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Action:

Introduced by Mr. Hatch et al

By Mr. HATCH (for himself, Mr. LEAHY, Mr. THURMOND, Mr. LAXALT, Mr. DOLE, Mr. SIMPSON, Mr. GRASSLEY, Mr. DECONCINI, Mr. BAUCUS, Mr. HEFLIN, Mr. MCCLURE, and Mr. HELMS):

S. 1990. A bill to clarify the circumstances under which a trademark may be cancelled or abandoned; to the Committee on the Judiciary.

CLARIFICATION OF CIRCUMSTANCES FOR TRADEMARK CANCELLATION

Mr. HATCH. Mr. President, Federal trademark law has provided consumers and producers with marketplace protection for more than a century.

Consumers are assured they are purchasing the product that they desire and that the product is of the same consistent quality that they experienced previously in purchasing that trademarked product. Producers know the time, money, and energy invested in developing and establishing products or services which bears trademarks will be protected from misappropriation.

While trademarks are designed primarily to provide protection and assurance, they may not last indefinitely. The Lanham Trademark Act of 1946 provides for cancellation when a mark "becomes the common descriptive name of an article or substance." Both "aspirin" and "escalator" are examples of trademarks that have become common descriptive, or generic names; there are many more.

In making these decisions on which terms are generic and which are protected marks, the courts have followed a standard test that has existed for more than 60 years. That test is whether the majority of the public recognizes and accepts the term as a trademark. This standard has been well-recognized, well-understood, and well-accepted. It has served to lend stability and clarity to trademark law and litigation involving the determination whether a trademark is valid.

Last year, however, a circuit court handed down a ruling that threatens to undermine this clarity and stability. In a radical and unwarranted departure from accepted judicial practice, the ninth circuit, in a case involving "Monopoly," the popular board game manufactured by Parker Bros. ignored the issue of whether the public recognized the name as a trademark.

It focused instead on an entirely new issue: Did consumers purchase this game because they wanted a product made by Parker Bros. or because they wanted to play a specific real estate trading game? Because a majority of consumers surveyed were motivated by a desire to play the game and not by the fact that Parker Bros. manufactured "Monopoly," the ninth circuit ruled against Parker Bros.

applying a new standard, one of consumer motivation, the ninth circuit ruled that "Monopoly" had become a generic name because 65 percent of the people surveyed said they bought the game because they wanted to play "Monopoly," and "don't much care who makes it," while some 32 percent—a minority—said they bought "Monopoly" because they "like Parker Bros.' products."

This new "motivation test" is both unjustified and unreasonable. It ignores past law and commonsense, and, most importantly, it is contrary to accepted principles of trademark law. It denies brand name status to products that always have been bought by their brand name, simply because the purchaser or consumer cannot identify the maker or manufacturer.

Few trademarks can survive this standard, because most consumers not identify the companies that produce the products and goods they buy. Moreover, accepted trademark law does not require this identification, as long as consumers associate the goods with a single source. They do, however, have clear expectations regarding the quality of the products they purchase and rely on the trademark for assurance of this quality. Yet the ninth circuit has declared these customary and usual expectations to be insufficient.

It would be inappropriate for the Congress to take action that would have a retroactive impact on the parties affected directly by the ninth circuit decision in the Monopoly case. I also have no wish to further expand the authority of existing law or establish new standards, definitions or boundaries regarding the cancellation of trademarks.

I do believe, however, that the fundamental conflict which now exists within trademark law and litigation, as a result of the ninth circuit decision, must be resolved. Otherwise, chaos and confusion will result—everyone will be the loser. An amendment that clarifies the Lanham Trademark Act, that reaffirms and spells out the basic principles that have underscored trademark law for more than six decades, is the most direct, least complicated and most reasonable way of achieving this goal.

The bill that I am introducing today for myself and 13 cosponsors will accomplish that goal. This bill has the same objectives as S. 1440, which I introduced in June of 1983, but reflects the counsel and suggestions of a number of my colleagues, trademark attorneys, and others who share our concerns.

Mr. President, in 1921, Judge Learned Hand articulated the basic standard for determining when a trademark became a generic name. That standard was the level of understanding the consumer exhibited regarding the trademark. If the primary significance of the term was to symbolize the kind or "genus" of goods sold, then the term was generic and the producer was not entitled to protection. If, on the other hand, the term meant something "more than that," then the seller deserved the protection of a trademark. This landmark decision of *Bayer Co.* v. *United Drug Co.*, (272 F.2d 505, 509 (1921)) is still followed by many courts.

Over the years, there have been some refinements in this standard. In the 1938 case of *Kellogg Co.* v. *National Biscuit Co.* (305 U.S. 111 (1938)), the court said a trademark owner had to show that "the primary significance of the term in the minds of the consuming public is not the product, but the producer" in order to retain the trademark. In other words, the consumer had to recognize the trademark as the name of a product that came from a particular source, even though the consumer might not be able to identify that source. In the 1962 case of *Feathercombs, Inc.* v. *Solor Products, Inc.*, (306 F.2d 252, 256), the court said that in order for a trademark to become generic, "the principal significance of the word must be its indication of the nature or class of an article rather than an indication of its origin."

