

SPECIAL CONTRIBUTIONS

Bald Protectionism or a Balanced Review: A Reply to Lunsford and Cohrs†

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In the *Mercer Law Review's 1980 Fifth Circuit Survey*, Julius R. Lunsford, Jr. and William R. Cohrs characterize the period from 1960 through 1969 as "THE GOLDEN YEARS" of trademark law—"a plaintiff-oriented, protectionist decade."¹ Through the mid-1970s, Lunsford and

† *Editor's Note.* In 1981, the *Mercer Law Review* published an article by Julius R. Lunsford, Jr. and William R. Cohrs entitled *Trademark Protection: Judicial Inconsistency in the Fifth Circuit*. 32 *MERCER L. REV.* 1176. The article was a general survey of trademark decisions handed down by the Fifth Circuit in the last thirty years but focused on recent trends in the trademark area. In particular, the article was critical of three recent decisions by the Fifth Circuit, and admonished the new Eleventh Circuit to adopt a more protectionist attitude toward existing trademarks.

Because of Mr. Lunsford's eminent position with trademark bar, widespread interest, and the general desire to present both sides of a controversy, this article is presented in response.

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1. Lunsford & Cohrs, *Trademark Protection: Judicial Inconsistency in the Fifth Circuit*, 32 *MERCER L. REV.* 1176, 1181 (1981)[hereinafter cited as Lunsford & Cohrs]. The authors state that the decisions of the 1960s indicated the Fifth Circuit "would not temporize with the parasitic usurpers and imitators trying to obtain a free ride" and "enhanced the court's reputation as a protectionist court, a label of which the judges could be justifiably proud." *Id.* at 1182, 1189.

Cohrs opine that the Fifth Circuit "continued to interpret the Lanham Act as Congress intended, liberally and rightly protective of the rights of trademark owners."² Lunsford and Cohrs conclude, however, that "as the court turned the corner of the 1970s and entered the 1980s, the staccato burst of three decisions in a relatively short period set the trademark bar reeling. . . ."³ These decisions, Lunsford and Cohrs predict, will "invite the pirates and cheats to imitate or closely simulate established marks which can only lead to greater consumer confusion in the marketplace."⁴

In rebuttal, it is submitted that two of the deprecated decisions are correct,⁵ and that there should be little interest in abstract protectionism apart from the prevention of confusion. In both *Armstrong Cork Co. v. World Carpets, Inc.*,⁶ and *Amstar Corp. v. Domino's Pizza, Inc.*,⁷ the Fifth Circuit struck a proper balance between competition and trademark protection. With a revision of the standard of review, the Eleventh Circuit should be well positioned to adjudicate the trademark disputes of the future.

2. *Id.* at 1199. Further indicative of the authors' bias in favor of trademark protection is the fact that they do not substantively criticize one case in which the Fifth Circuit found infringement. And while the authors do occasionally praise an opinion which concluded that no trademark rights had been violated, other decisions in this category are labelled as "an egregious error," "the worst decision of the decade," "irrational and unfounded in logic, reason or justice," or "a decision which can only be called amazing." *Id.* at 1177, 1184, 1199, 1202. This is not to state that any Fifth Circuit decision which concluded that there was a likelihood of confusion is wrong; nor is it to state that the Fifth Circuit has never erred in denying relief to trademark owners. Hyperbole is inconsistent, however, with a dispassionate review.

3. *Id.* at 1222.

4. *Id.* at 1200 (footnote omitted).

5. *Exxon Corp. v. Texas Motor Exchange, Inc.*, 628 F.2d 500 (5th Cir. 1980), does appear, in part, to have been wrongly decided, but the decision can hardly be said to "absolutely def[y] belief." Lunsford & Cohrs, *supra* note 1, at 1231. Indeed, in a vacuum, it might be difficult to conclude that the use of TEX-ON by a Texas based concern is confusingly similar to EXXON. Since, however, defendant had originally adopted TEXXON six months after the commencement of plaintiff's massive advertising effort to introduce the EXXON mark, defendant was subject to the proscription of *National Ass'n of Blue Shield Plans v. United Bankers Life Ins. Co.*, 362 F.2d 374, 377 (5th Cir. 1966) that:

it seems clear from the similarity of the marks and the conduct outlined above that the purpose of United Bankers was to use marks as close as possible to those of the National Association, so as to appropriate the good will and good name of the blue shield, while maintaining just sufficient a distinction between the marks to confuse, if possible, both the public and the courts. Where such a purpose appears, the courts will follow the alleged infringers' judgment and find a likelihood of confusion.

6. 597 F.2d 496 (5th Cir.), *cert. denied*, 444 U.S. 932 (1979).

7. 615 F.2d 252 (5th Cir.), *cert. denied*, 449 U.S. 899 (1980).

I. *Armstrong Cork v. World Carpets*

In 1977, the Armstrong Cork Company decided to change its name to Armstrong World Industries, Inc., to depict more accurately the nature and scope of its operations. Cork represented a miniscule percentage of its business and, from its original base in Pennsylvania, Armstrong had expanded to eight foreign countries. World Carpets objected to the name change and Armstrong filed an action for a declaratory judgment.

