Descriptive Trademarks and the Assumption of Risk

By Jess Gupta*

Introduction

Some trademarks are better than others. This is not a new proposition. For, although use of a mark in commerce is essential to trademark protection, use alone has never been enough to bestow such protection on marks that are not inherently distinctive.1 Therefore, Apple, arbitrary in its relation to computers, can be immediately registered by a computer company under the Lanham Act upon a sufficient showing of actual use in commerce. However, the word “apple,” applied to apples, is a generic use and never registrable, regardless of any existing success. Despite trademark law’s consistent preference for distinctive marks, the contours of trademark protection continue to change. This is especially true for “descriptive” marks, which enjoy a precarious existence on the boundary of distinctiveness. Although they are presumed to be not inherently distinctive because they describe the product or one of its characteristics, descriptive marks may become distinctive upon a showing that the mark has “secondary meaning” in that the public nonetheless uses the mark primarily as a source identifier and not as a description.2

In the 2004 case KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc. (“KP Permanent”), the U.S. Supreme Court shifted the contours of trademark protection once more by holding that fair use of a trademark can occur despite some likelihood of consumer confusion.3 The Court defined fair use as use of the underlying language constituting

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2. Wal-Mart Stores, Inc. v. Samara Bros., Inc., 529 U.S. 205, 211 (2000) (“The phrase ‘secondary meaning’ originally arose in the context of word marks, where it served to distinguish the source-identifying meaning from the ordinary, or ‘primary,’ meaning of the word.”).
the mark, rather than use of the trademark per se. The *KP Permanent* decision resolved a circuit split in which some circuits took the opposing view that a fair use defense should be precluded in the event a likelihood of confusion is shown. Aside from the impact of this holding on the fair use defense, the Supreme Court’s opinion is noteworthy for its adoption of the argument that “[i]f any confusion results, that is a risk the plaintiff accepted when it decided to identify its product with a mark that uses a well-known descriptive phrase.” Applying this assumption of risk argument within the context of descriptive marks is not unprecedented. In fact, this Comment will show it can be traced back at least one hundred years, well before the establishment of federal trademark protection. The essence of the argument is a person or business that chooses to affix a descriptive mark to goods or services assumes the risk of weaker protection for that mark. The assumption of risk argument, despite its long and latent existence in trademark law, has only recently enjoyed acceptance by courts. This acceptance became especially wide after *KP Permanent* and not just in fair use cases. Assumption of risk has been used to justify denial of federal registration of trademarks and service marks and has crept into the trademark infringement multi-factor tests. The result is increasingly diminished trademark protection for descriptive words and phrases, including geographic names and surnames.

But how did assumption of risk arise in trademark law? Moreover, is it consistent with the interests trademark law seeks to balance? Trademark law is commonly seen as protecting two interests: (1) the markholder’s interest in protecting accrued goodwill under the mark and (2) the consumer’s interest in being able to accurately rely on a trademark as a source identifier, thereby reducing her transaction costs in searching for specific goods or services. However, the assumption of risk arguments made in cases like *KP Permanent* are not directly concerned with either of these interests, raising the questions: What other interests are protected by trademark law? How does assumption of risk further these interests? And, how do these interests and assumption of risk shape judicial decisions?

4. *Id.* (“[T]he registrant [gets] an exclusive right not in the original, descriptive sense, but only in the secondary one associated with the markholder’s goods . . . .”).
6. *KP Permanent*, 543 U.S. at 122 (quoting *Cosmetically Sealed Indus., Inc. v. Chesebrough-Pond’s USA Co.*), 125 F.3d 28, 30 (2d Cir. 1997)).
This Comment argues that the application of the assumption of risk principle in trademark cases reflects judicial concern for three secondary policy interests in trademark law.

First, there is a free speech interest in preserving the right of others to engage in non-trademark use of the language that constitutes a protected trademark. This interest is embodied in the fair use defense, as illustrated by *KP Permanent*.8

Second, there is an interest in preserving the language commons—words and phrases that remain in the public domain—for use by potential competitors by limiting or denying trademark protection for descriptive phrases, including geographic names and surnames. Although this interest largely overlaps with the free speech interest, there is a subtle distinction in that the language-commons interest is sometimes used to justify otherwise-trademark-infringing uses of descriptive terms.9 Even where a defendant does not assert fair use, courts invoke this policy interest by rejecting infringement claims on the basis that there is no likelihood of confusion—even in cases where a likelihood of confusion probably would have been found had the markholder not “assumed the risk” of selecting a descriptive mark.10

Third, courts encourage the creation of distinctive marks by rewarding the investment in such marks with a greater grant of trademark protection. This interest considers the growing propertization of trademarks and applies economic theory to discourage protection in descriptive marks. The concern is based on a presumption that allowing a firm exclusivity in a mark that describes an aspect of a good or service would unduly disadvantage other firms that might have used that same mark.11 Along with discouraging such language exclusivity, there is a complementary desire in Lockean labor theory to reward the creation and investment that is needed to establish a more distinctive mark.12 This interest is commonly at work in cases that con-

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9. *See, e.g., Vail Assocs., Inc., v. Vend-Tel-Co., Ltd.*, 516 F.3d 853 (10th Cir. 2008) (holding that the descriptive term “Ski” used with the term “Vail” in the alphanumeric phone number “1-800-SKI-VAIL,” by defendant did not infringe on plaintiff’s service mark VAIL, since defendant should be able to use “Vail” as an ordinary descriptive word). *See infra* Part III.C.2.
10. *See Vail Assocs.*, 516 F.3d at 873.
11. Lisa P. Ramsey, *Descriptive Trademarks and the First Amendment*, 70 TENN. L. REV. 1095, 1099 (2003) (“[C]urrent trademark law stifes the free flow of commercial information more than necessary when it protects exclusive rights both in inherently distinctive marks and descriptive marks.”).
sider whether infringement has occurred or whether trademark use has been established.\textsuperscript{13}

Many scholars who have decried the expansion of trademark law over the last twenty years have cited these concerns.\textsuperscript{14} Proposed solutions range from more effective defenses for defendants who engage in socially beneficial activities\textsuperscript{15} to the complete abandonment of trademark protection for descriptive marks.\textsuperscript{16} This Comment argues that the assumption of risk principle is another possible solution, and its place in trademark law should be further developed. Part I will explain how the Lanham Act protects descriptive marks and discuss the criticisms associated with that protection. Part II will introduce the different formulations of assumption of risk from both tort and contract law, and Part III will discuss how courts have applied the principle in recent cases. Part IV will discuss why assumption of risk is not misplaced in trademark law, and finally, Part V will discuss how assumption of risk might be further developed into a trademark defense.

I. Trademark Protection for Descriptive Marks

In the United States, trademark law is part of the law of unfair competition and is codified in both federal and state law.\textsuperscript{17} Because, subject to limited exceptions, the requirements for trademark protection are similar in both the state and federal systems, for the purpose of this Comment the discussion will focus on the federal system of protection.

The Lanham Act, enacted in 1946,\textsuperscript{18} allows for the national registration of “any word, name, symbol, or device, or any combination thereof” used by a business in order to identify itself as the source of

\textsuperscript{13} See BigStar, 105 F. Supp. 2d 185; \textit{KP Permanent}, 543 U.S. 111.
\textsuperscript{14} See Ramsey, supra note 11, at 1096–100; Michael Grynberg, \textit{Things are Worse Than We Think: Trademark Defenses in a “Formalist” Age}, 24 \textit{Berkeley Tech. L.J.} 897, 899 (2009) (“Critics warn that trademark’s expansion threatens competition, stifles speech, and creates ‘property’ rights where none are deserved.” (citations omitted)).
\textsuperscript{15} Grynberg, supra note 14, at 962.
\textsuperscript{16} Ramsey, supra note 11, at 1101.
\textsuperscript{18} \textit{Id.} at 428.
particular goods.\textsuperscript{19} The requirements for trademark protection under the Lanham Act are: (1) use in commerce and (2) distinctiveness.\textsuperscript{20} The “use in commerce” requirement anticipates “bona fide use of a mark in the ordinary course of trade, . . . not made merely to reserve a right in [the] mark.”\textsuperscript{21} Sham sales and sales that do not reflect a “continual effort to create a viable business in the goods so marked” will typically be disregarded when determining whether the trademark is entitled to protection.\textsuperscript{22} This requirement reflects a policy choice to use trademark protection as an incentive for businesses to begin creating customer goodwill by offering high-quality products—or services in the case of service marks.