Although these cases have served to sharpen and clarify the standard for determining when a trademark becomes generic, the basic and fundamental criteria the courts employed for making this determination always have remained the same—the level of consumer understanding regarding the term in question and whether it could be said that a majority of the public recognized the term as a trademark, rather than as a descriptive term for an entire type or class of products, goods or services.

This historic standard, as well as thousands of reputable trademarks and the protection and confidence the consumer enjoys in the marketplace, now have been placed in jeopardy by the ninth circuit's disruptive departure from decades of accepted judicial practice.

This decision has shaken reputable trademark attorneys as well as many businesses and Members of Congress. The U.S. Trademark Association, for example, believes the motivational test employed by the ninth circuit in *Anti-Monopoly* v. *General Mills Fun Group*, (684 F.2d 1316 (9th Cir. 1982)), is a "significant threat to the entire trademark system." After considerable deliberation, the USTA recently decided to support legislative efforts aimed at clarifying the legal basis for determining when a trademark becomes generic.

Like many of us, the members of the USTA are troubled because the ninth circuit ignored the "dual function" provision of our trademark law. This provision allows trademarks to stand when they serve as the proper name of a product, article or substance so long as they also serve as an indication of the product's origin, even if that origin is unknown or anomymous to the consumer. By ruling that consumers must associate the trademark with a specific company, the ninth circuit turned its back on the "dual function" principle that has long been an integral part of trademark law.

We are troubled, too, because the Anti-Monopoly decision is not an isolated case that other judicial courts will ignore. The motivational test employed by the ninth circuit, as Judge Nies has stated, has led "some courts into an esoteric and extraneous inquiry focusing on what motivates the purchasing public to buy particular goods." *In re DC Comics* (689 F.2d 1942, 1954 (C.C.P.A. 1982) (concurring opinion)).

Meanwhile, another ninth circuit court already has referred to the "Monopoly" motivation survey as one conducted "according to accepted principles." *Prudential Insurance* v. *Gibralter Financial Corp.* (694 F.2d 1150, 1156 (9th Cir. 1982)). And, in the case of *The Nestle Co.* v. *Chester's Market Inc.* (D. Conn. 1983), Judge Blumenfeld, in holding that the term "Toll House" was generic, cited the Anti-Monopoly decision extensively. The judge also indicated that if a motivation test submitted to the court had not been deficient with respect to a few technicalities, he would have admitted it as evidence.

The reasons individuals buy products should have no bearing on these cases because they are not designed to ascertain whether a product has become generic. They should have no standing in court and no bearing on these cases, because they do not show whether or not a product has become generic. Another survey in the Anti-Monopoly case asked the public if they bought the detergent "Tide" because they wanted a Proctor &

Gamble product, or if they bought "Tide" because they thought it did a good job. Sixty-eight percent said they bought "Tide" because it did a good job. Does this mean that the "Tide" trademark should now be declared a generic name? Of course not. Yet the ninth circuit did not dismiss the thought, and that could easily happen if we do not take some minimal but essential steps to protect the validity and integrity of our trademarks and our system of trademark law.

Mr. President, the dilemma the ninth circuit created was best summed by Robert C. Lyne, Jr., chief patent counsel for Reynolds Aluminum Co. when he worte:

> The point of trademark protection is to permit a purchaser to recognize the goods he wishes to buy, and to distinguish them from other goods. It is not to enable him to match up various goods with the companies that sell them.

The bill I introduce today will resolve this ambiguity.

The bill is not intended to effect important substantive changes in the mainstream of trademark law. Thus its purpose remains primarily that of clarifying and rendering more precise in the statute what the law is today an should be in the years to come, undisturbed and undiverted by the troubling and potentially dangerous elements of the Anti-Monopoly case. In short, the bill does four things:

First, it disapproves use of the so-called purchaser motivation test in determining whether a trademark has become the common descriptive name of a product or service.

Second, it recognizes the dual function that a mark plays in the marketplace.

Third, it recognizes that the name of a unique product may also function as a trademark so long as the public associates that mark with a single source.

Fourth, it continues the principle that a mark may identify and distinguish a product from that manufactured by others and indicate its source, even though anonymous.

Finally, it conforms various parts of the Lanham Trademark Act to assure uniformity of application in both the courts and in the U.S. Patent and Trademark Office.

There may be ways in which the language could be clarified further, and I hope that the careful consideration by the Patents, Trademarks and Copyrights Subcommittee, under the able leadership of Chairman MATHIAS, will assist in this regard.

I am pleased to introduce this bill on behalf of myself and Mr. LEAHY, Mr. THURMOND, Mr. BAUCUS, Mr. LAXALT, Mr. SIMPSON, Mr. DOLE, Mr. DENTON, Mr. GRASSLEY, Mr. EAST, Mr. DECONCINI, Mr. HEFLIN, Mr. MCCLURE, and Mr. HELMS.