In enjoining Armstrong's prospective use, the district court found that the parties were major competitors in the carpet industry using the "same or similar sales and distribution methods," advertising "in the same magazines, often on adjacent pages," and marketing frequently through the same retail stores.⁸ Accordingly, their use of similar marks would have created a likelihood of confusion.

Even superficially, however, there was no real similarity between the terms at issue: Armstrong World Industries, Inc. versus either World Carpets or World alone. This was particularly true in a competitive context in which:

- a. Eighty-five of World Carpets' customers used World as part of their name, apparently without confusion;⁹
- b. Twenty-five of Armstrong's customers used the name Carpet World or World of Carpets, again apparently without confusion;¹⁰

8. *Armstrong Cork Co. v. World Carpets, Inc.*, 448 F. Supp. 1072, 1076 (N.D. Ga. 1978), *rev'd in part, aff'd in part*, 597 F.2d 496, *cert. denied*, 444 U.S. 932 (1979).

9. 597 F.2d at 505. In its main brief on appeal, World argued that third party activity was irrelevant. It has been observed that mere third party registrations are of doubtful value since such registrations do not indicate "that the marks are in continuing use, so as to have any effect on the mind of the purchasing public. . . ." *Turner v. HMH Publishing Co.*, 380 F.2d 224, 228 n.2 (5th Cir.), *cert. denied*, 389 U.S. 1006 (1967). As for third party use, however, it has been generally held that the "greater the number of identical or more or less similar trade-marks already in use on different kinds of goods, the less is the likelihood of confusion. . . ." RESTATEMENT OF TORTS § 729, Comment g (1938). The quantity and quality of third party activity must thus be assessed in each case. Even mere registrations, in sufficient numbers, can reflect the repeated judgments of trademark attorneys in the Patent and Trademark Office that a given term is widely available for different products. See note 40 *infra*.

10. World Carpets contended that its use of the word "World" was nominative whereas uses such as World of Carpets were descriptive, *i.e.*, such uses indicated places at which "lots" or "worlds" of carpet could be purchased. It is conceded that "words are chameleons, which reflect the color of their environment," *American Heritage Life Ins. Co. v. Heritage Life Ins. Co.*, 494 F.2d 3, 11 (5th Cir. 1974), and that otherwise similar terms can have different meanings in different contexts, but for obvious reasons, World Carpets offered no consumer testimony to support the particular distinction it proposed. Similarly, World Carpets offered no evidence for its contention that its manufacturing use of "World" was recognized as separate from a retail use. To the contrary, Judge Brown noted, 597 F.2d at 505 n.13, that World Carpets took a different view in *World Carpets, Inc. v. Dick Littrell's New*

c. Armstrong itself used "Indoor World" and "Pacific World" in distributing floor covering products;¹¹

d. Armstrong sought to use World only as part of its full trade name and in "fine print" on labels dominated by the famous Armstrong mark with a circled A;¹²

e. In changing its name, Armstrong clearly was motivated by factors other than a desire to trade on the reputation of a competitor;¹³ and

f. The respective floor coverings of the parties were expensive items that ordinarily would be purchased with great care.¹⁴

In reversing the district court, Judge Brown correctly observed that a "mark must be viewed in its entirety and in context. It is the overall impression that counts."¹⁵ As is apparent from the labels displayed in the opinion, the difference in the impression created by the respective marks was so stark that the lower court's determination that there was a likelihood of confusion could only be labeled "clearly erroneous."¹⁶ Indeed,

World Carpets, 438 F.2d 482 (5th Cir. 1971). ("World Carpets' primary concern [was that] the use of the mark by the New World group suggests the expansion of World Carpets into the retail market." 438 F.2d at 488.).

11. 597 F.2d at 498.

12. Indeed, on the labels depicted in the body of the opinion, a magnifying glass is of substantial assistance in divining Armstrong's use of "World." 597 F.2d at 504. The district court was nonetheless concerned that Armstrong "would not be restricted, by law or self-control, to any particular use, alone or in combination, of either 'Armstrong' or 'World.'" 448 F. Supp. at 1077. As Judge Brown pointed out, however, "[w]e merely hold that Armstrong may change its corporate name to Armstrong World Industries, Inc. without infringing upon World's trademark rights. . . . Should Armstrong in [the] future use its new name in such a manner that it infringes upon World's trademark rights, World will, of course, be free at that time to seek redress." 597 F.2d at 506 n.16.

13. In addition to the facts recited at the introduction to the *World Carpets* discussion *supra*, Armstrong had first sought unsuccessfully to clear with various states the names "Armstrong International" and "Armstrong Industries." 597 F.2d at 498. Moreover, it would be somewhat facetious to assert that a company which had expended \$180 million on advertising between 1960 and 1976 was seeking to ride on the coattails of a firm that had spent only \$18 million in its entire corporate existence. *Id.* at 498-99.

14. 597 F.2d at 504 n.10.

15. *Id.* at 502.

16. By devoting 75% of their discussion to the subject, Lunsford and Cohrs appear to be most exorcised by the concept that an appellate court would reverse as "clearly erroneous" the conclusion of a district judge and an advisory jury that there was a likelihood of confusion. Their attempted distinction of other trademark reversals on "clearly erroneous" grounds is, however, beside the point. The fact that no appellate court in judicial history had so reversed a lower court decision in this type of litigation would not, in itself, brand Judge Brown's decision as incorrect.