An exception to the “use in commerce” requirement is the option to register a trademark by filing an intent-to-use (“ITU”) application. An ITU application allows the applicant to file for trademark registration prior to use of the mark in commerce if she has a bona fide intent to use the mark and can prove use of the mark in commerce within six months of filing.\textsuperscript{23} Upon a showing of the requisite use in commerce, the effective date of the markholder’s registration is retroactive to the date the ITU application was filed, rather than the date the mark was actually first used in commerce.\textsuperscript{24}

The second requirement, distinctiveness, reflects the need for a mark to be capable of distinguishing a particular business’s goods or services from the goods or services of a competitor.\textsuperscript{25} The mark need not identify the source by name.\textsuperscript{26} Although the Lanham Act does not define “distinctive,” courts have developed a spectrum of distinctiveness in which marks are arranged according to their relative strength.\textsuperscript{27} “Fanciful or arbitrary” marks are strongest, followed by “suggestive” marks, then “descriptive” marks, and finally, “generic” marks.\textsuperscript{28} The first two categories are considered inherently distinctive and can be registered immediately. Descriptive marks, while not in-

\begin{itemize}
\item \textsuperscript{20} Id.
\item \textsuperscript{21} Id.
\item \textsuperscript{22} White v. Paramount Pictures Corp., Nos. 96-1096, 90-130, 1997 WL 76957, at *3 (Fed. Cir. Feb. 21, 1997).
\item \textsuperscript{23} 15 U.S.C. § 1051(b) (2006).
\item \textsuperscript{24} Id. § 1057(c).
\item \textsuperscript{25} Id. § 1092.
\item \textsuperscript{26} See J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 3:2 (4th ed. 2010) (listing four functions of trademarks, the second of which specifically allows the source to be “anonymous”).
\item \textsuperscript{27} See Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4 (2d Cir. 1976).
\item \textsuperscript{28} Id. at 9.
\end{itemize}
herently distinctive, may acquire distinctiveness if there is enough evidence that customers have come to recognize the mark as an indicator of source.29 Generic marks, which are marks that utilize terms describing a class of products, are the weakest type of mark.30 Unlike descriptive marks, generic marks are never protectable.31

Placing a mark in the distinctiveness spectrum to gauge its strength requires considering the mark in relation to the goods to which it is affixed.32 However, the lines between categories are not always clear. The distinction between suggestive and descriptive marks is especially fuzzy.33 Some courts and commentators have described suggestive marks as conveying only an indirect impression of the corresponding goods or services and descriptive marks as describing a quality, function, characteristic, or ingredient of the corresponding goods or services.34 In his treatise, McCarthy on Trademarks and Unfair Competition, Professor J. Thomas McCarthy warns, "lawyers and judges should not deceive themselves into conceiving the descriptive-suggestive dichotomy as some kind of concrete and objective classification system. It is no more objective and free of personal predilections than a test which asks persons to divide all color shades into 'light' and 'dark.'"35 Instead, Professor McCarthy offers a six-factor test requiring subjective inputs such as "[h]ow much imagination on the buyer’s part is required in trying to cull a direct message from the mark about the quality, ingredients or characteristics of the product or service"36 and to what extent sellers of similar products use—or will likely want to use—the term or phrase.37

As Professor McCarthy warns, the results are indeed inconsistent. For instance, the mark RICH ‘N CHIPS was found to be descriptive of chocolate chip cookies,38 while CITIBANK was considered merely suggestive of a bank servicing urban clients.39 The lack of certainty in the descriptive-suggestive dichotomy is a serious issue for markholders because the distinction is critical to whether trademark protection will be immediately granted. Moreover, whether a mark is suggestive or

30. Abercrombie, 537 F.2d at 9.
31. Id.
32. Id.
33. See id. (“The lines of demarcation, however, are not always bright.”).
34. See 2 McCarthy, supra note 26, §§ 11:71–72.
35. Id.
36. Id.
37. Id.
Descriptive trademarks will determine the relative strength of the mark within the spectrum of distinctiveness and whether it can be infringed by another similar mark.\(^{40}\)

Aside from a showing of secondary meaning, descriptive marks can receive protection by obtaining incontestable status. Section 1065 of the Lanham Act allows a registrant to file for incontestable status upon a showing that she has consistently used the mark for five years following federal publication, that there have been no final decisions adverse to the registrant’s claim of the mark or right to register the mark, nor are there any pending proceedings involving said rights.\(^{41}\) A mark that is granted incontestable status may not be challenged on the basis that it is merely descriptive, and the markholder is empowered to forbid competitors from using an infringing mark.\(^{42}\)

II. Origins of Assumption of Risk

Before judging the applicability of assumption of risk in trademark cases, it is necessary to identify the way in which courts use this doctrine. Although both tort and contract law use the assumption of risk doctrine to allocate fault among parties, in trademark cases courts tend to apply the contract law formulation.

In tort law, the assumption of risk doctrine limits or denies a plaintiff’s recovery for injuries suffered as a result of knowingly and voluntarily engaging in an activity in which there is inherent risk of such an injury.\(^{43}\) In the seminal case, Murphy v. Steeplechase Amusement Co., Justice Cardozo explained:

One who takes part in such a sport accepts the dangers that inhere in it so far as they are obvious and necessary, just as a fencer accepts the risk of a thrust by his antagonist or a spectator at a ball game the chance of contact with the ball.\(^{44}\)

Further in the opinion, Cardozo concedes, “[a] different case would be here if the danger inherent in the sport were obscure or unobserved.”\(^{45}\)


\(^{42}\) See Park ‘N Fly, Inc. v. Dollar Park and Fly, Inc., 469 U.S. 189, 196 (1985) (“The statute nowhere distinguishes between a registrant’s offensive and defensive use of an incontestable mark. On the contrary, . . . incontestable status may be used to enjoin infringement by others.”).

\(^{43}\) Restatement (Second) of Torts, § 496A (1965).

\(^{44}\) Murphy v. Steeplechase Amusement Co., 166 N.E. 173, 174 (N.Y. 1929) (citation omitted).

\(^{45}\) Id.
Within tort law, courts have confused and splintered the assumption of risk principle by using it in different senses.46 However, the law is consistent in requiring: (1) knowledge or awareness of the risk and (2) a voluntary decision to proceed despite the known risk.47

Contract law treats assumption of risk differently. A party can assume risk without being aware of—and affirmatively accepting—that particular risk. According to the Restatement of Contracts, a party claiming mistake post-contract will be precluded from avoiding the contract if: (1) the risk is allocated to him or her by the parties’ agreement; (2) at the time the contract is made, the party is aware that he or she has only limited knowledge with respect to the facts relating to the mistake but treats this limited knowledge as sufficient; or (3) the court allocates the risk to him or her on the ground that it is reasonable under the circumstances to do so.48 The Restatement explains: “It is sometimes said in such a situation that, in a sense, there was not a mistake but ‘conscious ignorance.’”49 Thus, assumption of risk in contract law permits more passive acceptance of risk by a party than allowed in tort law. This formulation of the principle allows a more norms-driven allocation of risk by a court, because it does not require finding an affirmative acceptance of risk by one of the parties.50 Presumably, when in doubt, it is easier for a court to declare that a party proceeded in conscious ignorance of a risk, rather than affirmative acceptance.

This formulation of assumption of risk is consistent with how courts have used assumption of risk in trademark cases. In the majority of the cases discussed in the next section, courts assess the markholder’s choice of mark within the context of the rights and limitations of trademark law. Given the complexity and inconsistency of trademark law, courts most likely are allocating the risks of choosing a trademark by finding that risk has been assumed through conscious

46. Restatement (Second) of Torts, § 496A cmt. c.
47. See id.
49. Id. § 154 cmt. c (“Even though the mistaken party did not agree to bear the risk, he may have been aware when he made the contract that his knowledge with respect to the facts to which the mistake relates was limited. If he was not only so aware that his knowledge was limited but undertook to perform in the face of that awareness, he bears the risk of the mistake.”).
50. See id. § 154 cmt. d (“In some instances it is reasonably clear that a party should bear the risk of a mistake for reasons other than those stated in Subparagraphs (a) and (b). In such instances, under the rule stated in Subparagraph (c), the court will allocate the risk to that party on the ground that it is reasonable to do so.”).
ignorance, rather than by finding the risk was assumed through affirmative acceptance.

