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THE EFFECT OF "INCONTESTABILITY" IN TRADEMARK LITIGATION

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In a trademark infringement action, the plaintiff has the burden of proving and will prevail only if it can be established that: (1) the mark is valid and legally protectable; (2) the plaintiff owns the mark; and (3) the defendant's use of the mark is likely to create confusion concerning the origin of the goods or services.¹

The federal registration of a trademark goes a long way towards establishing the plaintiff's rights. The registration may be introduced as prima facie evidence of the first two elements of the plaintiff's case.² The federal registration, however, does not preclude the defendant from asserting legal or equitable defenses or defects including those which may be asserted even if the trademark has not been registered.³

One of the major benefits of obtaining a federal trademark registration is attaining the substantive status of incontestability. Subject to certain limited exceptions, an incontestable registration constitutes *conclusive* evidence of the registrant's exclusive right to use of the mark and provides an infringer with only limited grounds upon which to attack the mark's validity.⁴

Section 1065 of the Lanham Trade-Mark Act ("Trademark Act" or "Act")⁵ provides that an owner of a federally registered trademark may acquire incontestable status by filing an affidavit with the Commissioner of the Patent and Trademark Office.⁶ The affidavit must be filed between the fifth and sixth years of the registration's existence or within one year immediately following any five year consecutive period during which the trademark is in continuous and exclusive use.⁷ The registration is granted incontestable status upon notice by the Commissioner that the affidavit has been properly filed.⁸ Once incontestable status is obtained, the registration is conclusive evidence of the validity of the trademark, the registration itself, as well as the owner's exclusive right

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1. *Scott Paper Co. v. Scott's Liquid Gold, Inc.*, 589 F.2d 1225, 1338 (3d Cir. 1978). See also *Century 21 Real Estate Corp. v. Century Resorts Int'l, Inc.*, 211 U.S.P.Q. (BNA) 227, 230 (N.D. Ill. 1981).

2. 15 U.S.C. § 1115(a) (1988).

3. *Id.*

4. UNITED STATES DEPARTMENT OF COMMERCE, PATENT AND TRADEMARK OFFICE, *BASIC FACTS ABOUT TRADEMARKS 1* (1988).

5. 15 U.S.C. §§ 1051-1127 (1988).

6. *Id.* § 1065.

7. *Id.*

8. *Id.*

to its use.⁹

Incontestability is a substantive grant created by the drafters of the Trademark Act of 1946¹⁰ as an incentive to register.¹¹ Incontestable status enhances the property right of a trademark registration by serving as a type of quiet title¹² or statute of limitations.¹³ The drafters considered the incontestability section to be one of the most important sections of the Act.¹⁴

Once the status of incontestability is achieved, by merely introducing the incontestable registration into evidence, a plaintiff will have met the burden of proving the validity of the mark and its registration, the ownership of the mark, and the exclusive right to use the mark in commerce.¹⁵ The burden of attacking the validity of the mark then shifts to the defendant¹⁶ whose options of attack are limited to several carefully drafted statutory defenses pursuant to section 1115 of the Act.¹⁷ The

9. 15 U.S.C. § 1115(b) (1988).

10. The Trademark Act of 1946 is popularly known as the Lanham Act.

11. "[T]his bill will bring about . . . an incentive to register because it provides in section 15 . . . an incontestable right. That is, after a mark has been on the principal register provided by this act for a period of 5 years . . . then the mark becomes incontestable, except when certain defenses are established." *Hearings on H.R. 82 Before a Subcomm. of the Senate Comm. on Patents*, 78th Cong., 2d Sess. 21 (1944) (testimony of Daphne Robert, Member of the Trademark Litigation Committee, ABA, Atlanta, Ga.).

12. *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 198 (1985).

13. "[I]n essence it [section 1115] is simply the establishment of a statute of limitations, just as we have with reference to land and recorded deeds and things of that kind." *Trade-Marks: Hearings on S. 895 Before a Subcomm. of the Senate Comm. on Patents*, 77th Cong., 2d Sess. 15 (1942) (statement of Representative Fritz G. Lanham).

14. "Mr. Chairman, it seems to me this [section 1115] is the most important section in the act, as it is the one which purports to give substantive rights . . ." *Hearings on H.R. 4744 Before the Subcomm. on Trademarks of the House Comm. on Patents*, 76th Cong., 1st Sess. 105 (1939) (testimony of Robert W. Byerly, New York Patent Law Association).