In addition, I would like to include at this point in the RECORD several recent magazine articles which aptly characterize the confusion created by the Anti-Monopoly case.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the New York Times, Sept. 7, 1983 (Business Day Section)]

A LOT RIDES ON A GOOD NAME: TRADEMARK LAW IS UNSETTLED

(By Paul Hemp)

To most people, the board game Monopoly is nothing more than a pleasant diversion. But for executives at the Nestlé Company and many other consumer products concerns, a lot more than $200 for passing Go has been riding on the well-known Parker Brothers game.

Last month, a trademark case involving Monopoly was cited to support a court finding that Nestlé's "Toll House cookie" is a generic name, one that no longer identifies a particular producer. The Toll House decision invoked a controversial Federal appeals court opinion reached last year that the Monopoly name was a generic term and thus not a protected trademark.

In the intervening year the Monopoly decision has been left intact by the Supreme Court, which in February refused to review it. Besides the recent Nestlé decision, the Monopoly case has been cited in a finding that Eastern Air Lines' "Air-Shuttle" is a generic name. Moreover, the controversial decision, Anti-Monopoly Inc. v. General Mills Fun Group Inc., has prompted increased sensitivity on the part of some businesses about their brand names. To that end, companies are stepping up existing programs meant to prevent their trademarks from slipping into generic use.

The case "has put the fear of God in people," said J. Thomas McCarthy, who teaches trademark law at the University of San Francisco Law School. "Marketers are listening to their trademark lawyers more now."

In the Monopoly case, the appeals court in San Francisco said a court may look to the motivation behind a buyer's purchase of a product, as well as his perception of the product's name, in determining whether that name is generic. The case has been criticized by many legal commentators as an aberration from traditional trademark law.

The Supreme Court, in a case involving the name "shredded wheat," said in the 1930's that a name becomes generic and loses trademark status when the "primary significance" of the term in the minds of the consuming public is the product and not the producer.

Courts have held that, through years of use, such names as thermos, aspirin and shredded wheat have become part of the language and so lost their trademark status.

But is the name signified a "single, albeit anonymous, source," then it has usually been protected by courts, according to Mr. McCarthy. Such names as Teflon, Formica and Coke have been upheld as trademarks.

In the Monopoly case, General Mills, which owns Parker Brothers, sued the makers of Anti-Monopoly, a game that rewards players for breaking up monopolies. This time, however, the court, in addition to looking to consumer perception of the name "Monopoly," focused on whether consumers were motivated to buy the game because Parker Brothers made it. The court found they were not so motivated.

This motivation test has been roundly criticized as irrelevant.

"The only people who are going to buy a Parker Brothers product because they like Parker Brothers are the stockholders," said Brian Leitten, a trademark attorney at Hillenbrand Industries, makers of the American Tourister luggage.

"ESOTERIC AND EXTRANEOUS"

The motivation test has also been criticized by the United States Patent and Trademark Office. It has been assailed by an appeals judge in another circuit as "an esoteric and extraneous inquiry." It was ignored by another panel of judges in the same circuit in a later case upholding the trademark status of "Coke." And it has prompted Senator Orrin G. Hatch, Republican of Utah, who said that "most popular quality brands" are threatened by the Anti-Monopoly decision, to propose an amendment to Federal trademark laws that would outlaw the motivation test.

But the Monopoly case itself has retained its force, despite the criticism. Two recent decisions invoked the case, though without expressly relying on its motivation test.

In the Nestlé Company Inc. v. Saccone's Toll House Inc., Nestlé sued the Toll House restaurant, where toll house cookies were first baked more than 40 years ago, for continuing to sell cookies under the Toll House name. Nestlé said it owned the right to use the Toll House trademark for its chocolate chips. But a Federal District Court found that the term "toll house" does not identify the producer of the ingredients in the cookies. It "is now merely a descriptive term for a type of cookie," the court said.

In Eastern Air Lines Inc. v. New York Airlines Inc., a Federal District Court held [illegible] the term "shuttle" was generic and di[illegible] primarily denote Eastern's Air-Shuttle service.

The Anti-Monopoly case, even if an aberration, has also resulted in increased sensitivity to trademark issues among manufacturers.

The United States Gypsum Company, which makes Sheetrock Brand wall board, has increased advertising intended to educate the public that Sheetrock is a brand, not a generic, name, according to Kenneth E. Roberts, a attorney with the company. "There is increased corporate sensitivity that our own brand may have some of the same problems discussed in the Monopoly case," he said.

Another method often used by producers to protect a trademark is so-called line extension, where a brand name that is becoming generic is given to a number of different products. The use of the name Vaseline on products other than petroleum jelly, and Kleenex for products besides facial tissue are examples of this.

A company may also try to associ[illegible] popular trademark with a generic term—for instance, "Jello Brand gelatin"—or simply affix the word "brand" to the product name whenever possible, as in "Sanka Brand" decaffeinated coffee.

Advertising can be less subtle. Well-known companies such as Xerox confront the problem head on by admonishing the consumer to use the company's name only in reference to the product. "So please: copy things, don't 'Xerox' them," one brochure implores.