III. Assumption of Risk in Trademark Cases

This section presents three sets of cases, each applying the assumption of risk doctrine to a different aspect of trademark law: trademark eligibility, the fair use defense, and infringement. The cases that follow discuss assumption of risk in varying levels of depth, yet they are consistent in relegating these discussions to dicta.51 Indeed, an appropriate question is whether such discussions, which are never essential to the disposition of the case, are worth commenting on at all or whether they are instead merely isolated instances of unfortunate analogizing by courts. This Comment assumes that, even as dicta, the assumption of risk argument has significance in illuminating how some courts interpret the policy goals of trademark law.

A. Assuming the Risk of Trademark Ineligibility—Cases of the Trademark Trial and Appeal Board

The Trademark Trial and Appeal Board (“TTAB”) is the body that hears administrative appeals when trademark registration is refused.52 Recently, the TTAB has discussed the assumption of risk doctrine in a line of cases affirming refusals of registration.

In 1960, the predecessor to the TTAB, the United States Court of Customs and Patent Appeals (“CCPA”), decided In re The Standard Oil Co. (“Standard Oil”), in which it affirmed a refusal to register the service mark GUARANTEED STARTING as applied to a service for maintaining automobiles in anticipation of cold weather.53 Although there was evidence of extensive use of the phrase in connection with the service, the appellant, Standard Oil, did not allege that the phrase had obtained secondary meaning.54 The CCPA concluded that the mark was merely descriptive of the services offered and therefore unregistrable under the Lanham Act. The court explained:

The words are well-understood English words in common use. Taken together, they amount to no more than a sort of condensed

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52. 15 U.S.C. § 1070 (2006) (“An appeal may be taken to the Trademark Trial and Appeal Board from any final decision of the examiner in charge of the registration of marks upon the payment of the prescribed fee.”).
54. Id. at 947 n.2.
announcement that the applicant will guarantee the work done in order to insure the starting of the customer’s car. It must be assumed that the ordinary customer reading the advertisements displayed by an automobile service station would take the words at their ordinary meaning rather than read into them some special meaning distinguishing the services advertised from similar services of other station operators. Whatever may have been the intention of the applicant in using them, their use has not accomplished what the applicant wished to do.55

The CCPA’s presumption that customers would read descriptive phrases as announcements or descriptions, rather than as source identifiers, formed the basis for an assumption of risk argument later used by the TTAB56 in In re Panera, Inc.57 In Panera, a restaurant chain sought registration of the phrase YOU PICK TWO as a service mark used to distinguish its meal specials.58 Panera argued that the phrase had become more than a collection of “ordinary words,” such that it now distinguished Panera’s services in the market.59 Panera further argued that its own consistent use of the phrase for ten years suggested that the phrase had acquired distinctiveness.60 Affirming the Trademark Examining Attorney’s refusal to register the mark, the TTAB alluded to the argument in Standard Oil in its reasoning:

We do not question but that applicant expected that the term YOU PICK TWO would distinguish its services from similar services offered by others. On the other hand, having chosen informative words, and then having employed them in a context totally consistent with their ordinary meaning, applicant accepted the risk that this prosaic term may not function as a source indicator for its services.61

The TTAB’s analysis, however, was not limited only to consideration of the ordinary meaning of the words as applied to Panera’s meal specials. The TTAB also considered “the real-world milieu into which applicant has thrust this designation and the resulting commercial impact created by the asserted mark.”62 Evidence that competitors were also using the phrase “you pick two,” as well as the common and frequent usage of the phrase in restaurant reviews and news stories, sug-

55. Id. at 947.
56. It should be noted that the opinions after Standard Oil that are discussed in this Comment were all authored by Administrative Trademark Judge Bucher, although he presided over each case along with two other administrative trademark judges.
58. Id. at *1.
59. Id. at *2.
60. Id. at *24.
61. Id. at *8–*9.
62. Id. at *3.
gested to the court that the phrase could not be distinctive of Panera’s services, despite Panera’s claim that the mark had acquired distinctiveness as a result of ten years of use.63

While *Panera* involved a clearly descriptive slogan, subsequent decisions by the TTAB have invoked assumption of risk in denying trademark protection to marks that were arguably closer to the boundary between descriptive and suggestive marks. In the 2004 case *In re Anabec*, the TTAB affirmed the refusal to register a service mark consisting of a cartoon image of anthropomorphic buildings exhibiting various signs of illness.64 Anabec was using this image to advertise its service of cleaning and treating buildings with deficient air quality, sometimes referred to as having “Sick Building Syndrome.”65 The TTAB again referred to the assumption of risk doctrine, asserting that “having chosen a cartoon image of ‘sick buildings,’ and then having employed it within the text of brochures advertising services dealing with improving indoor air quality, applicant accepted the risk that the color cartoon may not function as a source indicator for its services.”66 Unlike in *Panera*, however, the TTAB in *Anabec* found that the failure to achieve trademark eligibility was due to a failure to “create a separate and distinct commercial impression,” rather than misplaced reliance on a descriptive image.67 The TTAB conceded “cartoon-like images can be inherently distinctive source indicators provided that they are presented in a technical service mark manner and employed in close association with a clear reference to the services to be performed.”68 Anabec’s cartoon image failed because it was one of a series of similar illustrations, which would not lead consumers to distinguish it as a service mark.69 As an example, the TTAB pointed to a successful service mark involving a single, well-defined cartoon character.70 This suggests that Anabec’s cartoon, while perhaps suggestive, failed because it was not presented as a clear service mark.

Taken together, the discussion of assumption of risk in *Panera* and *Anabec* is curious. Assuming that Anabec’s cartoon was inherently more distinctive than Panera’s slogan, it would seem that the assumption of risk doctrine would be less applicable in analyzing Anabec’s

63. *Id.* at *24–*25.
65. *Id.* at *2.
66. *Id.* at *6* (citing *In re The Standard Oil Co.*, 275 F.2d 945 (C.C.P.A 1960)).
67. *Id.* at *9.
68. *Id.* at *7.
69. *Id.* at *10.
70. *Id.* at *8.
choice of mark. Moreover, while there was evidence in *Panera* that industry usage of the phrase “you pick two” supported its descriptive classification, there was no such showing in *Anabec*. Despite the inconsistent application of assumption of risk in these cases, *Anabec* and *Panera* can be reconciled if the TTAB is simply using assumption of risk as a means of resolving doubts as to trademark eligibility against the asserting party. This could also be viewed as a presumption against finding distinctiveness in cases where the asserted mark is on the descriptive-suggestive boundary line. Given the difficulty of distinguishing between suggestive marks and descriptive marks, a presumption against protecting “borderline” marks would relieve the burden imposed on the court by hairsplitting tests and would warn potential mark adopters to err on the side of distinctiveness, by choosing arbitrary or fanciful marks.