15. See *Century 21 Real Estate Corp. v. Century Resorts Int'l, Inc.*, 211 U.S.P.Q. (BNA) 227, 230 (N.D. Ill. 1981).

16. *Id.*

17. 15 U.S.C. § 1115(b) (1988) provides for the following defenses:

- (1) That the registration or the incontestable right to use the mark was obtained fraudulently; or
- (2) That the mark has been abandoned by the registrant; or
- (3) That the registered mark is being used by or with the permission of the registrant or a person in privity with the registrant, so as to misrepresent the source of the goods or services on or in connection with which the mark is used; or
- (4) That the use of the name, term, or device charged to be an infringement is a use, otherwise than as a mark, of the party's individual name in his own business, or of the individual name of anyone in privity with such party, or of a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party, or their geographic origin; or
- (5) That the mark whose use by a party is charged as an infringement was adopted without knowledge of the registrant's prior use and has been continuously used by such party or those in privity with him from a date prior to (A) the date of constructive use of the mark established pursuant to section 1057(c) of this title, (B) the registration of the mark under this chapter if the application for registration is filed before the effective date of the Trademark Law Revision Act of 1988, or (C) publication of the registered mark under subsection (c) of section 1062 of this title: *Provided, however*, that this defense or defect shall apply only for the area in which such continuous prior use is proved; or
- (6) That the mark whose use is charged as an infringement was registered and used prior to the registration under this chapter or publication under subsection (c) of section 1062 of this title of the registered mark of the registrant, and not abandoned: *Provided, however*, that this defense or defect shall apply only for the

defendant, however, is limited to these defenses only when the trademark has achieved incontestability status.¹⁸

A registration may be cancelled at any time if it is obtained contrary to the provisions of the Trademark Act or the mark becomes a generic name.¹⁹ Marks which were at one time registered and are now considered generic abound in trademark lore. Examples of generic trademarks include: shredded wheat,²⁰ thermos,²¹ aspirin,²² and escalator.²³ Even the famous "Singer" trademark was once considered generic.²⁴ Following massive restorative advertising efforts by the company (and increased competition), Singer recaptured its name from the public domain, registration was granted to Singer and the mark is now incontestable.²⁵

Section 1054 of the Trademark Act provides for the registration of collective and certification marks.²⁶ The two types of marks are substantively and legally distinguishable. A collective mark indicates membership in an organization and may be used by its owner.²⁷ In contrast, a certification mark represents only standards of quality of products or services performed under it and may not be used by its owner.²⁸

A certification mark must be licensed by the certifier to anyone who qualifies for its use by meeting the standards set by the certifying body.²⁹ A collective mark owner may refuse membership to anyone even though the candidate meets the criteria for membership.³⁰

A certification mark registration is treated differently than any other trademark. Unlike other trademarks, a certification mark does not indicate source or sponsorship, rather, it represents standards of quality of goods or services.³¹ While the certification mark may meet the criteria for incontestability, it may be cancelled at any time if it can be shown that the registrant:

area in which the mark was used prior to such registration or such publication of the registrant's mark; or

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

(8) That equitable principles, including laches, estoppel, and acquiescence, are applicable.

18. *See* United States Jaycees v. Philadelphia Jaycees, 639 F.2d 134, 137 (3d Cir. 1981).

19. 15 U.S.C. § 1064 (1988).

20. *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111 (1938).

21. *King-Seeley Thermos Co. v. Aladdin Indus.*, 321 F.2d 577 (2d Cir. 1963).

22. *Bayer Co. v. United Drug Co.*, 272 F. Supp. 505 (S.D.N.Y. 1921).

23. *Houghton Elevator Co. v. Seeberger*, 85 U.S.P.Q. (BNA) 80 (Comr. Pats. 1950).

24. *Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169 (1896).

25. *Singer Mfg. Co. v. Briley*, 207 F.2d 519 (5th Cir. 1953).

26. 15 U.S.C. § 1054 (1988).

27. *See* Roush Bakery Prod., Inc. v. F.R. Lepage Bakery, Inc., 13 U.S.P.Q. 2d (BNA) 1045, 1051 (T.T.A.B. 1989).

28. *Worthington Foods, Inc. v. Kellogg Co.*, 732 F. Supp. 1417, 1429 (S.D. Ohio 1990).

29. *See generally* 15 U.S.C. § 1054.

30. *See* F.R. Lepage Bakery, Inc. v. Roush Bakery Prod., Inc., 851 F.2d 351, 354 (Fed. Cir. 1988), *aff'd in part*, 85 U.S.P.Q.2d (BNA) 1045 (T.T.A.B. 1989) (quoting *VISA, U.S.A., Inc. v. Birmingham Trust Nat'l Bank*, 696 F.2d 1371, 1375 (Fed. Cir. 1982)).

