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“Problem” Trademarks of the Descriptive-Misdescriptive-Deceptive Types

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Trademarks are increasingly important business assets. A survey conducted by the magazine *Financial Worlds* released in July 1994, valued the Coca-Cola registered trademark at \$36 billion, followed by the Marlboro registered trademark at \$33 billion, and the Microsoft registered trademark at \$9.8 billion. As of 1999, the three most valuable brand names were Marlboro, Coca-Cola and Budweiser, in that order. Such valuations underscore the significance of intellectual property, particularly trademarks and service marks, as corporate assets.

The significance of marks mandates that business management, and all attorneys who counsel management, have at least a rudimentary knowledge of trademark law. Most know that a trademark or, more generally, a mark is a designation or symbol that allows a business to distinguish its goods or services from those of competitors and to identify itself as the source of particular goods or services; thus, marks are symbols of the goodwill of products or services of the business. A common synonym for a mark is a brand name, like Crest for toothpaste or Saks for department store services.

A business that contemplates selecting a new mark faces challenges. Because the number of active federally registered marks approaches one million, without even counting the many thousands of marks registered in states or used without registration, the process of selecting an available mark that entices customers is not easy. Availability without infringing another's rights is only one challenge. Businesses frequently select a word that (a) seems “catchy” and describes a feature or characteristic of the goods or services, or (b) describes the geographical source of the goods or services. The more descriptive the mark, however, the less likely is the acquiring of rights to exclude others from using the mark to describe competing goods or services. Moreover, other parties are free to use truly descriptive words in the advertising and marketing of competitive products and services. The less descriptive the mark, the greater the likelihood of obtaining exclusive protection for trademark rights.

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Descriptive, deceptively misdescriptive, and — even worse — deceptive designations create problems for a business that adopts them. Such designations are best avoided; this article provides the guidelines to do so. The important information provided below is available in other sources, particularly several lectures of the law school class taught by the author at Temple University James E. Beasley School of Law, titled “Trademarks & Unfair Competition,” and several chapters from the respected treatise by J. McCarthy, *McCarthy on Trademarks & Unfair Competition* (4th ed. 2001), to which the reader is referred for more details. What the article does is (a) provide a helpful summary chart, and (b) explain the chart.

A. Problem Trademarks

Some marks are called “descriptive” because they provide truthful information describing a feature or characteristic of the goods or services of a business. The law declines to protect descriptive marks in the absence of secondary meaning based, at least in part, on the principle that such protection would prevent competitors from conveying truthful and useful information to consumers about their competitive goods or services. Examples of descriptive marks are Tender Vittles pet food and Waltham watches made in Waltham, Massachusetts.

Other designations fall into the “deceptive” category. These designations provide false information about the goods or services with which they are used. The law disfavors deceptive designations for at least two reasons: (1) they may constitute a fraud on consumers as a form of false advertising, and (2) protection of such designations would prevent competitors from using the same designation as a mark when doing so would not provide false information or deceive the public. Examples of deceptive designations are Silkease polyester women's blouses and Colagnac liqueur not from Cognac, France.

The U.S. government protects against these types of “problem” marks at three levels with varying consequences. First, the U.S. Patent and Trademark Office (PTO) may refuse to give the mark the benefits of federal registration. Second, federal courts may refuse enforcement of the mark, holding the mark invalid and unprotectable. Finally, trademark, unfair competition, and other independent rules of law (e.g., rules preventing consumer fraud) may enjoin use of the mark.

B. Statutory Provisions

The Trademark Act of 1946, also known as the Lanham Act after one of its proponents, Congressman Lanham, is

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codified in Title 15 of the U.S. Code. Three provisions of the act are most relevant as addressing descriptive, deceptively misdescriptive, and deceptive designations:

1. *Section 2(a) of the Lanham Act, 15 U.S.C. § 1052(a)*

"No trademark ... shall be refused registration on the principal register ... unless it — "

(a) Consists of or comprises ... Deceptive ... matter;

2. *Section 2(e) of the Lanham Act, 15 U.S.C. § 1052(e)*

"No trademark ... shall be refused registration on the principal register ... unless it — ...