[From Legal Times, Mar. 7, 1983]

COURT RULES THAT "MONOPOLY" HAS SUFFERED GENERICIDE

(By Saul Lefkowitz and Barry W. Graham)

On Feb. 22, 1983, by refusing to grant certiorari, the Supreme Court let stand a decision of the 9th Circuit Court of Appeals that invalidated the trademark registration of the term "Monopoly" for Parker Brothers' ever-popular real estate board game. The 9th Circuit declared that the term "Monopoly" had become generic, i.e. had become a common descriptive name for that type of board game and thus no longer afforded trademark rights to Parker Brothers.

the owner of the "Monopoly" trademark registration.[1]

The "Monopoly" case presents several difficult issues concerning "genericide" of a trademark—the deterioration of a once valid, protectible trademark into a common term available for use by anyone. Of major concern is the 9th Circuit's use of a novel test emphasizing purchaser motivation to determine the genericness of the "Monopoly" mark. According to the 9th Circuit the genericness of a once-established trademark depends not on any perception that the public may have concerning the jeopardized mark, but rather on what motivates a significant portion of the product's purchasers to buy the trademarked product: a desire to have the product or purchaser loyalty to a known producer. Source-loyalty motivation may be the requirement for mark validity if the 9th Circuit's motivation test becomes the standard. By adopting such a standard the 9th Circuit has presented a substantial threat to the continued validity of many established trademarks used in conjunction with well-known products, according to the critics of the case.

The game of "Monopoly" was commercialized by Charles Darrow in 1933. A U.S. patent issued to Darrow in 1935 was assigned to Parker Brothers at that time. In 1935 and 1936, Parker Brothers obtained federal registrations for the word "Monopo[illegible]s a trademark for its product. Since [illegible], Parker Brothers, now a division of CPG Products Corp., has sold more than 80 million sets of the "Monopoly" game in the United States.

The legal battle that culminated in the demise of the term "Monopoly" as a trademark for the popular board game began when Anti-Monopoly, the makers of "Anti-Monopoly: The 'Bust-the-Trust' Game," brought an action against the owners of the federally registered trademark "Monopoly" (Parker Brothers) for a declaratory judgment of noninfringement and/or invalidity of the trademark. The declaratory judgment suit had been precipitated by Parker Brothers' claim that the use of the term "Monopoly" in the title of the "Anti-Monopoly" game was an infringement of its registered trademark. Parker Brothers counterclaimed for a declaration of validity and infringement and sought an injunction against Anti-Monopoly. After the trial of the case, the U.S. District Court for the Northern District of California held that t[illegible]erm "Monopoly" had not become a ge[illegible] term for the particular and popular b[illegible]d game produced by a single company, was a valid trademark, and had been infringed.[2]

DOCTRINE MISAPPLIED

On the first of two appeals, known as Monopoly I, the 9th Circuit determined that the lower court had misapplied "the genericness doctrine" and reversed consideration of the genericness issue.[3] Finding that the genericness doctrine had undergone little change since *Kellogg Co. v. National Biscuit Co.*, known as the "Shredded Wheat" case,[4] the 9th Circuit in Monopoly I stated the decisive question to be whether the primary significance of a term is to describe the product or to denote the producer of that product, and if a trademark primarily denotes a product rather than the product's producer, trademark protection is lost.

Concluding that the district court did not properly confront the issue of whether the "Monopoly" mark primarily signified the product or its producer, the appellate court remanded the case for further proceedings in which the district court was to determine the primary significance of the term. The 9th Circuit illustrated its position by stating the following:

It may be that when a customer enters a game store and asks for Monopoly he means: "I would like Parker Brothers' version of a real estate trading game, because I like Parker Brothers' products. Thus, I am not interested in board games made by Anti-Monopoly, or anyone other than Parker Brothers." On the other hand, the consumer may mean: "I want a Monopoly game. Don't bother showing me Anti-Monopoly, or Easy Money, or backgammon. I am interested in playing the game of Monopoly. I don't much care who makes it."

In the first example, the consumer differentiates between Monopoly and other games according to source-particular criteria. In the second example, source is not a consideration. * * * The proper mode of analysis is to decide but one question: whether the primary significanct of a term is to denote products or source.[5]

On remand, the district court considered additional consumer survey evidence, including Anti-Monopoly's "motivation" survey formulated from the above-quoted language of the Monopoly I opinion, but noted the difficult and delicate task of applying the Monopoly I standard. The lower court, discrediting Anti-Monopoly's motivation survey, again held that the term "Monopoly" was not generic and was a valid trademark.[6]

In the second appeal, Monopoly II,[7] the 9th Circuit considered itself bound by the law in Monopoly I, the essence of which was stated to be:

A word used as a trademark is not generic if "the primary significance of the term in the minds of the consuming public is not the product but the producer." * * * "[W]hen a trademark primarily denotes a product, not the product's producer, the trademark is lost." * * * A registered mark is to be cancelled if it has become "the common descriptive name of an article," 15 U.S.C. § 1064(c), and no incontestable right can be acquired in such a mark. 15 U.S.C. § 1065(4). We said "Even if only one producer—Parker Brothers—has ever made the Monopoly game, so that the public necessarily associates the product with that particular producer, the trademark is invalid unless source indication is its primary significance." * * * "It is the source-denoting function which trademark laws protect, and nothing more." * * * [O]ne competitor will not be permitted to impoverish the language of commerce by preventing his fellows from fairly describing their own goods."