### B. Assumption of Risk and Strengthening the Fair Use Defense

The oft-cited 1899 case *American Waltham Watch v. United States Watch* is perhaps the earliest trademark case invoking assumption of risk.\(^71\) Both parties were watch manufacturers operating out of Waltham, Massachusetts.\(^72\) The plaintiff, American Waltham Watch, was the first to begin operations and the first to establish secondary meaning in the word “Waltham” as applied to its watches.\(^73\) American Waltham Watch sought to enjoin the United States Watch Company—defendant and junior user of the mark—from any use of the word “Waltham” or “Waltham, Mass” on its watch dials, absent an accompanying statement distinguishing the goods from the goods of the plaintiff.\(^74\) Justice Oliver Wendell Holmes, then sitting on the Supreme Judicial Court of Massachusetts, thus summarized the defendant’s argument:

> The defendant’s position is that, whatever its intent and whatever the effect in diverting a part of the plaintiff’s business, it has a right to put its name and address upon its watches; that to require it to add words which will distinguish its watches from the plaintiff’s in the mind of the general public is to require it to discredit them in advance; and that if the plaintiff, by its method of advertisement, has associated the fame of its merits with the city where it makes its wares, instead of with its own name, that is the plaintiff’s folly, and cannot give it a monopoly of a geographical name, or entitle it to

\(^72\) Id. at 142.
\(^73\) Id.
\(^74\) Id. at 141–42.
increase the defendant’s burden in advertising the place of its works.75

Justice Holmes agreed that the defendant had a strong interest in indicating its place of manufacture, yet nonetheless affirmed the grant of an injunction for the plaintiff.76 Despite reference to a possible deceitful intent by United States Watch, Holmes maintained that

[the elements of the precise issue before us are the importance of indicating the place of manufacture and the discrediting effect of distinguishing words, on the one side, and the importance of preventing the inferences which the public will draw from the defendant’s plates as they now are, on the other.77

Although the possibility of consumer confusion trumped the defendant’s interest, the assumption of risk argument would rise again over one hundred years later.

In 2004, the decision in KP Permanent rebalanced the competing interests outlined by Holmes in American Waltham Watch. The U.S. Supreme Court made clear that it was willing to permit a likelihood that some consumer confusion might result from a trademark defendant’s fair use of the words constituting a protected mark.78 The Court held that despite plaintiff Lasting Impression’s registration of the mark MICRO COLORS for a liquid pigment product injected under the skin, the word “microcolor” used by KP Permanent to describe its own similar product might be permitted, despite being subject to the likelihood of confusion test.79 The Court held that the fair use defense provided by § 33(b)(4) of the Lanham Act is an affirmative defense, and therefore KP Permanent could claim fair use without having to prove the absence of a likelihood of confusion.80 Although the Court’s determination was based on its analysis of §§ 32 and 33(b)(4) of the Lanham Act,82 it found further justification in the pro-competitive rationale of both common law and federal trademark law:

75. Id. at 142.
76. Id. (“It is desirable that the defendant should be free to manufacture watches at Waltham, and to tell the world that it does so.”).
77. Id.
79. See id. at 123 (“It suffices to realize that our holding that fair use can occur along with some degree of confusion does not foreclose the relevance of the extent of any likely consumer confusion in assessing whether a defendant’s use is objectively fair.”).
80. Id. at 124.
82. KP Permanent, 543 U.S. at 118–20.
The common law’s tolerance of a certain degree of confusion on the part of consumers followed from the very fact that in cases like this one an originally descriptive term was selected to be used as a mark, not to mention the undesirability of allowing anyone to obtain a complete monopoly on use of a descriptive term simply by grabbing it first. The Lanham Act adopts a similar leniency, there being no indication that the statute was meant to deprive commercial speakers of the ordinary utility of descriptive words. “If any confusion results, that is a risk the plaintiff accepted when it decided to identify its product with a mark that uses a well known descriptive phrase.” This right to describe is the reason that descriptive terms qualify for registration as trademarks only after taking on secondary meaning as “distinctive of the applicant’s goods,” with the registrant getting an exclusive right not in the original, descriptive sense, but only in the secondary one associated with the markholder’s goods.83

This reasoning indicates that the Court was considering secondary policy concerns, such as language exclusivity and free speech, rather than the primary interests of protecting trademark goodwill and preventing consumer confusion. In fact, by allowing some confusion to result from fair use of a mark’s underlying language, the Court’s formulation of the fair use defense has slightly undermined both the consumer confusion concern and the protection of goodwill in a registered descriptive mark. Although some may argue this was merely the result of a formalist reading of the Lanham Act, the Court’s normative argument, as the cases below will demonstrate, is just as forceful and just as frequently cited.

In resolving the circuit split over fair use, the Supreme Court in \textit{KP Permanent} not only adopted the position of the Second Circuit but also adopted its language.84 The assumption of risk argument was quoted from the Second Circuit’s opinion in \textit{Cosmetically Sealed Industries, Inc. v. Chesebrough-Pond’s USA Co.} The case involved two makeup manufacturers and use of the phrase SEALED WITH A KISS.85 Cosmetically Sealed Industries (“CSI”) had registered the phrase for use with makeup products and used it specifically to market lipgloss.86 CSI later discovered that defendant Chesebrough was using a similar phrase in connection with its promotional campaign for a new line of lipstick.87 The campaign invited shoppers to take a complimentary

83. Id. at 122 (citations omitted) (quoting Cosmetically Sealed Indus., Inc. v. Chesebrough-Pond’s USA Co., 125 F.3d 28, 30 (2d Cir. 1997)).
84. See \textit{KP Permanent}, 543 U.S. 111.
85. \textit{Cosmetically Sealed}, 125 F.3d at 29.
86. Id.
87. Id.
postcard, place a kiss on it using one of Chesebrough’s lipsticks, and mail the card with the lipstick imprint.\textsuperscript{88} The phrase “Seal it with a Kiss!” appeared on the display board but was smaller than the other textual elements.\textsuperscript{89} The Second Circuit quickly affirmed the lower court’s finding that this was fair use of the phrase, concluding it was used only in its descriptive sense and that, by using a well-known descriptive phrase, CSI had accepted the risk that consumers might be confused.\textsuperscript{90} Rejecting the additional argument by CSI that Chesebrough’s use of the phrase had now come to be associated with the defendants’ lipsticks by consumers of cosmetics, the court stated:

So long as the defendants in good faith are using the phrase in its descriptive sense and prominently identifying the product with the defendant’s marks, the defendants incur no liability simply because the materials containing the descriptive phrase are so widely disseminated as to form some degree of association in the public’s mind between the phrase and the product. That too is a risk the plaintiff took in selecting as its mark a phrase that was not only descriptive but readily recognized by consumers.\textsuperscript{91}

According to the Second Circuit, adoption of a descriptive mark entails assumption of both the risk that slightly confusing fair use of the mark by others may occur and the risk that such fair use may inadvertently come to identify a competitor.\textsuperscript{92} The extent to which this latter risk will be allowed after \textit{KP Permanent} is unclear. The Supreme Court in \textit{KP Permanent} did not address the question of how much consumer confusion would be allowed in the face of fair use but noted that other considerations might factor into the analysis, including “commercial justification and the strength of the plaintiff’s mark.”\textsuperscript{93} For now, the amount of permissible confusion from fair use will likely be determined case by case.

Since the decision in 2004, \textit{KP Permanent} and its assumption of risk argument have been cited in cases involving trade dress,\textsuperscript{94} geo-

\begin{itemize}
\item \textsuperscript{88} \textit{Id.}
\item \textsuperscript{89} \textit{Id.} at 29–30.
\item \textsuperscript{90} \textit{Id.} at 30–31.
\item \textsuperscript{91} \textit{Id.} at 31.
\item \textsuperscript{92} \textit{Id.}
\item \textsuperscript{93} \textit{KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.}, 543 U.S. 111, 123 (2004) (quoting \textsc{Restatement (Third) of Unfair Competition} § 28 (1995)).
\item \textsuperscript{94} \textit{Ciociola v. Harley-Davidson Inc.}, 552 F. Supp. 2d 845, 865 (E.D. Wis. 2008) (“The possible existence of confusion does not negate the establishment of the fair use defense. Indeed, if the defendants’ fair use of the term ‘Scarecrow’ resulted in any confusion, ‘that is a risk the plaintiff accepted when it decided to identify its product with a mark that uses a well known descriptive phrase.’” (quoting \textit{KP Permanent}, 543 U.S. at 122)).
\end{itemize}
graphic names, and surnames. In each case the court found either fair use or no likelihood of confusion. Taken together, the fair use cases represent judicial willingness to throttle back the primacy of the business goodwill and consumer confusion interests, in order to allow room for free speech and fair competition. It is quite possible that this restituting of interests will make the decision and reasoning in American Waltham Watch an anachronism.