(e) Consists of a mark which"

(1) is merely descriptive or deceptively misdescriptive;

(2) is primarily geographically descriptive;

(3) is primarily geographically deceptively misdescriptive;

3. *Section 2(f) of the Lanham Act, 15 U.S.C. § 1052(a)*

"Except as expressly excluded in paragraphs (a), ... (e)(3) ... , nothing in this chapter shall prevent the registration of a mark ... which has become distinctive ... "

Section 2(f) of the Lanham Act might be viewed as a "savings" provision. Descriptive marks are difficult to enforce against others unless the owner can show that the mark has become distinctive as applied to the owner's goods or services. A descriptive mark that is shown to be distinctive is said to have acquired (through extensive use in commerce over time) a "secondary meaning" because it now serves to indicate the origin of the goods or services rather than simply referring to the product or service itself. Customers have come to associate the mark with the business source of the goods or services rather than with the mark's descriptive nature. When a descriptive mark has acquired distinctiveness, evidence submitted pursuant to the provisions of Section 2(f) may "save" the mark and render it both protectable and federally registrable.

The three statutory provisions outlined above yield six categories of marks as summarized in the table below.

C. Descriptive and Misdescriptive Designations

Although perhaps counterintuitive, a mark that is "misdescriptive" (Category 1) is actually a strong mark and can be protected at the outset immediately upon adoption. Misdescriptive marks provide false information about

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Category	Section	§ 2(f) Apply?	Protectable Mark?	Example(s)
1. Misdescriptive			YES (Arbitrary)	METALLIZED cigars; SHEFFIELD dinnerware; or ALASKA bananas
2. Merely Descriptive	2(e)(1)	Yes	MAYBE	TENDER VITTLES pet food; SPEX optician services
3. Primarily Geographically Descriptive	2(e)(2)	Yes	MAYBE	BUDWEISER beer brewed by process of Budweis, Bohemia; WALTHAM watches
4. Deceptively Misdescriptive	2(e)(1)	Yes	MAYBE	METALLIZED plastic radio components
5. Primarily Geographically Deceptively Misdescriptive*	2(e)(3)	No	NO	SHEFFIELD stoves from IL; NEW YORK WAYS GALLERY luggage not from NY
6. Deceptive	2(a)	No	NO	SILKEASE polyester women's blouses; COLAGNAC liqueur not from Cognac, France

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goods or services. But they do so in such a clear and obvious way (using the examples of the table, no one would really believe that a cigar contains metal or that bananas come from Alaska) that customers are not deceived at all. Therefore, a misdescriptive mark is actually an "arbitrary" use of the designation in connection with certain goods or services. No "consequences," only positive attributes, accompany categorizing a mark as misdescriptive.

If a mark is merely descriptive (Category 2) or primarily geographically descriptive (Category 3), then it cannot initially be protected as a mark upon selection and adoption. Section 2(f) applies to these types of marks, however, and may render them protectable, once they have acquired distinctiveness, following use over time. Thus, the consequences of categorizing a mark as descriptive or primarily geographically descriptive are relatively mild and can be overcome or "saved" by the provisions of Section 2(f).

D. Three-Step Test Divides Deceptively Misdescriptive-Deceptive Designations

Deceptively misdescriptive (Category 4), primarily geographically deceptively misdescriptive (Category 5), and deceptive (Category 6) marks trigger increasingly more dire consequences. From a careful review of the cases that address misdescriptive, deceptively misdescriptive, and deceptive designations, a three-step test can be applied to place a particular designation among the categories. That test asks the following three questions, in turn, stopping when a "no" response is warranted:

1. Is an element of the goods or services, to which the designation is applied, misrepresented? (If so, the designation is at least misdescriptive.)
2. Would customers believe the misrepresentation? (If so, the designation is at least either deceptively misdescriptive or, if a goods-place association exists, primarily geographically deceptively misdescriptive)
3. Is that belief material to the customer's purchasing decision? (If so, the designation is deceptive.)

A certain level of proof is required for the PTO or a court to answer "yes" to the first question. More proof is required for the tribunal to affirmatively answer the second question. Finally, the most proof is required for the PTO or a court to give the third question a positive answer. The legal consequences become more stringent, as might be imagined, depending upon the level of proof extant.

Specifically, if only the first part of the test is proven, the mark is merely misdescriptive (i.e., arbitrary). As noted above, misdescriptive marks have only positive attributes and no negative consequences apply. If the first two parts of the test are proven, but only the first two parts, then Section 2(f) may apply to "save" a deceptively misdescriptive mark.* The negative consequences are relatively mild and can be overcome. If all three parts of the test are proven, however, then the mark is simply deceptive, Section 2(f) does not apply, and the mark is unprotectable and unenforceable.

E. Primarily Geographically Deceptively Misdescriptive Designations

Until 1993, the analysis provided above applied regardless of whether a mark consisted of a general or a geographic designation. Then, as now, a merely descriptive (general) mark of Category 2 and a primarily geographically descriptive (geographic) mark of Category 3 were, and are, treated the same. Parallel provisions of the Lanham Act render Section 2(f) applicable to either type of mark. Accordingly, they are grouped together and italicized in the table.