. . . "[W]hen members of the consuming public use a game name to denote the game itself, and not its producer, the trademark is generic and, therefore, invalid."

In Monopoly II, the court held "clearly erroneous" the lower court's finding of fact that "MONOPOLY" primarily denoted the producer of the game. After it set out the above-quoted, well-established trademark law, the 9th Circuit placed much emphasis on Anti-Monopoly's "motivation" survey and held that the lower court's rejection of the survey was clearly erroneous. The appellate court found that the term "Monopoly" was not primarily source-indicating but had become generic when applied to the board game. Thus, the registration was invalid, and Parker Brothers' term no longer could enjoy trademark protection.

CONSUMER MOTIVATION SOUGHT

In the motivation survey, Anti-Monopoly sought to elicit the primary significance of the term "Monopoly" to individuals who bought or intended to buy the "Monopoly" game by asking those individuals to state which of the following two statements reflected their thinking:

1. I want a "Monopoly" game primarily because I'm interested in playing "Monopoly"; I don't much care who makes it.

2. I would like Parker Brothers' "Monopoly" game primarily because I like Parker Brothers' products.

As it turned out, 65 percent of the individuals surveyed chose the first of the two alternatives and 32 percent chose the second. The 9th Circuit held that the district court should have concluded from these survey results that the primary significance of the "Monopoly" term is product rather than source.

In its petition for a writ of certiorari, filed on Dec. 23, 1982, Parker Brothers contended that the 9th Circuit's decision radically altered established trademark law in a manner that has immediate and recurring practical effect on the merchandising of goods in the United States. Parker Brothers asserted that the 9th Circuit misread and misapplied a landmark Supreme Court case (the Shredded Wheat case) and that the decision conflicted with decisions in other circuits and the language and policies of the Federal Trademark Act. In addition, Parker Brothers argued that the 9th Circuit exceeded the review authority given to an appellate court by the Federal Rules of Civil Procedure.

Anti-Monopoly opposed the petition, taking the position that the 9th Circuit decision did not alter established trademark law, but rather expressly followed the Supreme Court's "Shredded Wheat" case without conflicting with decisions of other circuits. Concerned about the potential effect on the 9th Circuit's decision on the vitality of other famous trademarks, a variety of bar associations and industry groups sought leave to file amicus briefs in support of Parker Brothers' petition for certiorari. However, the petition was denied by the Supreme Court on Feb. 22, 1983.

NOVEL TEST INTRODUCED

The "Monopoly" case is significant in that the Monopoly I and II opinions quite surprisingly introduced into trademark jurisprudence a novel purchaser motivation test to determine genericness of trademarks in the marketplace. By doing so, the 9th Circuit attempted to focus on the permissible parameters of the trademark truism that the primary function of a mark must be to denote the source of the product and not the product itself.

While the 9th Circuit supported its genericness holding by noting that the term "Monopoly" was used in a unique product produced by a single manufacturer and that the term was somewhat descriptive, the ramifications of its inquiry into consumer motivation and emphasis on that inquiry need not be limited to such unique product, single source, descriptive type circumstances. Thus, the motivation test of the "Monopoly" case, should it become the standard, has far-reaching effect.

Prior to the "Monopoly" case the established test, based on a specific provision of the Federal Trademark Act and acknowledged by the 9th Circuit itself in the above quote from the Monopoly II opinion, was whether the registered mark had become "the common descriptive name of an article."[9] This determination depends on whether the public no longer associates the term under review with a single, albeit anonymous, source. Thus, the inquiry concerns public perception of the term—whether the term was the name of the product—

Footnotes at end of article.

and not what motivated the public to buy the trademark product.

UNSETTLING MOTIVATION DOCTRINE

The "Monopoly" case and its emphasis on consumer motivation raises the specter that the continued vitality of a significant number of well-known and valuable trademarks, even if they are arbitrary or coined marks and even if they are used in other than unique product situations, will depend on whether the purchasing public says it is motivated to buy the trademarked product because of loyalty to a named producer rather than by a desire to have the product. The mere possibility that such a motivation doctrine will become that standard in determining trademark validity is in and of itself unsettling.

The 9th Circuit's Monopoly I and II decisions are certainly not without their critics. For example, in her concurring opinion in *In re D.C. Comics, Inc.*[10] Judge Helen W. Nies, who was well-known as a trademark practitioner before being appointed to the court, took a position contrary to the 9th Circuit Monopoly I and II cases regarding use of purchaser motivation in genericness determinations. Without specifically naming the Monoply I and II decisions, Nies stated that some courts had been misled into focusing on determining whether the goods themselves or the producer motivates the purchasing public to buy particular products, an inquiry she classified as "esoteric and extraneous." She maintained that the reason the public is motivated to buy a product—whether it be, for example, quality, particular features, source, pleasing design, association with other goods, price, durability, taste, or prestige of ownership—is of concern only to market researchers and is legally immaterial to the genericness issue. Purchaser motivation and emphasis on a particular source ignores the reality that the primary objective of a purchaser is to obtain particular goods and is not necessarily to seek out particular sources or producers. Motivation does not change a term serving as a trademark in a generic designation. According to Nies, the correct inquiry is whether the public no longer associates the terms in question with a single source.