Moreover, as discussed *infra*, the facts in trademark cases are rarely disputed and are often adduced in documentary form. Arguably, "to the extent [that likelihood of confusion] is predicated upon the similarity of the marks themselves, it is a mixed question of law and fact with [the appellate] court being in as good a position as the trial judge to determine the

common geographic terms such as World, National, International, and Universal, even when employed to describe (or inflate) the scope of a company's operations, are in such widespread use that they, like laudatory marks,¹⁷ are arguably protectable only against exact duplication on virtually identical products.¹⁸

In terms of what it decided, *Armstrong Cork* is thus prosaic; in what it refused to decide, it may portend greater significance. Specifically, the lower court held,¹⁹ and even *Armstrong* conceded on appeal,²⁰ that "when the alleged infringer is a newcomer, the test for trademark infringement is not whether there is a likelihood of confusion, but whether there is any possibility of confusion." Judge Brown wisely observed, however, that "[t]his Circuit has not adopted that position, and we see no reason to add such a gloss to the language of 15 U.S.C.A. § 1114."²¹

It is true, of course, that competition, particularly from the standpoint of product quality, is usually enhanced by the use of trademarks. Unless competitors can identify their goods and consumers can distinguish between sources of supply, there could occur a "sovietization of products."²²

probability of confusion." *Union Carbide Corp. v. Ever-Ready, Inc.*, 531 F.2d 366, 383 (7th Cir.), *cert. denied*, 429 U.S. 830 (1976). Accordingly, reversals in trademark cases, as opposed to most other types of actions, are to be more, not less, expected.

17. As stated in *France Milling Co. v. Washburn-Crosby Co.*, 7 F.2d 304, 306 (2d Cir.), *cert. denied*, 268 U.S. 706 (1925):

The phrase "Gold Medal" is distinctly not in the same class of original, arbitrary, or fanciful words as "Kodak" and "Aunt Jemima." It is a laudatory phrase, suggestive of merit, recognized by some organization of authority awarding a prize. It is only allied to some particular business or person by insistent, persistent advertising. Washburn's flour has been so advertised, and the proof is ample that publicity efforts have borne fruit, so that Gold Medal flour means among purchasers Washburn's flour. Yet it must always be remembered that there is nothing original about the name per se; it is exactly like the phrase "Blue Ribbon," and has been as extensively and variously applied.

18. In *Continental Ins. Co. v. Continental Fire Ass'n*, 101 F. 255 (5th Cir. 1900), for example, the Fifth Circuit held that "Continental" was inherently incapable of functioning as a trademark. In *Continental Motors Corp. v. Continental Aviation Corp.*, 375 F.2d 857 (5th Cir. 1967), on the other hand, plaintiff was the largest independent manufacturer of internal combustion engines in the world and approximately 25% of its output was for use in aircraft. For 20 years, its subsidiary, Continental Aviation and Engineering Corporation, had manufactured and serviced aircraft engines and it had federally registered the "Continental Aviation" mark. The Fifth Circuit thus remanded for consideration of secondary meaning and likelihood of confusion a dismissal for failure to state a claim in favor of defendant Continental Aviation Corporation, a business engaged in overhauling and repairing aircraft engines at the Opa Locka, Florida Airport.

19. 488 F. Supp. at 1978.

20. 597 F.2d at 501 n.6.

21. *Id.*

22. *Trademarks and the Federal Trade Commission: Hearings on H.R. 3685 Before the Subcomm. on Courts, Civil Liberties, and the Administration of Justice of the House*

[I]f there were no trademarks and consumers could only learn about the quality distribution of the industry as a whole, a manufacturer would gain little or nothing from improving his product's quality. Consumers would be unable to recognize high or low-quality brands, so sales would tend to go to manufacturers who reduce their price by cutting corners on quality. The result would be a race to produce inferior products rather than competition to produce better ones.²³

It is also true, however, that trademarks can create or increase barriers to entry.²⁴ The need to overcome brand loyalties and, indeed, the need in some markets to convince the consumer that a new product is in the same category as a well-known brand²⁵ can exacerbate costs, and there is no economic reason to add increased exposure to trademark infringement litigation to a prospective entrant's forecast. Indeed, in an industry dominated by one or a limited number of firms, a new entrant may create confusion virtually irrespective of the care it takes. Changing the standard from a likelihood to the possibility of confusion could thus prove to be competitively detrimental.

II. *Amstar v. Domino's Pizza*

Also correctly decided is *Amstar v. Domino's Pizza*.²⁶ In 1960, Thomas Monaghan purchased the Dominick's Pizza store in Ypsilanti, Michigan.²⁷ In 1963, however, the original owner requested that Mr. Monaghan cease using the Dominick's name.²⁸ After an interim use of "Ypsilanti Dominick's," one of Mr. Monaghan's employees suggested changing to "Domino's Pizza," a mark which was immediately adopted because it sounded Italian and was close to Dominick's.²⁹

In 1970, Domino's Pizza, with forty-two stores in operation in three states, sought to register "Domino's" and was opposed by Amstar.³⁰ At that juncture, Domino's Pizza was experiencing financial difficulties typi-

Comm. on the Judiciary, 96th Cong., 1st Sess., (1979)(statement of Professor Seymour Kleinman).

23. Richard Craswell, Trademarks, Consumer Information, and Barriers to Competition Public Planning Issues Paper for the Federal Trade Commission (1979) at 7.

