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Phantom Trademarks: Good Law or Chain Rattling? The Negative Effects of Strict Interpretation of the Lanham Act in the International Flavors and Fragrances Decision

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NOTES

PHANTOM TRADEMARKS: GOOD LAW OR CHAIN RATTLING? THE NEGATIVE EFFECTS OF STRICT INTERPRETATION OF THE LANDHAM ACT IN THE INTERNATIONAL FLAVORS AND FRAGRANCES DECISION

I. INTRODUCTION

The issue of Phantom Trademarks was one of first impression in the Court of Appeals for the Federal Circuit in the case of *In re International Flavors and Fragrances*. As its name suggests, International Flavors and Fragrances (IFF) is a producer of flavor and fragrance essences for use in a variety of food and chemical products. This litigation was prompted when IFF submitted three trademark applications to the Patent and Trademark Office (PTO). These marks included “LIVING XXXX FLAVORS,” “LIVING XXXX FLAVOR,” and “LIVING XXXX,” and were intended to protect a large number of individual products produced by IFF. For example, IFF intended its “LIVING XXXX FLAVOR” to cover a number of flavors or scents of herbs, fruits, plants or vegetables, with the “XXXX” notation simply standing in place of the desired product.

The applications were rejected by the PTO, the Trademark Trial and Appeal Board, and finally by the United States Court of Appeals for the Federal Circuit. The reasoning of these bodies was that the marks submitted by IFF were known as “Phantom Trademarks,” a term of art.

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2 *Id. at 1361.*
3 *Id.*
4 *Id.*
5 *Id.*
6 *International Flavors*, 183 F.3d at 1361.
based on their intended use to protect more marks than those actually presented on the applications. This served as the basis of the court's final rejection of the applicant's proposed marks. The court, under a de novo review standard, heard IFF's appeal from the decision of the PTO review board and rejected IFF's contentions that the marks were sufficient to warrant registration. The court noted, among other reasons, that the marks would be essentially too difficult for future applicants to find when researching potential marks, since the full marks as used in commerce would not be on the trademark registry in their entireties, but rather would be variations on the framework-style marks proposed by IFF in its applications. Therefore, the court affirmed the Board's assessment and rejected IFF's trademark applications.

The purpose of this Note is to explore the issue of trademarks dubbed "Phantom Trademarks" by the PTO. The discussion will focus on the case of In re International Flavors & Fragrances, as it provided a matter of first impression in the Federal Circuit. The central issue for discussion here, however, is the argument that the Court was incorrect in its interpretation of the law concerning these marks. As noted in the principle case, this is an issue that was one of first impression in the Federal Circuit, which leaves very little precedent from which to draw as to the central issue. Thus, in order to properly resolve this issue, one must look to precedent regarding the collateral concepts which comprise the subject of trademarks and trademark registration for guidance as to the proper resolution of this issue. Additionally, the historical basis, practical implications, and legislative history function to fill the remaining voids and provide the framework necessary to paint a full image of this issue and inform the reader of the current state of affairs in trademark law. Consequently, this consideration will extend further to the resulting implications on the successful registration, maintenance, and defense of commercial trademarks.

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7 Id. at 1364.
8 Id. at 1365.
9 Id. at 1364-65.
10 Id. at 1366-67.
11 International Flavors, 183 F.3d at 1365.
12 Id.
13 Id.
II. INTERNATIONAL FLAVORS AND FRAGRANCES, INC.: ITS BUSINESS, ITS CONTENTIONS, AND THE RESPONSE OF THE FEDERAL CIRCUIT

A. THE BACKGROUND AND BUSINESS OF INTERNATIONAL FLAVORS AND FRAGRANCES

International Flavors and Fragrances is a New York corporation which produces flavor and fragrance oils for use in finished products such as foods, tobacco, chewing gum, oral care products, beverages, colognes, cosmetics, toiletries, laundry care products, and air fresheners. As IFF produces a vast array of individual essences, it sought to protect its entire line of similar products through the use of three blanket applications, in which the “XXXX” symbol was intended to represent the name of the particular flavor or fragrance essence used in each individual product. The intent of this was that all such essences would thereby be protected against misappropriation by other manufacturers by a single, standard trademark.