Additionally, the Monopoly II holding of genericide of the term "MONOPOLY" flies not only in the face of the two lower court findings on the issue, but also in the face of a previous Court of Customs and Patent Appeals (now the Federal Circuit) determination that Parker Brothers "has built up enormous goodwill in the mark MONOPOLY, which has been used since 1935 for a board game and that MONOPOLY may properly be termed a 'famous' mark."[11]

The legal battle and the possible drastic consequences that may flow from the "Monopoly" case with the specter of an ever-present motivation survey challenge have raised grave concern by owners of well-known trademarks and by trade association, as well as by numerous trademark lawyers. Somewhat amazingly for a trademark case, this suit has received widespread publicity and notoriety. The concern is summarized best by Parker Brothers in its petition before the Supreme Court, in which it asserted:

[There exists a] fear that unethical exploiters of [nationally known] trademarks may now commission field surveys and, on receiving reports that more of the public identified the mark with the product than with its manufacturer, begin to utilize previously protected trademarks on the ground that they have become generic. Confusion and uncertainty will engender litigation, with enormous costs that will ultimately be borne by consumers.

To put this concern in context, imagine that you are the owner of such a famous trademark as Procter & Gamble Co.'s "Tide," and that the continued vitality of your heavily promoted and valuable mark depends on passing muster under the 9th Circuit's motivation test—i.e., does a significant portion of purchasers buy your trademarked product because of loyalty and affection towards the known producer of the product? Would you, as the mark owner, believe that your mark could survive such a test? Do you think the consumer even can name the producer of your product? What could you do, if anything, to avoid the consequences of a motivation test?

AFFECTS ADVERTISING STRATEGY

The 9th Circuit's emphasis or purchaser motivation and loyalty of particular source in determining genericness of a mark certainly will raise concerns about trademark usage and product advertising strategy. If purchaser motivation is to become a standard, trademark owners may very well feel the need to stress that a trademark is used to indicate a particular and identified source. For example, past successful promotion of the distinctive trademark "Tide" for laundry detergent may be inadequate to maintain trademark validity under the 9th Circuit's motivation test. The proper promotion called for now may be nothing less than "Procter and Gamble's 'Tide' brand laundry detergent"—emphasizing particularly the producer's name while stressing the term "Tide" as a brand name and providing the public with an easily used generic name for laundry detegent.

This approach is not called for under long-established trademark law, which requires only a mark to indicate a single source, even if that source is anonymous. Such an approach also could be a heavy advertising burden and actually could diminish the traditional value of developing a well-recognized trademark that stands on its own to ensure the consuming public that the product purchased today is essentially the same as the product bought yesterday under the same trademark. Furthermore, such a promotion requirement could lead the public to a brief that there is more than one producer of "Tide" laundry detergent. Such a position is absolutely contrary to basic trademark law.

How far is trademark jurisprudence going to stray from the statutorily prescribed "common descriptive name" genericness test? Will the continued validity of any famous trademark depend solely on a demonstration that the purchasing public thinks of a corporate name when it hears and uses the distinctive term and that the purchase of the trademarked product is made out of loyalty to the corporate producer?

If followed, the 9th Circuit's position concerning genericness of a term may well affect the vitality of a number of existing trademarks identifying products currently on the market. Futhermore, trademark usage and trademarked product promotion could be influenced greatly by the court's position. It is likely, though, that the rationale of the "Monopoly" case will be tested in other courts; and, given the criticism the case has engendered, those courts will have to consider carefully just how broadly it should be applied, if at all. Only after a period of reflection through other court decisions will the actual impact of the "Monopoly" case be understood.

FOOTNOTES

[1] Anti-Monopoly, Inc. v. General Mills Fun Group, Inc., 684 F.2d 1316 (9th Cir. 1982), *cert. denied* (No. 82-1075, Feb. 22, 1983).

[2] ———F. Supp.———, 195 U.S.P.Q. 634 (N.D. Cal. 1977).

[3] 611 F.2d 296 (9th Cir. 1979) (Monopoly 1).

[4] Kellogg Co. v. National Biscuit Co., 305 U.S. 111 (1938).

[5] 611 F.2d at 305-06 (emphasis in original).

[6] 515 F. Supp. 448 (N.D. Cal. 1981).

[7] Reported at 684 F.2d 1316 (9th Cir. 1982).

[8] 684 F.2d at 1319 (citations omitted).

[9] 15 U.S.C. §1064(c)

[10] In re D.C. Comics, Inc., 689 F.2d 1042 (C.C.P.A. 1982)

[11] Tuxedo Monopoly Inc., v. General Mills Fun Group, 648 F.2d 1335, 1336 (C.C.P.A. 1981).