C. Assumption of Risk in the Infringement Factors

1. **BigStar** and the “Strength of the Mark” Factor

    The courts have also throttled back protection for registered descriptive marks through their application of the trademark infringement analysis. As the Supreme Court noted in *KP Permanent*, even when the affirmative fair use defense is not established, infringement will not be found if consumers are not likely to confuse two similar marks.

    In infringement cases, a court must determine whether an appreciable number of relevant consumers are likely to be confused as to source, sponsorship, or affiliation between two marks. A variety of multifactor tests are used to answer this question, but they all tend to focus on the following factors: (1) the similarity of the marks, (2) the strength of the plaintiff’s mark, (3) competitive proximity, (4) consumer sophistication, (5) actual confusion in the marketplace, (6) the likelihood the senior user will cross over to the junior user’s market, (7) good faith on the part of the defendant, and (8) the marketing channels used by both parties. Each factor may include multiple subinquiries, and courts commonly caution against the rigid appli-

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96. Hensley Mfg. v. ProPride, Inc., 579 F.3d 603, 612 (6th Cir. 2009) (“To the extent they cause some level of consumer confusion, Hensley Manufacturing assumed that risk by trademarking Jim Hensley’s own personal last name.” (citing *KP Permanent*, 543 U.S. at 121)).

97. *Ciociola*, 552 F. Supp. 2d 845; *Vail Assocs.*, 516 F.3d 853; *Hensley*, 579 F.3d 603.

98. *KP Permanent*, 543 U.S. at 112 (“[Section] 1115(b) places a burden of proving likelihood of confusion (that is, infringement . . . . ”). (citing *KP Permanent*, 543 U.S. at 112 (“[Section] 1115(b) places a burden of proving likelihood of confusion (that is, infringement . . . . ”). (citing *KP Permanent*, 543 U.S. at 112 (“[Section] 1115(b) places a burden of proving likelihood of confusion (that is, infringement . . . . ”). (citing *KP Permanent*, 543 U.S. at 112 (“[Section] 1115(b) places a burden of proving likelihood of confusion (that is, infringement . . . . ”). (citing *KP Permanent*, 543 U.S. at 112 (“[Section] 1115(b) places a burden of proving likelihood of confusion (that is, infringement . . . . ”).

99. 4 McCarthy, supra note 26, § 23:11.50.

100. AMF Inc. v. Sleekcraft Boats, 599 F.2d 341, 348–49 (9th Cir. 1979).

101. See, e.g., 2 McCarthy, supra note 26, § 11:83 (explaining that in considering the strength of a mark, a court should consider both “conceptual strength” as well as “commercial strength” in the relevant marketplace).
cation of the entire factor test.\textsuperscript{102} Naturally, with so many factors to consider, different courts may attach weight to different factors, based upon the circumstances of each case.

As in cases involving the fair use defense, courts have incorporated assumption of risk doctrine in the analysis of trademark infringement cases. In some cases, assumption of risk is discussed within the “strength of the plaintiff’s mark” factor,\textsuperscript{103} while in other cases the argument arises outside of the factor test altogether.\textsuperscript{104} Regardless, the mark at issue consistently is a descriptive one, and in most cases the courts find no likelihood of confusion.\textsuperscript{105}

Of the cases incorporating assumption of risk into the infringement analysis, \textit{BigStar Entertainment, Inc. v. Next Big Star, Inc.} (“BigStar”), decided in 2000, is one of the earliest and most explicative.\textsuperscript{106} The plaintiff, a website doing business as BIGSTAR and BIGSTAR.COM that sold motion picture videos and offered movie industry news, sought a preliminary injunction against online talent-search website NEXT BIG STAR, claiming trademark infringement.\textsuperscript{107} Neither company was federally registered; however, BigStar had submitted an application for registration that was pending approval from the U.S. Patent and Trademark Office (“PTO”) at the time.\textsuperscript{108} To show secondary meaning in its name, BigStar offered evidence that it had been in business for two years, had three million unique visitors to its website per month, and had spent twelve million dollars on marketing its name and products.\textsuperscript{109}

Applying the multifactor infringement test developed in the Second Circuit, the U.S. District Court for the Southern District of New York devoted more than half of its thirty-page opinion to discussing

\begin{thebibliography}{99}
\bibitem{102} Bristol-Myers Squibb Co. v. McNeil-P.P.C., Inc., 973 F.2d 1033, 1044 (2d Cir. 1992) (explaining that the \textit{Polaroid} infringement factors are “merely tools designed to help grapple with the vexing problem of resolving the likelihood of confusion issue, and the ultimate conclusion as to whether a likelihood of confusion exists is not to be determined in accordance with some rigid formula.” (internal quotation marks omitted)).
\bibitem{103} \textit{Ibid.}
\bibitem{104} \textit{Ibid.}
\bibitem{105} \textit{Ibid.}
\bibitem{106} \textit{Ibid.}
\bibitem{107} \textit{Ibid.}
\bibitem{108} \textit{Ibid.}
\end{thebibliography}
the first two factors: strength of the BIGSTAR mark and the mark’s similarity to NEXT BIG STAR. The court began by discussing what it saw as the principal aims of trademark law, namely, “to encourage honest business competition and to recognize and reward commercial creativity, investment, diligence, initiative and good faith, weighed against certain interests of the public, when making purchasing choices, to be protected from confusion, mistake and deception.”

With these aims in mind, the court expounded on the costs and benefits associated with choosing a mark near the extreme end of the distinctiveness spectrum:

At a far end, one approach strives deliberately for uniqueness and inherent distinction. It does so by purposefully employing rare or coined terms or using ordinary words in unusual ways. . . . It recognizes that the more effort, creativity and resources invested to produce and establish the name or mark, the greater the probabilities are that another person, honestly and truly, genuinely by happenstance, will not chance upon identical or similar words to brand a comparable product in the same or near market.

. . . .

Uniqueness and distinctive identity, however, have their limitations . . . . Accordingly, however inspired and felicitous the mark may be, it takes a greater investment of capital, energy and time, as well as higher-stake risk, to establish a market in a product sold under a brand that identifies neither the article, the market nor the source.

Marks near the other extreme pose a different set of challenges:

[T]he commonplace, too, has its inherent deficiencies. And here the laws of probability and foreseeability come into play to yield reverse results. . . . Reliance on conventional, pervasive terms to label a product reduces the likelihood that consumers would be confused by products similarly named in a competing market. This result obtains in part because the undistinguished name raises the probability of chance duplication, rendering it both more likely and foreseeable that another person, acting entirely independently and in good faith, may strike upon the same word or notion to brand a potentially competing product in a potentially competing market. As the chances of foreseeable, honest trademark duplication rises, the element of surprise to consumers and to merchants, as well as their realistic expectation about the singularity and distinctiveness of the trademark in question, should lessen. . . . The easy mark may offer the less costly, more rapid course to name recognition and identification of source. At the same time, the name selection entails an assumption of risk in two ways. First, in settling upon ordinary words the likelihood of duplication is

110. Id. at 192–211.
111. Id. at 193.
112. Id. at 193–94.
greater. Second, the law places a heavier burden on trade reliance on the common term by extending less recognition and protection to inherently indistinctive marks precisely because of the probability that the public is less likely to be confused by them.113

This discussion of foreseeability and surprise as elements in evaluating the strength of a plaintiff’s trademark provides insight into the court’s standard for gauging a plaintiff’s assumption of risk in choosing a mark. As the foreseeability of third-party use increases, so does the risk assumed by the plaintiff that its mark may be considered weak and that consumers may not be confused when a similar mark shows up in the market.114 Interestingly, this formulation suggests that knowledge of trademark law may be irrelevant, since the foreseeability of third-party use should inform a potential mark adopter as to the strength of a given mark. One benefit of this standard is that it is a more realistic characterization of how a trademark adopter may assume risk, rather than imputing knowledge of the murky descriptive-suggestive dichotomy on the part of the mark adopter. Even courts struggle with determining whether a mark is descriptive or suggestive, making it difficult for courts to find that a plaintiff consciously assumed risk through his or her knowledge of the law.