The first applications were rejected by the examining attorney because the specimens submitted did not contain an “XXXX” element. IFF then entered disclaimers for the terms ‘FLAVOR’ and ‘FLAVORS,’ stating that it made no claim to the use of those terms outside the context of the mark as shown in the applications. Furthermore, IFF amended the applications to indicate that the “XXXX” symbol was not part of the mark, but rather an undefined term representative of the specific flavor and essence names to be inserted in the mark’s framework. The Board nevertheless denied the applications, noting that the issue regarding the technical uses of those terms

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14 Id.
15 Id. These applications, designated “LIVING XXXX FLAVORS,” “LIVING XXXX FLAVOR,” and “LIVING XXX,” were intended to cover all essences, with each of the three marks designed to protect a particular type of essence. “LIVING XXXX FLAVORS” and “LIVING XXXX FLAVOR” sought to protect essences for use in food products, with “LIVING GREEN BELL PEPPER FLAVORS,” “LIVING STRAWBERRY FLAVOR,” and “LIVING CELANTRO FLAVOR” submitted as the specimens showing the use of the marks. “LIVING XXX” sought to protect primarily botanical extracts for use in personal toiletries, perfumes, and laundry care products, with “LIVING FLOWERS,” “LIVING MINT,” “LIVING FRAGRANCE,” “LIVING FRUIT,” “LIVING OSMANTHUS,” and “LIVING RASPBERRY” submitted as specimens with the application.
16 International Flavors, 183 F.3d at 1361.
17 Id.
18 Id. at n.3.
19 Id.
was actually secondary to the fact that the “applicant wish[ed] to protect, in three registrations, . . . an unknown number of marks.” While there is no official policy governing the ability to register “Phantom Trademarks,” the basis of the Board’s findings is that the intent of trademark applications is to “place all on notice of the precise mark(s) being sought to be registered.” The court further agreed with the Board that future applicants must be able to perform a reasonable search of the trademark records when attempting to determine their ability to register their own marks. Permitting IFF to register its “phantom” marks would make doing so nearly impossible.


IFF contends that the Review Board’s refusal to register its trademarks deprives it of a property interest in the marks without due process of law, in violation of the Fifth Amendment to the United States Constitution. Furthermore, IFF argues that the Board has issued similar marks in the past and continues to do so, and that the Patent and Trademark Office (PTO) has no statutory basis for granting or denying “phantom” marks.

In response to these contentions, the Commissioner of Patents and Trademarks informed IFF in his report that IFF had tried to register a potentially unlimited number of marks by means of the three applications at issue. This practice is prohibited by the Lanham Act, which requires that a trademark applicant may only register a single mark in any one application, known as the “One-mark-per-application” Rule. Furthermore, IFF’s applications are for use-based marks, but the applications are written in such broad terms that not all of the potential variations of the marks

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20 In re Intl Flavors & Fragrances, 47 U.S.P.Q.2d (BNA) 1314, 1317 (May 19, 1998) (the published opinion of the Trademark Trial and Appeal Board, rejecting Appellant’s trademark applications).
21 Id.
22 Id.
23 Id.
24 U.S. CONST. amend. V.
25 International Flavors & Fragrances, 47 U.S.P.Q.2d (BNA) at 1316.
26 Id. at 1314.
28 Id.
covered by the "phantom" elements are in use.\textsuperscript{29} The result of this type of registration would be that if the marks were granted, it would be impossible for the public to determine precisely what was covered by the marks. This would give inadequate notice of unavailable trademarks to the public, when adequate notice is a primary objective of trademark registration under the current system. Finally, the Commissioner addressed IFF's Due Process claim by stating that all of IFF's contentions were duly addressed in accordance with PTO procedures, and that IFF had the opportunity to respond to all of the PTO's actions and findings.\textsuperscript{30}

In response to IFF's contention that the PTO had issued similar marks in the past, the Commissioner stated that PTO findings concerning prior applications do not serve as precedent binding on subsequent applications.\textsuperscript{31} Therefore, IFF could not rely on them as a basis for challenging the Board's findings. Each application is taken on its own merits in accordance with PTO policy,\textsuperscript{32} and thus IFF was unable to use these alleged prior applications to demonstrate that the PTO discriminated against it in denying its applications.