24. F.M. Scherer, *The Posnerian Harvest: Separating Wheat from Chaff*, 86 YALE L.J. 974 (1977). Other commentators have pointed out, of course, that trademarks can also facilitate market entry. See Brozen, "Entry Barriers: Advertising and Product Differentiation" in INDUSTRIAL CONCENTRATION: THE NEW LEARNING 115 (1974).

25. See Folsom & Teply, *Trademarked Generic Words*, 89 YALE L.J. 1323 (1980).

26. 615 F.2d 252 (5th Cir.), cert. denied, 449 U.S. 899 (1980).

27. *Id.* at 256.

28. *Id.*

29. *Id.*

30. *Id.*

cal of many rapidly expanding franchise operations and it abandoned its trademark application.³¹

In 1974, Domino's Pizza, with seventy-five stores in operation in thirteen states, sought to register "Domino's Pizza" and was again opposed by Amstar.³² On advice of counsel that it was estopped by reason of its failure to pursue the 1970 application, Domino's Pizza again abandoned its efforts to obtain a federal registration, but informed Amstar in December 1974, that it would continue to use the mark as it had done in the past.³³

In September 1975, when Domino's Pizza had 106 stores in operation in eighteen states, Amstar sued and alleged infringement of its "Domino" mark for sugar and other products.³⁴ In September 1979, when Domino's Pizza had 287 stores in operation in thirty states and was the largest pizza delivery chain in the country,³⁵ the district court entered an injunction against continued use of the "Domino's Pizza" mark. In April 1980, the Fifth Circuit reversed.

Far from constituting "the most detrimental opinion of its ilk" in three decades,³⁶ the Fifth Circuit's decision in *Amstar* represents a model of trademark analysis.³⁷ Judge Ainsworth opened, for example, with the almost shopworn observation that: "In this circuit likelihood of confusion is determined by evaluating a variety of factors including the type of trademark at issue; similarity of design; similarity of product; identity of retail outlets and purchasers; identity of advertising media utilized; defendant's intent; and actual confusion."³⁸ Judge Ainsworth then proceeded, step by step, to explore each factor.³⁹

31. *Id.* at 257.

32. *Amstar Corp. v. Domino Pizza, Inc.*, 205 U.S.P.Q. 128, 138 (N.D. Ga. 1979), *rev'd*, 615 F.2d 252 (5th Cir. 1980).

33. *Id.*

34. 615 F.2d at 257.

35. *Id.* at 256.

36. Lunsford & Cohrs, *supra* note 1, at 1227.

37. One obvious reason for the divergence of views is the fact that Mr. Lunsford participated throughout as counsel for Amstar, whereas the writer assisted in preparing the appellate briefs for Domino's Pizza. To a large extent, therefore, the writer will attempt to permit Judge Ainsworth's opinion to speak for itself.

38. 615 F.2d at 259 (quoting *Roto-Rooter Corp. v. O'Neal*, 513 F.2d at 44, 45 (5th Cir. 1975)). For similar formulations by other circuit courts, see *J.B. Williams Co. v. Le Conte Cosmetics, Inc.*, 523 F.2d 187, 191 (9th Cir. 1975), *cert. denied*, 424 U.S. 913 (1976); *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir.), *cert. denied*, 368 U.S. 820 (1961). Perhaps the most complete listing of factors is contained in *In re E.I. Du Pont DeNemours & Co.*, 476 F.2d 1357 (C.C.P.A. 1973).

39. It is thus a mischaracterization of the opinion for Lunsford and Cohrs to assert that "[in] holding the findings of the trial court clearly erroneous, the appellate court relied primarily on the fact that the [trial] court 'copied almost verbatim from proposed Findings of

With respect to the "type of trademark at issue," Judge Ainsworth first noted that:

At trial, defendants introduced into evidence or tendered into court some 72 third-party registrations of the mark "Domino" in the U.S. Patent Office. . . . In addition, defendants presented extensive evidence of 15 third-party uses of the "Domino" mark from 1885 until the present. . . . The extensive third-party uses documented in this case were entitled to much greater weight than were accorded them by the district court.⁴⁰

Judge Ainsworth then additionally noted that "Domino" is:

the surname of a good number of people, as a glance at a local telephone directory can verify. The word is a common English name for a game, a hooded costume, a type of mask, and a theory of political expansion. Thus "Domino" is not a coined word, is not purely fanciful, and while its application to sugar may be arbitrary, it is still not to be accorded the same degree of protection given such coined and fanciful terms as "Kodak" or "Xerox."⁴¹

Turning to the similarity of design, Judge Ainsworth, as did Judge Brown in *Armstrong Cork*, caused the two marks to be depicted in the body of the opinion so that the reader could readily observe that they were "stylistically and typographically distinguishable."⁴² Even more to the point, Judge Ainsworth observed that: "'Domino,' in possessive