Similarly, before 1993, a deceptively misdescriptive (general) mark of Category 4 and a primarily geographically deceptively misdescriptive (geographic) mark of Category 5 were treated the same. Like their counterpart marks of Categories 2 and 3, the marks of Categories 4 and 5 could be saved by the provisions of Section 2(f). Accordingly, they are grouped together and placed in bold in the table.

Amendments to the Lanham Act prompted by the 1993 North American Free Trade Agreement (NAFTA) created an exception, however, for primarily geographically deceptively misdescriptive designations. An asterisk (*) signifies this exception in the table and in the text above. Section 2(f) now expressly states that its savings provision is inapplicable to a designation defined as primarily geographically deceptively misdescriptive pursuant to Section 2(e)(3). Thus, for geographic marks, the key battleground when attempting to protect and enforce a mark moves from between Steps 2 and 3 of the three-question test outlined above to between Steps 1 and 2, i.e., to whether any goods-place association exists.

F. Example Case

Often a party seeking to protect or enforce a mark faces a dilemma. When protection is sought through registration in the PTO, the dilemma might be stated: "Heads the PTO wins; tails the applicant loses." When enforce-

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ment is sought through the courts, the dilemma might be stated: "Heads the defendant wins; tails the plaintiff loses." These statements characterize a situation that arises when the tribunal states that a mark either (a) describes a feature or characteristic of the goods or services and is merely descriptive, or (b) does not describe that feature or characteristic, rendering the mark deceptively misdescriptive. Regardless of which statement the facts of a particular case support, the owner of the designation must prove acquired distinctiveness to protect or enforce its designation as a mark.

The well-known case of *Gold Seal Co. v. Weeks*, 129 F. Supp. 928, 105 U.S.P.Q. (BNA) 407 (D.D.C. 1955), aff'd per curiam, 230 F.2d 832, cert. denied, 352 U.S. 829 (1956), illustrates some of the principles discussed above. Gold Seal filed an application with the PTO to federally register the mark Glass Wax in connection with a liquid composition used as a glass and metal cleaner, which was, in fact, substantially devoid of wax. The PTO refused to register the mark on a number of grounds. First, the PTO held that the mark was deceptive because it misled consumers into believing the product contained wax, when it did not, and such deception was material to the purchasing decision. Second, the PTO presented the applicant with the "either-or" dilemma: the mark is "merely descriptive" if the product has wax, or "deceptively misdescriptive" if not. Gold Seal filed an action in the district court to compel registration.

Gold Seal's most important hurdle was to overturn the "deceptive" holding. Otherwise, registration would have been impossible because Section 2(f) would have been inapplicable. Gold Seal succeeded. The district court stated:

The evidence does not establish that customers have been misled. To the contrary, it appears that the product satisfies the needs of the customers; that the average or ordinary customer cares little about, and knows little about, the scientific composition of the product. Certainly the fact that plaintiff has sold some ninety million units of its glass and metal cleaner, marked Glass Wax, betokens customer satisfaction and indicates that the product is a good product. The evidence does not show that the public has been influenced to purchase the product on account of believing that it contained wax, or that the product was simply a wax to be placed upon glass.

129 F. Supp. at 934, 105 U.S.P.Q. (BNA) at 411. Thus, the district court reversed the PTO's characterization of the mark as deceptive.

Regardless of which prong of the "either-or" dilemma stuck Gold Seal, the district court would have upheld the PTO's refusal to register. The facts dictated that the mark be characterized as deceptively misdescriptive, because the product contained no wax and customers would infer from the mark that the product did contain wax. Gold Seal was later able to prove that its mark had become distinctive, invoking Section 2(f), and to obtain a federal registration from the PTO.

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G. Conclusion

The best marks suggest either absolutely nothing (i.e., they are arbitrary, perhaps because transparently misdescriptive) or something truthfully positive about the goods or services of a business without describing them. The more distinctive a mark is upon adoption, and the more well known it becomes, the broader its scope of protection. It may be obvious that designations that describe or deceptively misdescribe goods or services, or deceive customers about goods or services, create problems and should be avoided. Perhaps less obvious is that geographic terms generally are best avoided when selecting a new mark. Although descriptive, deceptively misdescriptive, and deceptive designations create problems for a business that tries to adopt them as marks, these designations constitute only one category of "problem" marks. Other types of "problem" marks exist. With some ingenuity and care, however, plenty of strong marks await adoption. ■

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