C. THE COURT OF APPEALS' ANALYSIS OF INTERNATIONAL FLAVORS AND FRAGRANCES' CLAIMS, AND WHY ITS RULING WAS IN ERROR

The Court's analysis relied primarily on the Lanham Act requirement that an application seek to register only a single mark. The Court cited 37 C.F.R. §2.51(a)(1) (1998), which states that "In an application under section 1(a) of the [Lanham] Act, the drawing of the trademark shall be a substantially exact representation of the mark as used on or in connection with the goods . . ." Furthermore, the Court relied on the PTO's own regulations and guidelines, which provide substantially the same requirements for registration of a trademark.\textsuperscript{33}

\textsuperscript{29} International Flavors & Fragrances, 47 U.S.P.Q.2d (BNA) at 1316.

\textsuperscript{30} Id.

\textsuperscript{31} Id.

\textsuperscript{32} Id.

\textsuperscript{33} U.S. Patent and Trademark Office, Trademark Manual of Examining Procedure §807 (2d ed. 1993 rev. 1.1 Aug. 1997) ("[T]here may not be more than one mark on a drawing, since an application must be limited to one mark."). Other courts have also regarded the PTO guidelines as decisive. See also Critikon, Inc. v. Becton Dickinson Vascular Access, Inc., 120 F.3d 1253, 1257, 43 U.S.P.Q.2d (BNA) 1666, 1669 (Fed. Cir. 1997) ("[T]he Manual of Patent Examining Procedure (MPEP) . . . does not have the force of law, [but] is well known to those registered to practice in the PTO and reflects the presumptions under which
The simple reasoning behind this holding is based on the policy implications underlying the federal registration of trademarks. While registration of a mark affords a variety of benefits and protections to the owner, it also provides a service to entrepreneurs and existing businesses who may wish to register their own marks, by allowing them to rely on a search of the records of the Trademark Office to determine which marks they may or may not claim for their own products. The court recognized the primary purpose of the Trademark Act of 1946 in its opinion in *Bongrain International Corp. v. Delice de France, Inc.*, by recognizing that

[the primary purpose of the Trademark Act of 1946 is to give Federal procedural augmentation to the common law rights of trademark owners—which is to say legitimate users of trademarks. One of the policies sought to be implemented by the Act was to encourage the presence on the register of trademarks of as many as possible of the marks in actual use so that they are available for search purposes.]

This public benefit extends to all consumers of established products, as it allows these consumers to rely on the marks as a symbol of the quality they expect from certain producers, prevents confusion among competing products, and prevents other producers from passing off inferior products by appropriating another’s trademark for their own benefit.

The court continued its explanation by stating that the public benefits of trademark registration rely on the proper functioning of the established system. Thus, IFF’s attempt to register “phantom” marks could cause a breach in this system if allowed to proceed, as allowing the registration would prevent other hopeful registrants from effectively searching the PTO operates.

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34 Even without registration of a trademark, the owner of a mark has a property right established by prior use. This allows the owner to use his mark in commerce and prevent others from using it without permission. Once the mark achieves federal registration, infringement claims may be litigated in a federal court, and the rightful owner may seek costs, treble damages, attorney’s fees, the destruction of infringing goods, and prevention of the importation of infringing goods.

35 *Bongrain Int’l Corp. v. Delice de France, Inc.*, 811 F.2d 1479, 1485, 1 U.S.P.Q. 2d (BNA) 1775, 1779 (Fed. Cir. 1987) (holding that there is no likelihood of confusion between two marks that have some similarities but that are dissimilar when viewed as a whole and in the contexts in which they are used).
trademark records. This would likely result in an uncertain degree of disorder in the marketplace, and thus should not be permitted to occur.

While IFF argued that it should have been permitted to register its "phantom" marks based on prior registrations allowed by the PTO, the rules used by the PTO in making these determinations may cause some friction within the issue. The section of the Trademark Manual of Examining Procedure (TMEP) regarding drawings explains precisely what is required for an application to be reviewed by a trademark examiner. This section states the specific rules regarding the drawing requirement of a trademark application.

36 International Flavor, 183 F.3d at 1365.
38 Id. The drawing is the part of the application which presents the elements which constitute the mark sought to be registered. A drawing is required for all marks other than sound marks and scent marks. For search purposes, copies of the drawing are filed in the Trademark Search Library and the mark and all relevant information is entered into the Office's automated search system.

The drawing requirements are strictly enforced (citation omitted). Materials submitted as an application must include a drawing which conforms to the rules or they will not be accorded a filing date (citation omitted).