Fact and Conclusions of Law submitted by plaintiff's counsel'. . . ." Lunsford & Cohrs *supra* note 1, at 1228. Through inadvertence, the trial court did erroneously adopt plaintiff's proposed findings on a number of subsidiary matters, e.g.: (a) Amstar's potential expansion into the fast food business; (b) the date of first use of "Domino's Pizza"; (c) the fairness and propriety of plaintiff's survey; and (d) the sugar content of pizza. Of perhaps greater significance, it is clearly true that "a cursory reading of the district court's memorandum leaves one with the impression that it was indeed written by the prevailing party to a bitter dispute," 615 F.2d at 258, not by a trial judge who repeatedly observed that he felt it was a very close case. Nonetheless, Judge Ainsworth acknowledged that the "clearly erroneous" rule "applies to a trial judge's findings of fact whether he prepared them or they were developed by one of the parties," and the Fifth Circuit reversed only after reviewing "all the evidence . . . in the light of established legal precedent. . . ." *Id.*

40. 615 F.2d at 259-60. The reference by Lunsford and Cohrs to use by "several third parties" is thus an understatement. Lunsford & Cohrs, *supra* note 1, at 1230. Indeed, the sheer number of third party registrations evoked the holding in *Flintkote Co. v. Tizer*, 151 F. Supp. 699, 702 (E.D. Pa. 1957), *aff'd*, 266 F.2d 849 (3d Cir. 1959), that:

What the registrations put in evidence by the defendants do show is that it is the expert opinion of the Patent Office that the plaintiff's marks are not confusingly similar to a large number of other marks registered both before and after the plaintiff's, many of which are quite as close to the plaintiff's as are the defendants'.

See also note 9 *supra*.

41. 615 F.2d at 260 (footnote omitted).

42. *Id.* at 261.

form, next to the word 'pizza,' produces a commercial impression quite different from the same mark placed next to 'sugar.' 'Domino' is derived from Latin, is an Italian surname, and in combination with 'pizza' creates an Italian connotation."⁴³

As for "similarity of products," Judge Ainsworth noted that "about the only things [grocery store sugar and home delivered pizza] have in common are that they are edible."⁴⁴ In terms of "identity of retail outlets and purchasers," the goods were likewise disparate.⁴⁵ For example, Judge Ainsworth cited survey evidence introduced at trial that: "'Domino's Pizza' patrons are primarily young (85.6% under 35 years of age), single (61%) males (63.3%). . . . In contrast, 'Domino' sugar purchasers are predominantly middle-aged housewives."⁴⁶

With respect to "identity of advertising media utilized," Judge Ainsworth observed that "unlike the national audience sought by Amstar, defendants' [localized] advertising is targeted at young, male college students" with the result that "hardly anyone would confuse a 'Domino'

43. *Id.*

44. *Id.* (quoting *California Fruit Growers Exch. v. Sunkist Baking Co.*, 166 F.2d 971, 973 (7th Cir. 1947)). Lunsford and Cohrs take great exception to the citation of *Sunkist Baking*, the holding of which has been generally rejected, but the particular language used by the Fifth Circuit does accurately describe the lack of similarity between the products before it. On far less supportable ground, Lunsford and Cohrs appear to suggest that all goods that may be classified as food products are related. Lunsford & Cohrs, *supra* note 1, at 1229. The Court of Customs and Patent Appeals has clearly rejected such a per se approach. *Interstate Brands Corp. v. Celestial Seasonings, Inc.*, 576 F.2d 926 (C.C.P.A. 1978). Many trademarks coexist in the food field for products far more similar than grocery store sugar and home delivered pizza, e.g.: BLUE PLATE for Mayonnaise and canned vegetables; MORTON for salt and frozen foods; BEECHNUT for baby foods and chewing gum; SUNSHINE for crackers and canned vegetables; HOLLYWOOD for bread and mayonnaise; and CHUCKWAGON for dog food and onion ring mix. As the circuit court held, therefore, in *Interstate Brands*, "[e]ach case must be decided on its own facts and the differences are often subtle ones." 576 F.2d at 927 (quoting *Industrial Nucleonics Corp. v. Hinde*, 475 F.2d 1197, 1199 (C.C.P.A. 1973)).

45. 615 F.2d at 262. Judge Ainsworth noted that Amstar attempted to narrow the gap by arguing that its single-serving condiment packets containing ketchup, mustard, salt, pepper, mayonnaise and the like were widely used in restaurants. Apart, however, from a question of priority (the "Domino" mark was not extended to such products until after the adoption of "Domino's Pizza"), Amstar failed to establish that its condiment packets had gained currency among restaurant patrons, and Judge Ainsworth further noted:

[W]hile the public may decide to purchase a pizza based on its perception of "Domino's Pizza" quality, it is unlikely anyone would choose to frequent or avoid a restaurant because of the brand of condiment packages carried [and distributed free of charge] by the restaurant. Thus, while Amstar might broadly be classified as "in the restaurant business," it is in that business at a different level than defendants.

Id.

46. *Id.*

sugar ad with a 'Domino's Pizza' sales pitch, nor would they likely believe the two advertisements emanated from the same source considering the significant differences between the advertisements in message content and presentation."⁴⁷ There was no evidence that the "Domino's Pizza" mark was adopted "with any intent to confuse, mislead, or deceive the public."⁴⁸

Finally, and perhaps most conclusively, the two marks had coexisted in the marketplace for fifteen years—Amstar's sales ranging in the billions of dollars and the sales of "Domino's Pizza" exceeding \$150 million—with only three questionable instances of confusion,⁴⁹ none of which emanated from Amstar's files. As Judge Ainsworth thus held, "the fact that only three instances of actual confusion were found after nearly 15 years of extensive concurrent sales . . . raises a presumption against likelihood of confusion in the future."⁵⁰ Given the widespread exposure of the two marks to an almost infinite number of consumer contacts, the laws of probability alone would appear to confirm that if confusion were likely, it would have long since assumed a far more observable form.

