trademarks by parties similarly engaged in selling the same product or service.¹³⁵ The court concluded that the term "Universal" was a "relatively weak mark" and thus did not favor UMC.¹³⁶

Evidence to consider for actual confusion can be gleaned through surveys which ask relevant questions and use technically adequate survey procedures.¹³⁷ The court seemed to be favorably impressed by the "thorough market research survey" which was conducted by "an expert in the field of marketing research, consumer behavior and marketing and consumer communications."¹³⁸ On the other hand, the court was less influenced and even skeptical of the meager evidence supplied by UMC.¹³⁹ Thus, the importance of actual

drug stores, etc.).

129. *Universal Money*, 22 F.3d at 1533 (finding that moderate care would be exercised in the selection of an ATM card).

130. *Id.* (noting that one does not make a "purchase" when selecting an ATM card). The court noted that a purchase was made when the ATM card was being used. *Id.*

131. *Id.* (stating that the district court was proper in considering the strength of UMC's mark).

132. *Id.*

133. *See id.* (acknowledging that UMC has "used its mark for a substantial period of time"); *see also Giant Food*, 710 F.2d at 1569 (noting that the opposer had used the mark continuously for more than 45 years); *Pignons*, 657 F.2d at 491 (noting that plaintiff had used the mark "Alpa" for over 30 years). It is of interest to note that *Giant Food* lists three items to measure strength or "fame" of the mark: volume of sales, advertising, and duration of use. *Giant Food*, 710 F.2d at 1569.

134. *See Universal Money*, 22 F.3d at 1533 (noting that over 200 active businesses use the term "Universal"); *see also Exxon*, 628 F.2d at 504 (finding "that EXXON is a strong trademark deserving wide protection" because no "other party besides Exxon Corporation uses EXXON").

135. *See Universal Money*, 22 F.3d at 1533 (pointing out that six financial institutions and two credit card companies use the term "Universal" on their ATM or credit cards). *But see Victory Pipe Craftsmen, Inc. v. Faberge, Inc.*, 582 F. Supp. 551, 557 (N.D. Ill. 1984) (noting that a weak mark has limited protection applicable "only to similar goods similarly marketed" compared to a strong mark which provides protection against dissimilar goods).

136. *Universal Money*, 22 F.3d at 1533-34.

137. *Id.* at 1534 n.3 (noting that the expert was Dr. Thomas DuPont).

138. *Id.* at 1534 n.3 (finding that only 2.6% of the AT&T cardholders interviewed were actually confused by the "Universal" mark on both the AT&T card and UMC ATM's).

139. *See id.* at 1535 (stating that the court assumed that UMC's evidence constituted some actual confusion, but this would be a "generous interpretation of the record"); *see also Universal Money*, 797 F. Supp. at 896-97 (criticizing UMC for offering "little but allegations and denials"

confusion should not be understated.¹⁴⁰ Perhaps if UMC had given more weight to this factor and performed their own "professional" survey, the outcome of the case may have been different.¹⁴¹

While stating that none of the factors analyzed were "dispositive," the Tenth Circuit agreed with the district court's conclusion that use of "Universal" was unlikely to cause confusion as to the source of the competing products.¹⁴²

CONCLUSION

Although the Tenth Circuit claimed that no one factor in the likelihood of confusion test was dispositive,¹⁴³ the court deferred to the "big guy" in the dispute.¹⁴⁴ Nevertheless, the court did shed light on several factors which should be considered within the likelihood of confusion test. Specifically, the strength of the mark should provide additional guidance for those engaged in trademark clearance searches. A registered trademark that is "weak" is essentially worthless¹⁴⁵ and should be avoided. Trademark infringement cases are very fact-specific and absent a showing of "overt" infringement, it may be difficult to determine whether one has a "safe" trademark. In fact, some commentators have noted that "the entire system of trademark protection seems questionable" given the subtleties of the likelihood of confusion test and the decisions interpreting them.¹⁴⁶

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and finding the evidence unpersuasive "in light of the ample time UMC has had to obtain consumer" survey results). *But see Universal Money*, 22 F.3d at 1540 (Ebel, J., dissenting) (noting sarcastically that "Although UMC's telephone survey may not have conformed to the level of scientific methodology ascribed" to by Dr. DuPont, it nonetheless was entitled to some weight since it opposed the validity of AT&T's survey).

140. *See DORR & MUNCH*, *supra* note 6, at 175 (stating that "[e]vidence of 'actual confusion' may be vital in winning a trademark infringement case").

141. *See id.* (warning businesses that it would be "prudent" to watch for "actual confusion").

142. *Universal Money*, 22 F.3d at 1536.

143. *Id.*

144. The tone of the opinion seemed slanted towards AT&T. I mention this not to say that I disagree with the holding of the case, but rather as a side-note. The court quoted AT&T's trademark counsel's warning that the use of the term "Universal" was risky "because AT&T was particularly vulnerable to complaints of infringement because we are AT&T." *Id.* at 1531-32. This seems to suggest that the court also considered another factor: what economic status does the alleged infringer have? Moreover, the court gave substantial weight to AT&T's "expert" who no doubt was paid a hefty sum. *See id.* at 1535. However, this brings to light a disturbing thought: What about the little guy who can't afford an expensive expert and comprehensive survey? Should he lose out in a "close call" just because he had an inadequate survey showing actual proof of confusion? I hope not.

145. I describe it as worthless because absent a finding of substantial similarity in appearance, UMC could not enforce its trademark rights. The court acknowledged that the services provided by the two competing cards were similar. *See supra* notes 101-03 and accompanying text. With this concession, it seems that a higher scrutiny should be afforded for the other factors in the test since they are competing products.

146. *DORR & MUNCH*, *supra* note 6, at 174 (exclaiming "[w]ho would think to do a clearance search on Cyclone when the mark is Tornado?").