The court’s consideration of possible surprise to a plaintiff also hints that it is thinking about the equities of the system and the possibility that a choice of mark may lead to a forfeiture of some trademark protection. Such was the fate of the BIGSTAR mark. The district court determined that the selection and arrangement of common words constituted a descriptive mark that foreseeably would be used by third parties.115 Indeed, the court considered various examples of third-party use of the phrase “Big Star” by companies in the film industry and concluded: “[T]o the extent a likelihood of confusion relevant to this action may exist, it reasonably may result as much from other business’s not unforeseeable use of ‘Big Star’ as from plaintiff’s and defendants’ choices of the same two common words in their marks.”116 The court denied the request for a preliminary injunction, because the plaintiff failed to establish that BIGSTAR had obtained secondary meaning, and the infringement factors weighed against a finding of

113. Id. at 194.
114. See id.
115. Id. at 201 (“[T]he probability of duplication of words not particularly unique such as ‘big star’ in entertainment is high, as illustrated by the number of other businesses using the same words as marks for commerce.”).
116. Id. at 204.
This ruling represented a forfeiture of expected protection for BIGSTAR. The company demonstrated it had invested twelve million dollars over two years and had plans to expand into other markets, only to find out later that its mark was not inherently distinctive and possibly ineligible for incontestable status given the similarly-named businesses in the industry.

2. Going Further: Noninfringement Despite Confusion?

The 2008 case Vail Associates, Inc. v. Vend-Tel-Co., Ltd., illustrates how even registration of a mark and subsequent granting of incontestable status may not preclude a court from finding that the markholder assumed the risk of weaker protection by choosing a descriptive mark. Vail Associates (“VA”) was the registrant of the VAIL service mark as applied to a variety of services in and around the town of Vail, Colorado, including the well-known Vail Resorts. VA brought a suit alleging trademark infringement against Vend-Tel-Co (“VTC”), which had registered as a service mark the vanity telephone number 1-800-SKI-VAIL and was using it to offer “marketing services related to the ski industry, namely providing an automated phone switching system to offer services available in or near Vail, Colorado and nearby resort locations.” The Tenth Circuit held that although VA had an incontestable service mark, that status was only “conclusive evidence . . . of the registrant’s exclusive right to use the registered mark in commerce[,” and “such evidence ‘shall be subject to proof of infringement as defined in section 1114.’”

The court began its infringement analysis with the “evidence of actual confusion” factor and considered survey evidence and affidavits provided by VA to prove consumer confusion. The court rejected the survey evidence, agreeing with VTC’s expert that the survey methodology used suffered from pervasive pro-VA bias. Turning next to

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117. Id. at 216–17, 219.
118. Id. at 202.
119. The presence of similarly named businesses would increase the risk of litigation, which in turn would increase the risk of a “final decision adverse to the registrant’s claim of ownership of such mark” in violation of subsection 1. 15 U.S.C. § 1065 (2006).
120. See Vail Assoc., Inc. v. Vend-Tel-Co., Ltd., 516 F.3d 853 (10th Cir. 2008).
121. Id. at 856–57.
122. Id. at 857 (quoting 1-800-SKI-VAIL, Registration No. 2,458,894).
123. Vail Assoc., 516 F.3d at 857 n.3 (alterations in original) (citing 15 U.S.C. § 1115(b); KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc., 543 U.S. 111, 117 (2004)).
124. Vail Assoc., 516 F.3d at 863–64.
125. Id. at 864 n.8.
an affidavit submitted on behalf of VA and attested to by a travel agent
who answered calls to 1-800-SKI-VAIL, the Tenth Circuit noted there
was evidence VA exercised undue influence over the travel agent and
discounted the affidavit’s probative value.\textsuperscript{126} Still, in discussing its sub-
stance, the court found that while instances existed in which callers to
the 800 number inquired as to general ski conditions and the cost of
ski passes, these instances did not prove that callers thought they were
calling a particular company or anything other than a general informa-
tion service for the town.\textsuperscript{127} The dissenting judge disagreed, noting
that in most of the cases where callers inquired about ski conditions
and passes, the travel agent simply forwarded them to VA’s switch-
board, which suggested to him that callers thought they were calling
the Vail Resorts.\textsuperscript{128}

Turning to the “strength of the mark” factor, the court noted that
VAIL had acquired secondary meaning as a mark, however, the “pres-
ence of secondary meaning . . . does not provide the mark holder with
an exclusive right to use the mark in its original descriptive sense.”\textsuperscript{129}
Likewise, the court made little of VA’s evidence that it spent three
million dollars annually to promote the Vail Resort and its ski facili-
ties, concluding that the evidence failed to show how much VA spent
on marketing the word “Vail” apart from its stylized logo.\textsuperscript{130} VTC per-
suaded the court that evidence of use of the word “Vail” by other busi-
nesses in the area seriously weakened the strength of the mark and
further underscored that consumers viewed it more as a geographic
designation than as a source identifier.\textsuperscript{131} The dissent disagreed with
this conclusion as well, pointing out that even VTC’s own expert testi-
ified that VAIL is a strong mark “[i]n the specific context of ski resort
services, the services for which it’s registered and for which it’s widely
known.”\textsuperscript{132} VTC’s use of 1-800-SKI-VAIL would therefore seem more
likely to confuse than, say, VAIL PIZZA.\textsuperscript{133} The dissent also pointed to
evidence that Ski Magazine had ranked Vail the number one ski resort

\begin{itemize}
  \item \textsuperscript{126} Id. at 864 ("The circumstances under which Newton testified cast a cloud upon
  any portion of her testimony favoring VA.").
  \item \textsuperscript{127} Id. at 864–65.
  \item \textsuperscript{128} Id. at 878 (Tymkovich, J., dissenting).
  \item \textsuperscript{129} Id. at 866 (Baldock, J., majority opinion).
  \item \textsuperscript{130} Id. at 867.
  \item \textsuperscript{131} Id.
  \item \textsuperscript{132} Id. at 883 (Tymkovich, J., dissenting).
  \item \textsuperscript{133} Id. ("Of course the context of ski resort services for which Vail Associates has in-
  vested in its world-renowned mark is the very context in which VTC used the VAIL mark—
  they inserted the word “Vail” into a phone number associated with skiing.").
\end{itemize}
thirteen times in the past seventeen years, evidence the majority disregarded due to VA’s failure to present evidence of Ski Magazine’s circulation.

Concluding its infringement analysis, the court held:

Simply stated, none of the six fact-bound factors we consider in determining the likelihood of confusion, when viewed in light of the record before us, favor VA to any significant degree, if at all. Thus, the district court’s finding that VA failed to prove likelihood of confusion in this case cannot be clearly erroneous. We refuse, on the basis of the record before us, to deprive VTC of the “ordinary utility of descriptive words.” If some confusion exists, such is the risk VA accepted when it decided to identify its services with a single word that is primarily descriptive of a geographic location. The law’s tolerance of a certain degree of confusion on the part of consumers flows from “the undesirability of allowing anyone to obtain a complete monopoly on use of a descriptive term simply by grabbing it first.”

By this point, the now-familiar warning of KP Permanent—consumer confusion is a risk that may be assumed by a plaintiff—may seem unremarkable. However, KP Permanent only allowed some consumer confusion when it resulted from the defendant’s fair use of a descriptive term. Surprisingly, at no point in the Vail Associates opinion is fair use mentioned, and VTC did not mention fair use in its brief. Furthermore, it is strange that the court declared there is no likelihood of confusion between VA and VTC’s marks, but then suggested that even if confusion did exist, VA assumed that risk in its choice of a geographically descriptive mark. Logically, a finding of some confusion between a registered senior user and a junior user would necessitate a finding of infringement, absent the assertion of an affirmative defense.

Dispelling any remaining doubt as to whether the court questioned VA’s motives in bringing its claim, the majority concluded by stating:

The record evidence simply belies any notion that VA’s Lanham Act claim is about the likelihood of confusion. Rather VA’s claim appears more about limiting access to its competition by squelching a conduit which provides easy, free, and readily available access

134. Id.
135. Id. at 866 n.12 (Baldock, J., majority opinion).
136. Id. at 873 (citations omitted) (citing KP Permanent Make-Up, Inc., v. Lasting Impression 1, Inc., 543 U.S. 111, 122 (2004)).
137. See supra Part III.B.
139. See Vail Assocs., 516 F.3d at 873.
to that competition through use of a vanity or alphanumeric phone number. Presumably, the court’s disapproval of what it saw as a monopolistic attempt to exclude competitors from using geographically descriptive language led the court to suggest that, in such instances, even the primary interest of preventing consumer confusion may need to give way to healthy competition.