Clearly, the presumption against the likelihood of confusion was not overcome by Amstar's survey, which was "a mere word association test entitled to little weight."⁵¹ Equally damning, Judge Ainsworth noted concerning the survey universe selected by Amstar's expert, Dr. Haley, that

47. *Id.*

48. 615 F.2d at 263. Lunsford's and Cohrs' contention that defendants had "actual and constructive" notice of the "Domino" mark is, under the circumstances, a makeweight. *E. Chico, Inc. v. El Chico Cafe*, 214 F.2d 721, 726 (5th Cir. 1954). As Amstar's counsel conceded at trial, "We don't characterize [defendants' going ahead with knowledge of the Domino mark of expanding thereafter] as bad faith. . . . They may very well [have] believe[d] . . . that the claim . . . we had was . . . [in]substantial."

49. Two of the three instances consisted of inquiries concerning whether Amstar and Domino's Pizza were related and may have reflected curiosity more than confusion.

50. 615 F.2d at 263 (footnote omitted). The sale of 50 million "Domino's Pizza" pizzas without one complaint or inquiry to Amstar evokes the holding in *Green v. Ludford Fruit Prod., Inc.*, 39 F. Supp. 985, 986 (S.D. Cal. 1941): "The fact that 102,680,000 bottles of plaintiffs' Fruit Bowl were sold by between four and five hundred bottlers in 1940 with only a few cases of confusion being reported almost calls for the application of the *de minimis non curat lex* rule."

51. 615 F.2d at 264 (quoting *Holiday Inns, Inc. v. Holiday Out in America*, 481 F.2d 445, 448 (5th Cir. 1973)). Since the "fact that one mark may bring another to mind does not in itself establish likelihood of confusion as to source," *In re Ferrero*, 479 F.2d 1395, 1397 (C.C.P.A. 1973), questions such as "what other brand name do you think this company uses," *Miles Laboratories, Inc. v. Frolich*, 195 F. Supp. 256, 262 (S.D. Cal.), *aff'd*, 296 F.2d 740 (9th Cir. 1961), *cert. denied*, 369 U.S. 865 (1962), or (using the format adopted by Amstar's survey expert) "will you please name anything else you think is put out by the same concern," *GMC v. Cadillac Marine & Boat Co.*, 226 F. Supp. 716, 736 (W.D. Mich. 1964) may be of little probative value.

Of the ten cities in which the Haley survey was conducted, eight had no "Domino's Pizza" outlets, and the outlets in the remaining two had been open for less than three months. Additionally, the persons interviewed consisted entirely of women found at home during six daylight hours who identified themselves as the member of the household primarily responsible for grocery buying. As plaintiff's sugar is sold primarily in grocery stores, participants in the Haley survey would have thus been repeatedly exposed to plaintiff's mark, but would have had little, if any, exposure to defendant's mark. Furthermore, the survey neglected completely defendant's primary customers—young, single, male college students.⁵²

Not surprisingly, therefore, Judge Ainsworth tacitly aligned himself with the Second Circuit Court of Appeals and the District Court for the Southern District of New York which, in three separate instances, had "rejected surveys performed by Dr. Haley as slanted or biased."⁵³

Judge Ainsworth's conclusion that there was no likelihood of confusion thus cannot be gainsaid. Indeed, had the Fifth Circuit affirmed, *Amstar v. Domino's Pizza* would constitute the only appellate decision in history to adopt an absolute injunction against a good faith user after fifteen years without meaningful evidence of confusion. If, therefore, further confirmation of Judge Ainsworth's conclusion were needed, it might best be found in Amstar's ten year delay in bringing suit. As the judge stated: "A trademark owner that strongly believed its customers were being deceived would hardly have remained idle for such an extended period of time."⁵⁴

Likewise, Judge Ainsworth's opinion is not "unsound and inaccurate"⁵⁵ in quoting *S.C. Johnson & Son, Inc. v. Johnson*⁵⁶ for the proposition that "[t]he right granted to the owner of a registered trademark is a monopoly and should not be extended unless the owner is clearly entitled thereto."⁵⁷ A similar and perhaps even greater quotation comes from Judge Learned Hand who warned of the danger of permitting a trade-

52. 615 F.2d at 264. Dr. Haley did not even try to qualify interviewees by inquiring whether they had ever purchased pizza and, if so, whether frozen from a supermarket, in a sitdown facility, or from a take-out or home-delivery service.

53. *Id.* at 264 n.12.

54. *Id.* at 265. Given even the trial court's concession that it had great difficulty deciding the case, the matter should have thus been resolved below by reference to the holding in *Valvoline Oil Co. v. Havoline Oil Co.*, 211 F. 189, 195 (S.D.N.Y. 1913):

it cannot be equitable for a well-informed merchant with knowledge of a claimed invasion of right to wait and see how successful his competitor will be and then destroy with the aid of a court decree, much that the competitor has strived for and accomplished—especially in a case where the most that can be said is that the trade-mark infringement is a genuinely debatable question.