Examining attorneys must require applicants to comply promptly with the drawing rules. Requests to defer drawing corrections until such time as the application is approved for publication or registration should be denied.

If an applicant submits two or more drawings displaying different marks or different versions of a mark, the application materials will be denied a filing date (citation omitted). Trademark Rule 2.21 (a)(3), 37 C.F.R. §2.21 (a)(3), requires submission of "A drawing." Therefore, an application including two or more drawings displaying different marks will not be accorded a filing date.

The mark on the drawing must be a complete mark, as evidenced by the specimens, if applicable. The representation on a drawing of matter which does not constitute a complete mark has sometimes been referred to as "mutilation." This term indicates that essential and integral subject matter is missing from the drawing (citation omitted).

In an application filed under § 1(a) of the Trademark Act, the drawing of the mark shall be a substantially exact representation of the mark as used on or in connection with the goods or services, as shown by the specimens (citations omitted).

In an application filed under § 1(b) of the Act, the drawing of the mark shall be a substantially exact representation of the mark as intended to be used and as actually used on or in connection with the goods or services as shown by the specimens, once an amendment to allege use . . . or a statement of use . . . has been filed (citation omitted).

"Typed drawings" are not drawn at all—the mark is written by using the typewriter—but they are referred to as "drawings" because they perform the function
The Court in IFF's situation aptly noted that, in order to make constructive notice meaningful, the mark must accurately reflect the way it is used in commerce so that someone who searches the registry for the mark, or a similar mark, will locate the registered mark. 'Phantom' marks with missing elements, especially those sought to be registered by IFF, encompass too many combinations and permutations to make a thorough and effective search possible.\textsuperscript{39}

The Trademark Trial and Appeal Board in its opinion relied on the Federal Circuit's opinion in \textit{In re ECCS, Inc.} as decisive on this topic.\textsuperscript{40} In that case, ECCS, Inc. ("ECCS") submitted an application for a mark already used in commerce, designated as "EXA MODULE," with the "EXA" component placed on the line above the "MODULE" component. The drawing on the trademark application depicted the mark as "EXAMODULE," as one word on one line. The review board rejected the application as an attempt to register a mark that was unlike that shown to have been used in commerce. The Federal Circuit agreed with this finding, and held that under section 1(a) of the Lanham Act,\textsuperscript{41} the drawing of the trademark must be a substantially exact representation of the mark as used on or in connection with the goods. Thus, the drawing submitted with the application was defective in that it differed from the specimens.\textsuperscript{42} While the Board's decision not to allow registration of the mark was reversed on the grounds that ECCS attempted to revise the drawing to conform with the specimens it had submitted, its

\begin{itemize}
  \item A typed drawing may be used for a mark which comprises "only a word, letter or numeral, or any combination thereof, not depicted in special form." (citation omitted).
  \item Intent-to-use applicants, like all other applicants, must comply with all formal requirements related to drawings, whether typed or in special form.
\end{itemize}

\textit{Id.}

\textsuperscript{39} \textit{International Flavors}, 183 F.3d at 1368.

\textsuperscript{40} 94 F.3d 1578, 39 U.S.P.Q.2d (BNA) 2001 (Fed. Cir. 1996) (discussing holding that a specimen submitted as an example of the way a trademark is to be used in commerce must conform to the drawing on the actual trademark application, and noncompliance with this provision will result in refusal of registration by the PTO).


\textsuperscript{42} ECCS, 94 F.3d at 1579.
holding that the drawing must be a substantially exact representation of the mark sought to be registered remains a good statement of the applicable law.

In IFF's situation, the Federal Circuit relied heavily on this requirement, as IFF had failed to include specimens of the marks it sought to register, except for its use of "XXXX" to designate an undefined number of products. This type of registration was deemed unacceptable by the court in light of the policy concerns of allowing other would-be registrants to rely on the validity and completeness of the PTO records when deciding which marks to register for themselves. Had IFF amended the applications to reflect specific marks with supporting specimens, the court would not likely have rejected its applications. However, had IFF done this, it would only have succeeded in registering and therefore protecting three marks, pursuant to the one mark per application rule maintained by the court. As IFF sought to register and protect all of its products through three single applications, such a course of action would not have served its purpose. Thus, IFF was left to begin the lengthy process of registering each of its proposed marks on separate applications.