_Vail Associates_ is a significant and very recent marker in the development of the assumption of risk argument. While _KP Permanent_ announced that holders of registered descriptive marks assume the risk that permissible confusion may result from fair use by a defendant, _Vail Associates_ hints at the possibility that—even in the absence of a finding of fair use—holders of registered descriptive marks may assume the risk that consumer confusion does not equal infringement.

### IV. Assumption of Risk Is Not Misplaced in Trademark Law

#### A. The Forfeiture Concern

Having established that assumption of risk is being applied in trademark cases, the next question is whether it makes sense to use a contract principle to deny intellectual property protection. If the answer is yes, does that mean assumption of risk might apply in other areas of intellectual property law as well?

Cases like _BigStar_ suggest that, to the extent it can justify the possible forfeiture of trademark investment, invoking assumption of risk in trademark disputes makes sense. Because the law requires use in commerce before the extension of protection, inadvertent investment in weak marks—such as BIGSTAR for a movie website—can result. A trademark can also itself become a valuable asset as it accrues brand equity or goodwill associated with the brand. Because the law supposedly disfavors forfeitures, in the event the value of a trademark is

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140. _Id._
142. _See Vail Assocs._, 516 F.3d at 873.
143. _See supra_ Part III.C.1.
144. _See generally_ Marty Neumeier, _The Brand Gap: How to Bridge the Distance Between Business Strategy and Design, A Whiteboard Overview_ (rev. ed. 2006). While copyrighted works can also symbolize vast sums of investment, another critical difference is that trademark protection requires ongoing maintenance to avoid cancellation due to abandonment, while copyright now offers a fixed term of protection that cannot be forfeited due to inaction. 15 U.S.C. § 1064(3) (2006).
diminished by way of an adverse legal ruling, the assumption of risk argument allows a court to allocate fault to the markholder, who assumed risk of the forfeiture. Of course, it is hard to quantify the amount of damage done to a trademark if it is found to be descriptive, but to the plaintiffs in both *Vail Associates* and *BigStar*, the ability of other parties to engage in possibly confusing use of similar marks might be considered a forfeiture of some trademark value.

**B. Distinguishing Trademark from Copyright**

The forfeiture concern is perhaps where trademark and copyright law differ with regard to the denial of protection in non-creative subject matter. For example, the merger doctrine, which bars protection of any work that would severely limit the ability of others to express the idea behind the work, is copyright law’s analog to the Lanham Act’s refusal to register purely descriptive or generic marks. In those cases where there is only one way or a few limited ways to express an idea, a court will determine that the idea—which is never protectable—merged with its expression, i.e., the work, and has become unprotectable.

Common examples of unprotectable works under the merger doctrine include accounting forms and written boilerplate rules governing a contest. The merger doctrine and the prohibition of noninherently distinctive trademarks share a policy concern rooted in the Lockean proviso that property protection must leave “enough, and as good . . . in common for others.”

145. See McLaurin v. Shell W. E&P, Inc., 778 F.2d 235, 237 (5th Cir. 1985) (“The law disfavors forfeitures . . . and the cancellation of an oil, gas, and mineral lease is nothing less than a forfeiture of a recognized and protected property interest.” (citations omitted)).


147. 17 U.S.C. § 102(b) (2006) (“In no case does copyright protection for an original work of authorship extend to any idea . . . regardless of the form in which it is described, explained, illustrated, or embodied in such work.”). See, e.g., Baker v. Selden, 101 U.S. 99 (1879).

148. See, e.g., Baker, 101 U.S. at 104 (“The copyright of a book on book-keeping cannot secure the exclusive right to make, sell, and use account-books prepared upon the plan set forth in such book.”). Although *Baker* does not mention the merger doctrine, it establishes the rationale behind it. See Morrissey v. Procter & Gamble Co., 379 F.2d 675, 678–79 (1st Cir. 1967) (“[A] party or parties, by copyrighting a mere handful of forms, could exhaust all possibilities of future use of the substance. In such circumstances it does not seem accurate to say that any particular form of expression comes from the subject matter.” (citing Baker, 101 U.S. 99)).

149. See, e.g., Morrissey, 379 F.2d 675.

150. Locke, supra note 12, at 288.
mark law also share a requirement that creation—or posited another way, investment—precede protection, the former protecting only works found to be “fixed in a tangible medium of expression,” and the latter, subject to some exceptions, protecting only marks used in commerce.

Yet, it would be odd for a court to deny copyright protection in, say, an accounting form and justify it on the basis of the assumption of risk doctrine. This inconsistency in the analysis arises out of a few differences between copyright and trademark law. First, the initial investment required to meet the creation and fixation requirements of copyright protection will usually be less than that required to achieve the requisite use in commerce for trademark protection. Second, chance duplication of an existing and protected work does not preclude the latter author from obtaining copyright protection, whereas chance duplication of an existing trademark can preclude federal registration, and thus protection. Third, while copyright law is supposed to act as an incentive for authors to create new works, there is a belief that authors still create primarily for the sake of expression; if the resulting work succeeds in differentiating its author from the pack, so much the better. In trademark law, however, the primary goal in adopting a mark is to distinguish oneself and one’s wares from the competition. A firm that, despite the endless possibilities of language, chooses a mark that is likely to be desired by others assumes the risk that competitors may be allowed to use very similar marks.

C. The Implied Agreement in Trademark

As discussed in Part II, supra, courts appear to use the assumption of risk principle established in contract law as opposed to tort law. This formulation allows a court to allocate risk to a party it finds proceeded in conscious ignorance of that risk or to allocate fault accord-

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153. See generally Zazu Designs v. L’Oreal, S.A., 979 F.2d 499 (7th Cir. 1992); Blue Bell, Inc. v. Farrah Mfg. Co., Inc., 508 F.2d 1260 (5th Cir. 1975); White v. Paramount Pictures Corp., Nos. 96-1096, 90-130, 1997 WL 76957 (Fed. Cir. Feb. 21, 1997). “Use in commerce” cannot be nominal or token use, and therefore, requires a showing of intent to sell a volume that is not insignificant. Id.
155. 15 U.S.C. § 1051(a)(5) (2006) (“The statement shall be verified by the applicant and specify that . . . (D) to the best of the verifier’s knowledge and belief, no other person has the right to use such mark in commerce . . . .”).
ing to the court’s own sense of equity. Assuming that courts are using the contract formulation of assumption of risk, the question arises: Where is the contract? Although there were no express agreements in the cases discussed above, one possibility is that the courts construed the Lanham Act as an implied agreement between the government, which administers the trademark registration system, and mark adopters, who expect to receive protection. However, this is far from clear in the opinions, and it may be that courts do not consider what formulation of assumption of risk they are applying to these cases.

V. Assumption of Risk as a Trademark Defense

A. The Call for New Trademark Defenses

Commentators have called for the establishment of new trademark defenses to offset the broad expansion of trademark rights over the past twenty-five years. These proposals have taken various forms, such as legislative amendments to the Lanham Act that would provide new affirmative defenses and new common-law “contextual” defenses that would shield parties from liability resulting from certain socially valuable activities. Some commentators, including Professor Michael Grynberg, have expressed skepticism as to the willingness and ability of courts to engineer new defenses. He argues that while the open-ended language of the liability-creating provisions of the Lanham Act have enabled courts to create new trademark causes of action, the Lanham Act’s narrow and rigid defenses do not provide the same opportunity for judicial creativity. Professor Grynberg has suggested that, absent legislative action, courts are more likely to rein in trademark protection by creating “de facto defenses” rooted in the liability provisions than by creating new defenses. One proposal is to create a materiality requirement that would preclude liability for infringement unless a plaintiff could show that consumer confusion was “relevant to the consuming public in making purchasing decisions.” Because it is essentially a gloss on the likelihood of confu-

156. Restatement (Second) of Contracts § 154 (1981).
157. Graeme B. Dinwoodie & Mark D. Janis, Lessons from the Trademark Use Debate, 92 Iowa L. Rev. 1703, 1708–09 (2007) (“[O]ur contextual approach contemplates that courts will continue to develop defenses as they are called upon to balance confusion-avoidance values against other values in new contexts. And we believe that the trademark statute provides them plenty of room to do so.” (footnote omitted)).
158. See Grynberg, supra note 14.
159. Id. at 963.
160. Id.
sion test, as opposed to a real defense, courts could adopt this materiality requirement without stepping outside the provisions of the Lanham Act.