55. Lunsford & Cohrs, *supra* note 1, at 1231.

56. 266 F.2d 129, 136 (6th Cir.), *cert. denied*, 361 U.S. 820 (1959).

57. 615 F.2d at 265 (brackets in original).

mark owner "to reach a choking hand into a market not its own. . . ." This is particularly true given the product to which the "Domino" mark is applied.

As noted above, for example, one principal function of a trademark should be to convey information about the degree of satisfaction a consumer may anticipate from a given product so that, *inter alia*, the mark owner may capitalize on efforts to produce higher quality goods. Sugar is, however, a fungible commodity without significant quality variances between producers.⁵⁸ Indeed, branded manufacturers often engage in private label packing with the result that the sugar in the "Domino" bag and the sugar sold under the grocery store's house mark may emanate from the same source. To the extent that the "Domino" name creates in the consumer's mind a sense that Amstar's sugar is a "differentiated" or superior product, it does not inform; it misinforms. To the extent that "Domino" sugar commands a price premium, it does so for product which are "alike in every respect but image."⁶⁰

It is, therefore, far too simplistic to observe that "[t]here is not now nor has there ever been, a conflict between the antitrust laws and trademark laws or the law of unfair competition."⁶¹ This is not to say that the outcome in trademark cases should be substantially impacted, much less controlled, by economic or competitive considerations.⁶² A dispassionate observer must take into account, however, the love/hate relationship that has existed between trademarks and economics since the dawn of mercantilism.⁶³

58. *S.C. Johnson & Son v. Johnson*, 175 F.2d 176, 180 (2d Cir.), *cert. denied*, 388 U.S. 860 (1949).

59. For example, the Federal Trade Commission found in *In re Amstar Corp.*, 83 F.T.C. 659, 667 (1973), that "Domino Sugar and Spreckels Sugar are not substantially different from all other refined sugars in composition and food value."

60. F. SCHERER, *INDUSTRIAL MARKET STRUCTURE AND ECONOMIC PERFORMANCES* 33 (1970).

61. *Lunsford & Cohrs*, *supra* note 1, at 1194 (quoting *Standard Oil Co. v. Humble Oil & Refining Co.*, 363 F.2d 945, 954 (5th Cir. 1966), *cert. denied*, 385 U.S. 1007 (1967)). In another context, the Fifth Circuit has observed that: "The purposes of antitrust law and unfair competition law generally conflict. The thrust of antitrust law is to prevent restraint on competition. Unfair competition is still competition and the purpose of the law of unfair competition is to impose restraints on that competition." *Northwest Power Prods., Inc. v. Omark Indus.*, 576 F.2d 83, 88 (5th Cir. 1978), *cert. denied*, 439 U.S. 1116 (1979).

62. Swann, *The Economic Approach to Genericism: A Reply to Folsom and Tepy*, 7 TRADEMARK REPORTER 243 (1980).

63. McClure, *Trademarks and Unfair Competition: A Critical History of Legal Thought*, 69 TRADEMARK REPORTER 305 (1979).

III. THE STANDARD OF REVIEW

While the appellate decisions in *Armstrong Cork* and *Amstar* are correct, they share one arguable flaw that may serve partially to explain the vituperative tone of the Lunsford and Cohrs commentary: Both decisions appear to have been reached with an ease uncharacteristic of a review under the "clearly erroneous" standard.⁶⁴ Particularly in *Amstar*, the Fifth Circuit might have labored more arduously over the district court's findings concerning the fame of the "Domino" mark and its penetration into the restaurant market.⁶⁵ The answer is not, however, to castigate the two decisions; the answer is to develop a standard of review consistent with the Federal Rules of Civil Procedure and the realities of trademark litigation.

Specifically, trademark cases are often decided on the basis of documentary evidence and uncontradicted testimony with the result that "[T]he appellant's burden, under Federal Rule of Civil Procedure 52(a), of showing that the trial judge's findings of fact are 'clearly erroneous' [should not be] as heavy . . . as it would be if the case . . . turned on the credibility of witnesses appearing before the trial judge."⁶⁶ Moreover, in the delicate balancing of a multitude of factors, any one of which may be controlling or irrelevant depending upon the context, it is difficult to determine where fact ends and law begins.

The Ninth Circuit, therefore, only applies the "clearly erroneous" standard to trademark actions in which there are evidentiary disputes over "foundational" or "preliminary facts," for example, similarity in appearance, sound, or meaning.⁶⁷ If the evidence is undisputed, the Ninth Circuit deems itself "in as good a position as the trial judge to determine the probability of confusion."⁶⁸ In either event, "the ultimate conclusion [concerning likelihood of confusion] must be considered as a discrete legal question, subject to unrestrained review. . . ."⁶⁹

In a somewhat similar vein, the Second Circuit recently observed that:

This Court must accept, unless clearly erroneous, those factual findings of the trial judge that are based directly upon his acceptance or rejection of a witness's recollection and credibility. The inferences to be drawn

64. See FED. R. CIV. P. 52(a).

65. *Amstar Corp. v. Domino's Pizza, Inc.*, 205 U.S.P.Q. at 131-33, 139-40.

66. *Sicula Oceanica, S.A. v. Wilmar Marine Eng'r & Sales Corp.*, 413 F.2d 1332, 1333 (5th Cir. 1969).