1. The One Mark Per Application Rule. The court used the attempted registration of a color for use on a product as a hypothetical situation for explaining why an application must clearly show exactly what is sought to be registered. 4 Similarly, IFF used the "XXXX" symbol to designate an unknown number of flavors and fragrances to be used in its products (some of which may not have even been invented or formulated yet). Thus, this lack of specificity in the application would not allow a future applicant to know what marks it could or could not use, just as another producer of farm equipment would not know what types of products it could use its desired shade of blue on without knowledge of the original manufacturer's intended uses. Thus, the court's decision affirms the objective of maintaining market stability through full knowledge of what may or may not be used as a future trademark. The court has gone too far here, however, because IFF's situation deals more with the tractor than with its color. The basis of this

4 The court's hypothetical example involved a producer of farm equipment attempting to register the color blue as a trademark for use on its tractors and other farming implements. In such a situation, the applicant would be required to submit a drawing of a tractor, for example, colored in the shade of blue sought to serve as the mark. If the applicant merely submitted an application with a swatch of the color drawn in a box and labeled for use in its products, with types and quantities to be determined at a later time, the uncertain products would be considered a "phantom" element and the application would be rejected for lack of specificity.
argument is that the undetermined components of IFF's proposed marks, designated in its marks with the "XXXX" notation, are basically generic, unprotectable terms. IFF sought to protect the design of its mark, rather than the use of the variable flavors, and thus it contended that it should not have been required to deal with each of those names individually.

2. Likelihood of Confusion. The court considered its concern over problems of likelihood of confusion when discussing the requirement of a complete rendition of the mark to be protected. In doing so, the court relied on its decision in In re National Data Corporation ("National Data"). In that case National Data sought to register the mark "THE CASH MANAGEMENT EXCHANGE" on the principle register as a service mark, but its application was denied as being substantially similar to the mark "CASH MANAGEMENT ACCOUNT," registered approximately eighteen months earlier by another company. The PTO rejected the application based on the similarity of the marks and the likelihood of confusion if the marks were both used in commerce. The court held that [t]he basic principle in determining confusion between marks is that marks must be compared in their entireties and must be considered in connection with the particular goods or services for which they are used. It follows from that principle that likelihood of confusion cannot be predicated on dissection of a mark, that is, on only part of a mark.

The court then concluded by noting that more or less weight may be given to a particular feature of a mark when determining substantial similarity or likelihood of confusion, as long as the ultimate conclusion rests on consideration of the marks in their entireties.

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44 International Flavors, 183 F.3d at 1368.
46 Id.
47 Id. at 1057. In that case, the court deemed the term "cash management" to be descriptive, and thus not subject to protection. National Data entered a disclaimer that "cash management" could be descriptive, but maintained its argument that when combined with "EXCHANGE" it formed a distinct mark, because "cash management" was the only descriptive part. The court rejected this contention, holding that the two marks were confusingly similar, because the dominant feature, "cash management," was the same.
48 Id. at 1058.
49 Id.
Similarly, IFF sought to register a mark that included a
generic/descriptive component and a creative, new component. As the court
aptly noted, IFF’s definition of the “phantom” elements in its applications
is broad enough to include any plant, fruit, vegetable, or herb.\textsuperscript{50} For
example, if a subsequent applicant sought to register a mark with the same
flavor or scent as the would-be IFF mark, the court would contend that he
may be prevented from doing so simply because the name of the fragrance
would be substantially similar to the IFF mark and pose a likelihood of
confusion. The court would likely contend that if the IFF marks were
granted registration, they could potentially serve as bars to registration of
any other mark that contained the name of any plant, herb, fruit, or
vegetable used by IFF in its products. Obviously, this type of restriction on
registration of other marks, and the problems it could cause for future
registrants, far outweighs any benefits that may be found by allowing the
registration. However, this contention by the court is inappropriate for this
situation, as IFF clearly did not seek to protect its use of plant, herb, and
other names, but only the framework of its chosen mark.