[From Inc., September 1983]

NEWS AND TRENDS

(By Donna Sammons)

THE NAME OF THE GAME

The year was 1971 and Ralph Anspach, a San Francisco State University economics professor, was sitting in his Berkeley home playing Monopoly with his seven-year-old son. But his mind was not on the game.

"OPEC was just flexing its muscles" Anspach recalls, "so we were talking about the oil crisis. I made some comment about those darn monopolists and my son said 'Well what's wrong with being a monopolist anyway? I had trouble answering. I realized that we'd just been playing Monopoly." The next day, Anspach set out to buy a board game that would show his son some of the problems with monopolies. "I looked around" he says "but there was nothing available. That's when I decided to put a game that would be as much fun as M[illegible]oly but would also teach something a[illegible]ut the advantages of a competitive economy."

Anspach called his game "Bust the Trust, the Anti-Monopoly Game." When his students and friends told him "Bust the Trust" sounded like robbing banks or breaking confidences, he shortened the name to "Anti-Monopoly."

And that was how it all began. Within two years, Anspach and his fledgling company, Anti-Monopoly Inc., were embroiled in a trademark battle that dragged on for nearly a decade. When the dust finally settled, the controversy had brought forth a landmark decision with mind-boggling implications for the entire business community—a decision that called into question the very idea of trademarks and brand names. And Ralph Anspach had won.

The immediate loser was Parker Bros., a General Mills Inc. division based in Beverly, Mass., and the country's leading producer of board games. Since acquiring the rights to Monopoly in 1935, the company has stamped out more than 80 million [illegible] sets—and more than 2.6 billion of [illegible]e little green houses that generations of Monopoly mavens have enjoyed stacking up along Boardwalk and Park Place. The game is now published in 31 countries and 18 languages, including Arabic.

Over the years, Parker Bros. has gone to great lengths to protect its monopoly on Monopoly, and it was not about to make an exception for Anspach. He had hardly begun marketing Anti-Monopoly in 1973 when the company shot off a couple of hell-fire and brimstone letters threatening legal action if he did not stop using the name. Anspach shrugged them off.

Not that he was oblivious to the problem. As it happened, he had consulted with two different trademark attorneys before settling on the name Anti-Monopoly. Both had told him that the owner of an existing trademark cannot claim infringement by a competitor if the name of the competitor's product is the opposite of an existing trademark. Such, Anspach concluded, was clearly the case with Monopoly and Anti-Monopoly.

In any event, Anspach had other business to attend to. Anti-Monopoly was moving well—it had sold out in San Francisco—and he had hired a distributor to handle the game nationwide. Word came back that store buyers were "going crazy" over Anti-Monopoly. "We'll sell a million copies!" the distributor predicted.

But then it all turned sour. A rumor began to circulate that Parker Bros. was going after Anspach for violating its trademark. Concerned that a judge might block them from selling the games they purchased, wholesalers grew reluctant to place new orders. Anspach's attorneys contacted Parker Bros. which confirmed that, yes, a suit was being prepared.

They tried to work out a compromise. Would Parker Bros. forgo legal action if Anspach changed the name of his game to "Anti-Monopolist?" No dice, the company responded. What about "Anti-Monopoli" or "Anti-Monopolism?" Forget it, came the reply.

What if Anspach agreed to print a disclaimer of Parker Bros.'s choosing on all Anti-Monopoly boxes?

Parker Bros. turned thumbs down to that idea, too.

A legal battle seemed unavoidable. Anspach's attorneys advised him to file suit first, locally, in order to keep expenses down. On March 6, 1974, he did just that, asking the U.S. District Court for the Northern District of California to declare the Monopoly trademark invalid.

For the next nine years, the battle raged over the name. Along the way, Anspach filed two more lawsuits, accusing Parker Bros. of violating antitrust laws and alleging unfair competition. he also turned down Parker Bros.'s offer to settle the case for $500,000—a figure Anspach considered ridiculously low. After all, he had been selling more than 200,000 Anti-Monopoly sets per year (at $3.60 a set wholesale) until told by the court to stop.

Besides Anspach believed he was going to win. "Everybody was pretty well agreed," he says, "that no jury is going to think Anti-Monopoly can be confused with Monopoly. You have to have a very special legal mind to come up with anything as asinine as that."

Asinine or not, U.S. District Court Judge Spencer Williams twice ruled that Anti-Monopoly violated Monopoly's trademark. To Anspach's relief, however, the U.S. Ninth Circuit Court of Appeals twice overrode the decision and the case moved on to the U.S. Supreme Court. On February 22, 1983, the high court formally declined to take up the dispute thereby letting stand the circuit-court ruling.

That ruling was a clear-cut victory for Anspach. The court declared that "Monopoly" had become a generic term and, consequently, was no longer a trademark. Ergo, Anspach could start making and selling his game once again.