67. *Alpha Indus., Inc. v. Alpha Steel, Inc.*, 616 F.2d 440, 443-44 (9th Cir. 1980).

68. *J.B. Williams Co. v. Le Conte Cosmetics, Inc.*, 523 F.2d at 190 (quoting *Fleischmann Distilling Corp. v. Maier Brewing Co.*, 314 F.2d 149, 152 (9th Cir.), *cert. denied*, 374 U.S. 830 (1963)).

69. *Golden Door, Inc. v. Odisho*, 646 F.2d 347, 350 (9th Cir. 1980).

from the district judge's testimonial findings are subject, however, to a more searching review. . . . A stricter standard of review is also applied where the district judge's inferences were drawn in part from documentary evidence available for inspection by this Court.⁷⁰

Additionally, when infringement turns solely on a comparison of the marks before the court, the Second Circuit holds that "it is in as good a position as the district court to determine whether they are confusingly similar."⁷¹

By analogy, a determination of patent validity lends itself to several basic factual inquiries. "[T]he scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved."⁷² Nonetheless, "the ultimate question of patent validity is one of law. . . ." ⁷³ Likewise, likelihood of confusion turns factually on, *inter alia*, the similarity of the marks, the products, their marketing channels, their promotion, the second comer's intent, and evidence of actual confusion. It is submitted, however, that the ultimate determination of infringement should be deemed a legal conclusion. At the very least, a determination of infringement, like an assessment of patentability, often involves a subjective opinion to which "a somewhat wider latitude properly may be exercised by a reviewing court."⁷⁴

The development of a proper standard of review is, of course, beyond the purview of this article. The formulations by the Second and Ninth Circuits may, in part, transcend a correct application of rule 52(a),⁷⁵ and the Eighth Circuit's suggestion that "six eyes" may be better than two⁷⁶ is extreme. It is submitted, however, that exclusive adherence to the "clearly erroneous" standard is equally inappropriate. Indeed, if the Fifth Circuit had not felt the absolute need in *Exxon Corp. v. Texas Motor Exchange, Inc.* to be "left with the definite and firm conviction that a mistake ha[d] been committed,"⁷⁷ it might have fully reversed the lower court and avoided the partially questionable result that Lunsford and Cohrs so roundly criticize.⁷⁸

70. *RJR Foods, Inc. v. White Rock Corp.*, 603 F.2d 1058, 1060-61 (2d Cir. 1979)(citation omitted).

71. *Perfect Fit Indus., Inc. v. Acme Quilting Co.*, 618 F.2d 950, 954 n.6 (2d Cir. 1980).

72. *Graham v. John Deere Co.*, 383 U.S. 1, 17 (1965).

73. *Id.*

74. *Standard Oil Dev. Co. v. Marzall*, 181 F.2d 280, 284 (D.C. Cir. 1950); see 9 C. WRIGHT & A. MILLER, *FEDERAL PRACTICE AND PROCEDURE* § 2591 (1971).

75. See 9 C. WRIGHT & A. MILLER, *FEDERAL PRACTICE AND PROCEDURE* § 2587 (1971).

76. See *Frito-Lay, Inc. v. So Good Potato Chip Co.*, 540 F.2d 927, 931 (8th Cir. 1976).

77. 628 F.2d 500, 508 (5th Cir. 1980)(quoting *United States v. United States Gypsum Co.*, 333 U.S. 364, 395 (1948)).

78. See note 5 *supra*.

IV. CONCLUSION

In a free enterprise system, trademarks are not unqualified blessings⁷⁹ nor are they inherently evil.⁸⁰ They play a mixed economic role: “[T]he ‘reward [of] continued patronage’ referred to by [trademark] supporters, and the ‘economically irrational’ choices criticized by opponents, are [often] no more than two different labels for the same real world behavior, [therefore], the present state of our knowledge does not permit many absolute statements in this area.”⁸¹

Bald protectionism is thus inappropriate. As with other business practices with varying impacts on competition, a balanced review should be adopted.⁸² If, therefore, *Armstrong Cork* and *Amstar* signal that the Fifth Circuit is not (or is no longer) a protectionist court,⁸³ they embody benefits that transcend the decisions themselves. Trademarks are entitled to protection from likelihood of confusion; in neither *World Carpets* nor *Amstar* was that likelihood established.

Likelihood of confusion is not, however, capable of precise formulation or, in every case, of even general approximation. As Judge Brown observed in *World Carpets*, trademark considerations can enter an “exotic and esoteric realm. . . .”⁸⁴ Accordingly, a determination of infringement should not be reviewed as a simple finding of fact.

79. Papandreou, *The Economic Effect of Trademarks*, 44 CAL. L. REV. 503 (1956).

80. Brozen, *New FTC Policy from Obsolete Economic Doctrine*, 41 ABA ANTITRUST L.J. 477 (1972).

81. Craswell, *supra* note 23, at 2-3.

82. For example, in *Continental T.V., Inc. v. GTE Sylvania, Inc.*, 433 U.S. 36 (1977), the Supreme Court removed the per se proscription from vertical territorial restraints, notwithstanding their adverse impact on intrabrand competition, because such restraints may enhance interbrand rivalry.

83. See Lunsford & Cohrs, *supra* note 1, at 1199-200.

84. 597 F.2d at 498.