The court contends that the applicable statutory provisions and relevant
case law, taken in conjunction with the rules contained in the TMEP,\textsuperscript{51}
clearly demonstrate that IFF had plenty of guidance when preparing its
applications to register its “Living” marks. The requirement of clear,
unambiguous drawings that are exactly the same as the specimens sought to
be accorded trademark protection is conclusive evidence that the type of
shortcut that IFF attempted to take will not be tolerated by the PTO. Thus,
should IFF seek to protect all of its marks in the future, it will be required
to pursue the painstaking process of registering separately each of the
individual flavors and fragrances it produces. The court would likely further
contend that, while on its face this process seems to be a rather burdensome
requirement, it is necessary to protect the higher purpose of the current
trademark system: providing sufficient notice of existing marks to
entrepreneurs and others who wish to register new trademarks. This
requirement thereby maintains the market stability effected by certainty of
registry and ownership of existing trademarks.

\textsuperscript{50} International Flavors & Fragrances, 47 U.S.P.Q.2d (BNA) at 1318.
\textsuperscript{51} TRADEMARK MANUAL OF EXAMINING PROCEDURE, supra notes 37-38; See also supra text
accompanying note 38.
While the position taken by the trademark examiners and the court is certainly compelling, the argument must be presented that IFF and other would-be registrants of "phantom" trademarks should not be required to bear the financially costly and time-consuming burden of registering hundreds of trademarks when all will have exactly the same basic form. The only variation among them is the interchangeable generic names of fruits, herbs, vegetables, and plants. The court in National Data\textsuperscript{32} argued that a mark must be taken as a whole, without disclaiming the generic parts, when it denied National Data's application to use the "Cash Management Exchange" mark based on the prior registration of the "Cash Management Account" mark. National Data attempted to stipulate that "Cash Management" was generic and that it only wished to register that phrase based on its use with the word "Exchange," thus creating a different mark than that previously registered. This holding is arguably correct, since the two marks, when viewed side by side, would be quite similar and thus potentially lead to confusion.

If one were to apply this argument to slightly different circumstances, however, a different outcome may seem appropriate. Consider the following hypothetical situation: IFF successfully registers one of its marks—"Living Orange Flavor." Subsequently, a hypothetical competitor—Hometown Flavor Factory (HFF)—in the flavor and fragrance business wishes to register a new trademark for its citrus line of fragrances, and its research suggests that "Living Citrus Flavor" will be a catchy, memorable mark that will help to increase consumer awareness and develop substantial goodwill toward its product. When it researches the trademark registry to determine if anyone else holds a similar mark, it would no doubt find IFF's mark and be forced to look for another mark. If it tried to register the mark anyway, as National Data did for its proposed mark, it would likely be denied registration, because "Living Citrus Flavor" is as similar to "Living Orange Flavor" as "Cash Management Exchange" is to "Cash Management Account" when the two are held side by side.

Now consider HFF's next step: It decides to put its citrus flavor on hold and go for something completely different, and thus begins production of its new line of garlic products. Still hoping to use the mark it chose for its citrus line, HFF seeks to register the mark "Living Garlic Flavor." Certainly

\textsuperscript{32} In re National Data Corp., 753 F.2d 1056, 1059, 224 U.S.P.Q. (BNA) 749, 752 (Fed. Cir. 1985).
this mark will be rejected as well, since it is still almost exactly the same as IFF's "Living Orange Flavor" mark, even though it changed the generic term to something completely different. Obviously, it is the mark taken as a whole that serves as the mode of comparison, and thus any mark in the form of "Living XXXX Flavor" presented to the PTO will be rejected as being confusingly similar to IFF's mark.

So why, then, is IFF required to painstakingly register each of its marks on a separate application, when anyone else who tried to do so would, at least in theory, be denied registration on the grounds of substantial similarity? The court reasoned that each mark must be registered to allow subsequent entrepreneurs to easily search the system for marks already registered and thus ensure continued market stability through protecting goodwill associated with particular marks, avoiding confusion, and protecting the benefits that owners enjoy from federal registration.53 But if a subsequent entrepreneur like HFF searched the records to see if "Living Garlic Flavor" had been claimed already, he would most certainly stumble across IFF's "Living Orange Flavor" trademark in the process. HFF could substitute an innumerable quantity of flavors in its application, but all would likely be denied as being substantially similar to IFF's mark. This contention would seem to minimize the risk, which the court relied on so heavily, of searchers having to scour the registry for infinite permutations of plant, herb, fruit, and vegetable names to see if their choices had been taken. What, then, is left of this great concern when these fears are stripped away?