But the decision did more than break Monopoly's monopoly on its name. As Parker Bros. noted in a prepared statement, it turned trademark law "upside down." For the first time, a federal court held that, for a trademark to remain valid, it must denote primarily the source of the product, not the product itself. "That," says Robin A. Rolfe, an attorney and executive director of the United States Trademark Association in New York, "is the part that scares everybody."

Traditionally, trademarks have been lost when people began using the word to refer to more than one product. Aspirin and cellophane are prime examples. To a certain extent, companies can protect their trademarks from such a fate by doing everything in their power to make sure that consumers identify the trademarked name with the specific product in question. Conversely, a company could lose a trademark by failing to do enough to protect it. For that reason, Xerox Corp. regularly takes out ads reminding readers that "whether you want a certain soft drink or a certain copier, you want to be sure that what you get is the real thing." And The Coca-Cola Co. has been known to sue restaurants that serve other soft drinks to customers who ask for "Coke."

Parker Bros. too, had been diligent in defending its Monopoly trademark and the court did not contend otherwise. Rather, it simply bought what Anspach's attorney, Carl Person, was saying about Monopoly—namely, that consumers used the term to refer to the game, not to its manufacturer. To prove his point, he introduced into evidence an opinion poll in which consumers were asked whether they had bought a Monopoly set because they liked the game, or because it was made by Parker Bros. Sixty-five percent said they were motivated to buy Monopoly because they wanted to play the game, not because it was produced by a certain company. And the Ninth Circuit Court took that as proof that Monopoly had become generic. "It is the source-denoting function which a trademark protects," wrote the court, "nothing more."

Surveys or opinion polls aren't new to trademark law, but the Monopoly survey sought to measure the reasons consumers purchase a product, and that is why trademark attorneys are upset. They do not like the idea of motivation surveys one bit, because motivation surveys will make it difficult, if not impossible to defend such well-known trademarks as Cheerios, Dr Pepper, Jell-O, Band-Aid, Tide, you name it. Indeed, just about any trademark could be in jeopardy—provided a challenger can show that people identify the name with the product, and not the company that makes it. In many cases, that would be quite easy to do.

"If you ask someone why he buys Tide detergent, it's not because he loves Procter & Gamble," says Marie Driscoll, a lawyer in New York. "He buys it because it does a good job washing his clothes. The court thinks that would be reason [enough] to declare Tide generic. The court is wrong."

Maybe so, but the courts determine the law. The key question, then, is whether other courts will follow the Ninth Circuit Court's decision. Of course, some courts have to follow the decision—namely, those operating in the Ninth Circuit, which covers Alaska, Arizona, California, Guam, Hawaii, Idaho, Montana, Nevada, Oregon, and Washington. Elsewhere, the issue is not so clear.

"The decision, if it is followed by courts throughout the country, will be of extreme importance," says Arthur I. Greenbaum, a partner in the law firm of Cowan Liebowitz & Latman in New York City, "because it sets forth a view which will doom many famous trademarks. We have to see whether or not other courts throughout the country will follow it. The United States Patent and Trademark Office has already taken the position that they will not follow the case. That's been done formally and publicly in a brief which was filed."

In the meantime, the fight between Anspach and Parker Bros. continues. The case is still in U.S. District Court in San Francisco, where the antitrust and unfair competition charges brought by Anspach against the game manufacturer have yet to be tried. While he waits for a trial date to be set, Anspach is teaching economics, and, in his spare time, hawking his game. As for attorney Carl Person, Anti-Monopoly's lawyer, he has bigger plans. At last report, he was taking University City Studios Inc. and Merchandising Corp. of America Inc., to court—to challenge its trademark on E.T.

Mr. LEAHY. Mr. President, I am pleased to join Senator HATCH in introducing a bill to solve a serious and growing problem in our trademark law. The cancellation of a Federal trademark is a serious occurrence. When it occurs without justification, it signals the unwarranted destruction of a valuable business asset. To the extent we unduly weaken a system of trademark protection that has encouraged investment and created jobs for generations, we weaken the fabric of American enterprise.

No one wants generic words to continue to enjoy trademark status. But for a very long time the law has been settled that a trademark endures so long as the public recognizes and accepts a term as a trademark. Admittedly the test can be difficult where the facts are close, but on the other hand the courts have developed the expertise to address this test meaningfully and accurately.

Last year, on the strength of a public opinion survey of doubtful relevance, the ninth circuit introduced a new legal test for cancellation—one that could do inestimable harm to the stability of trademark law if allowed to stand. The court's new motivation test tied the continuation of the trademark to the ability of the public to identify the maker of the product. The Anti-Monopoly case set forth a rule that is unsound in logic and unsuited to the practical task of identifying trademarks that really have become generic and should be canceled.

Our bill restores the former law in a straightforward manner and has been carefully drawn so that new ambiguities are not introduced. It does not tip the balance under prior law in favor of the maintenance of a given trademark. It does nothing more than cure the problem created in the ninth circuit.

The beneficiaries of this bill will be countless trademark owners and, ultimately, the consuming public.

I want to thank Senator HATCH for his hard work on this issue and to urge the remainder of my colleagues to help restore the proper legal test in this important area of trademark law.