B. Assumption of Risk as an Infringement Factor

Assumption of risk could act as a trademark defense in much the same way as a materiality requirement would. In cases involving trademark infringement, one possible approach would be to include assumption of risk by a plaintiff as an additional factor in the multi-factor infringement analysis. The creation of yet another factor may strike some as gratuitous; however, cases like BigStar and Vail Associates make it clear that assumption of risk is already part of the analysis. Why not formalize its place in the infringement test? Further, while almost all formulations of the infringement test inquire as to “the defendant’s intent on adopting a mark,” there is no factor that inquires into the plaintiff’s intent (or caution) in adopting and enforcing a mark.161 Including such a factor would provide a place for courts to address issues like the foreseeability of third-party use of descriptive language and a possible monopolistic intent by a plaintiff, instead of forcing judges to wedge these discussions into the “strength of the mark” factor or even less apposite factors.

However, there are also valid arguments against an assumption of risk factor. First, adding another factor to the infringement test does nothing to help a good-faith user avoid the costs of litigation, since the likelihood of confusion test would still need to be applied by a court. In instances in which a good-faith user of descriptive language receives a cease-and-desist letter from a senior user, only an affirmative defense will provide a clear and strong rebuttal. Without an affirmative defense, the good-faith user may decide to cease its use rather than risk litigation, resulting in a chilling effect on trademark’s free speech interest.162

Second, the Lanham Act arguably already reflects concerns about language exclusivity through its requirements for trademark protection. Therefore, it can be argued that assumption of risk is unneces-

161. See, e.g., Polaroid Corp. v. Polarad Elecs. Corp., 287 F.2d 492, 495 (2d Cir. 1961); AMF Inc. v. Sleekcraft Boats, 599 F.2d 341, 348-49 (9th Cir. 1979); Roto-Rooter Corp. v. O’Neal, 515 F.2d 44, 45 (5th Cir. 1975); Interpace Corp. v. Lapp, Inc., 721 F.2d 460, 463 (3d Cir. 1983); see also Barton Beebe, An Empirical Study of the Multifactor Tests for Trademark Infringement, 94 Calif. L. Rev. 1581, 1589-90 (“A fifth factor, the intent of the defendant, is found in all but the Federal Circuit’s test.” (footnote omitted)).

162. See 6 McCarthy, supra note 26, § 31:139.
sary, as it would be just another vehicle for these requirements. Absent a showing of acquired distinctiveness through secondary meaning, no one can claim trademark rights in language that is descriptive of the product or service on which it is affixed, and even if one can meet this requirement, protection does not extend to the underlying word but merely the “penumbra or fringe of secondary meaning which surrounds the old descriptive word.” The ability to use trademarked language in its descriptive sense, under the fair use defense, also reflects the Lanham Act’s concern for the language commons.

C. Assumption of Risk at Work: Park ’N Fly as a Hypothetical

Assumption of risk may have utility as an independent defense in cases where a descriptive mark escapes the built-in eligibility requirements of the Lanham Act because the PTO mistakenly considers the mark inherently distinctive. If such a mark is registered and later receives incontestable status, the registration serves as prima facie evidence that the mark is inherently distinctive, and the mark becomes impervious to a claim that it is descriptive. Furthermore, the registration by the PTO based on inherent distinctiveness may persuade a court to presume greater mark strength when applying the infringement test.

Park ’N Fly, Inc. v. Dollar Park & Fly, Inc. provides an example of this situation. Petitioner Park ’N Fly, which operated airport parking garages in six different cities across the United States, applied for registration of its mark consisting of the words PARK ’N FLY and an image of an airplane. Park ’N Fly submitted its application in 1969, and the PTO registered the mark in 1971. The record of the case

163. 2 MccARTHY, supra note 26, § 11:45.
164. 15 U.S.C. § 1052 (2006) (“No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it . . . (e) Consists of a mark which (1) when used on or in connection with the goods of the applicant is merely descriptive or deceptively misdescriptive of them . . . .”); 15 U.S.C. § 1057(b) (2006) (“A certificate of registration of a mark upon the principal register provided by this chapter shall be prima facie evidence of the validity of the registered mark . . . .”); 6 MccARTHY, supra note 26, § 32:135.
165. Park ’N Fly, Inc. v. Dollar Park and Fly, Inc., 469 U.S. 189, 196 (1985) (“The language of the Lanham Act also refutes any conclusion that an incontestable mark may be challenged as merely descriptive.”). Ramsey, supra note 11, at 1100 (“The Lanham Act allows rights in descriptive marks to become incontestable, or immune from legal challenge on distinctiveness grounds, even when the PTO errs and registers a descriptive term that has not acquired distinctiveness.”).
166. Park ’N Fly, 469 U.S. 189.
167. Id. at 191.
168. Id.
does not indicate that Park ‘N Fly submitted any evidence of secondary meaning, even though its mark partly consisted of terms that plainly described the character of the service.\footnote{169}{Id. at 206–07.}

In 1977, Park ‘N Fly successfully secured incontestable status for the mark, and the following year it brought suit against DOLLAR PARK AND FLY for trademark infringement.\footnote{170}{Id. at 191–92.} In deciding the case, the Supreme Court sidestepped the question of whether the PTO’s registration of the Park ‘N Fly’s mark was proper. Instead, the Court simply upheld the incontestability of Park ‘N Fly’s mark, making the mark impervious to Dollar Park and Fly’s claim that it was merely descriptive.\footnote{171}{See id. at 199 n.5.} By precluding the defendant from challenging the PARK ‘N FLY mark as descriptive, the Court essentially eliminated any possibility of correcting a potential mistake on the part of the PTO in registering the mark. Fair use could have operated as another defense, but it was not discussed in the case.\footnote{172}{See id.} Moreover, the fair use defense quite possibly would have been rejected if the Court determined use of the mark DOLLAR PARK AND FLY was more likely an attempt to undercut the plaintiff’s business, rather than merely descriptive use of the same words.\footnote{173}{See KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc., 543 U.S. 111, 112 (2004) (“[Section] 1115(b)(4), which provides the fair use defense to a party whose ‘use of the . . . term . . . charged to be an infringement is a use, otherwise than as a mark, . . . of a term . . . which is descriptive of and used fairly and in good faith only to describe the goods or services,’” (alterations in original) (quoting 15 U.S.C. § 1115(b)).}

On remand, the Ninth Circuit found in favor of Park ‘N Fly, concluding a likelihood of confusion existed between the marks.\footnote{174}{Park ‘N Fly, Inc. v. Dollar Park and Fly, Inc. 782 F.2d 1508, 1509 (9th Cir. 1986).} The court focused on the similarity of the services provided and the likelihood that the relevant consumers would be travelers exposed to both brands.\footnote{175}{Id.} In addition, the court downplayed the lack of evidence of actual confusion, as well as its own finding that neither the “strength of the mark” factor nor the “defendant’s intent” factor weighed in favor of finding infringement.\footnote{176}{Id.} Had the court considered an assumption of risk factor in its likelihood of confusion analysis, it may have given greater weight to other policy concerns, such as the ability of good-faith competitors to use descriptive language.
Conclusion

After *KP Permanent*, it is possible that the assumption of risk argument may become more prevalent in trademark cases. It appears that courts have been using assumption of risk to justify withholding protection in descriptive language, illustrating the secondary policy concerns that influence trademark law, such as free speech. Although the assumption of risk doctrine may, to some, seem extraneous to the trademark eligibility requirements of the Lanham Act, it should not be dismissed outright. At a time when new trademark defenses are needed, assumption of risk should be explored as a possible new alternative, in order to restore a proper balance between consumers, trademark holders, and the public.