31. *Worthington Foods, Inc. v. Kellogg Co.*, 732 F. Supp. 1417 (S.D. Ohio 1990).

(A) does not control, or is not able legitimately to exercise control over, the use of such mark, or (B) engages in the production or marketing of any goods or services to which the certification mark is applied, or (C) permits the use of the certification mark for purposes other than to certify, or (D) discriminatorily refuses to certify or to continue to certify the goods or services of any person who maintains the standards or conditions which such mark certifies³²

Section 1052 of the Trademark Act prohibits the use of certain marks.³³ This includes any mark which:

- (a) Consists of or comprises immoral, deceptive, or scandalous matter; or matter which may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute.
- (b) Consists of or comprises the flag or coat of arms or other insignia of the United States, or of any State or municipality, or of any foreign nation, or any simulation thereof.
- (c) Consists of or comprises a name, portrait, or signature identifying a particular living individual except by his written consent, or the name, signature, or portrait of a deceased President of the United States during the life of his widow, if any, except by the written consent of the widow.³⁴

The words "consists of" and "comprises" have been construed as making the section applicable only to marks which contain, within the mark itself, inherently deceptive, immoral, or other prohibited matter.³⁵

Incontestability prohibits a court from allowing attacks on a registration based upon causes other than those specifically recognized in the statute.³⁶ The Supreme Court expressly recognized this prohibition in *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*³⁷ by strictly adhering to the language of the Trademark Act to disallow an attack on the validity of a mark due to descriptiveness. The Court stated:

Nothing in the legislative history of the Lanham Act supports a departure from the plain language of the statutory provisions concerning incontestability. Indeed, a conclusion that incontestable status can provide the basis for enforcement of the registrant's exclusive right to use a trade or service mark promotes the goals of the statute. The Lanham Act provides national protection of trademarks in order to secure to the owner of the mark the good will of his business and to protect the ability of consumers to distinguish among competing producers.³⁸

32. 15 U.S.C. § 1064 (1988).

33. 15 U.S.C. § 1052 (1988).

34. 15 U.S.C. § 1052(a)-(c) (1988).

35. *American Speech-Language-Hearing Ass'n v. National Hearing Aid Soc'y.*, 224 U.S.P.Q. (BNA) 798, 809-10 (T.T.A.B. 1984) ("Audiologist" used in mark signifies one who has reached a certain level of expertise); *Evans Prod. Co. v. Boise Cascade Corp.*, 218 U.S.P.Q. (BNA) 160, 162 (T.T.A.B. 1983) ("Cedar Ridge" signifies to purchasers that the product is composed of cedar when it is not).

36. See note 17 *supra*.

37. 469 U.S. 189 (1985).

38. *Id.* at 197-98.

Some circuits have gone further than regarding incontestability as a shield against attack, and have indicated that the incontestability statute *alone* provides a right for enforcement of a mark where an infringer is using a mark identical to the that of the registrant's.³⁹

Once the plaintiff has established that the mark and registration are valid, the plaintiff, as owner of the mark, has the exclusive right to its use. The plaintiff, however, must still prove infringement by demonstrating that the defendant's use is likely to create confusion.⁴⁰ The "likelihood of confusion" issue is a question of law;⁴¹ nevertheless, incontestability does not presumptively preclude the defendant from asserting that confusion is not likely to result.⁴²

In summary, the legal substantive status of incontestability achieved by federal registration greatly facilitates the plaintiff's ability to meet the burden of proof in an infringement action. Accordingly, it makes sense to secure this status for those federal registrations that qualify.

39. The Third Circuit has indicated that where an infringer is using a mark identical to that of a federal registrant's, incontestability, by itself, establishes a right of enforcement. The court reasons that the statutory grant of the exclusive right to use the mark vests in a registrant and to allow another to use the same mark defeats the purpose of the statute. *Weil Ceramic & Glass, Inc. v. Dash*, 878 F.2d 659, 673-74 (3d Cir. 1989).

40. See note 1 *supra* and accompanying text.

41. *Knorr-Nahrmittel A.G. v. Reese Finer Foods, Inc.*, 695 F. Supp. 787, 793 (D.N.J. 1988).

42. In resolving the question of confusion, the strength or weakness of a particular mark may be regarded as lying somewhere on a spectrum. On one end of the spectrum lies the strongest types of marks: fanciful and arbitrary. Two relatively weaker types of trademarks are suggestive and descriptive marks. Generic marks are the weakest items on the spectrum. A defendant may challenge the strength of the plaintiff's mark by alleging that the mark is descriptive and, thus, not entitled to a broad scope of protection. *Worthington*, 732 F. Supp. 1417, 1432-34 (S.D. Ohio 1990).