Consider one final permutation of this hypothetical situation:

HFF pulls its line of citrus products off the shelf to avoid tangling with IFF, but clings to its hope that its quest for federal registration of these products will soon come to fruition in another useful form. Returning to its research for a new trademark, it decides "Vibrant Orange Tastes" is the next best choice to the "Living" line of marks already owned by IFF. This mark would seem to have a much greater chance of achieving registration with the PTO, as it is nothing like the IFF mark, even in a side by side comparison, except for the generic name of "orange" for its flavor. Here, both companies would hold a trademark with "orange" in the name, but their marks would still be different in each of the necessary respects. Clearly, this is seen in the public marketplace with so many makers of orange-flavored beverages and

53 International Flavors & Fragrances, 47 U.S.P.Q.2d (BNA) at 1317.
scented products. Additionally, it reaffirms the fact that, since each of these manufacturers has likely secured a trademark for its product, the actual designation of orange flavor, to follow the above hypothetical, is essentially inconsequential when compared to the mark as a whole. Therefore, one could argue that a generic, or perhaps even descriptive, term is not as important as the creative framework in which it is contained. If that were true, then there would be no reason for IFF to take the time to register each of its marks by adding a distinct flavor or fragrance to the standard “LIVING XXXX FLAVOR,” “LIVING XXXX FLAVORS,” and “LIVING XXXX” frameworks. All future entrepreneurs would be on notice that these frameworks and their close variations are protected, and thus the specific type of flavor would be inconsequential to the purposes of trademark registration discussed by the courts and the rules of examining procedure. If that is the basis of the court’s market stability analysis, why force IFF to undertake the additional burden and expense of registering each mark individually, when in actuality it really would hold only the three marks it originally filed, but with a number of variations depending on what flavors and fragrances it had in production at any given time?

Furthermore, if a survey were to be taken to determine which marks consumers would group together as being owned by the same company in its bundle of goodwill, it is possible that any marks that fit the “LIVING XXXX FLAVOR,” etc., frameworks would be put together, even if some of them had never been introduced into commerce, since the recognition would likely come from the standard form of the mark, rather than the particular flavor or fragrance put in the center of it. If this contention holds true, then there would be no satisfactory market-based justification for requiring IFF to register each one of its flavors separately to receive federal protection. The “LIVING XXXX FLAVOR” framework would actually serve as the true trademark with which consumers identify and on which goodwill is built, with the actual flavors serving little purpose, if any at all. The variations in flavors and fragrances placed within the framework would be no different from a situation in which a trademark was printed in various media, drawn sometimes in color and sometimes in black and white. That situation would not change the validity of those printings that were a different shade from the one originally registered, and all would receive protection as the same mark, assuming the mark was not created dependent on a specific color (such as John Deere green or United Parcel Service
brown\(^n\)). Therefore, the generic, variable component of the mark is of little importance, and thus IFF should not be required to register each of its flavors individually as separate marks.

Following this line of argument, the court’s requirement that IFF register each of its marks separately may impose an undue burden of time and expense on IFF.\(^5\) If IFF were a new company and financially unable to meet the obligation imposed by the court, would the court’s decision serve as a denial of IFF’s property right in its trademarks? IFF thought so, as it contended that the Board’s decision deprived it of a property right without due process of law.\(^6\) This claim is addressed below.

III. IFF’S CONSTITUTIONAL CLAIM

In addition to IFF’s claims that the marks it sought to register were valid based on prior PTO registrations, IFF claimed that the PTO’s denial of its applications served as a denial of Due Process and Equal Protection under the Fifth and Fourteenth Amendments.\(^7\) However, the Board correctly stated, and the court properly upheld, that IFF was provided a full opportunity to prosecute its applications and appeal the examining attorney’s final rejections.\(^8\) The Board affirmed the rejections in a full written opinion setting forth each of its reasons supporting its decision. Specifically, the court stated that IFF did not prove that it had a constitutionally protected property interest in Federal registration of its marks, as there is no constitutionally protected right to federal registration of any mark.\(^9\) Furthermore, IFF may still enjoy all of its common law rights associated with its use in commerce and the privileges derived from that use. IFF may designate its marks as trademarks, but it will be denied the added protection and nationwide notice of its claim of ownership that are conferred by federal registration.

While IFF also contended that it was denied equal protection under the law, the Board showed that each trademark application was considered on

\(^{54}\) These are merely examples, and are not intended to reflect the actual trademark status of the colors used by these corporations.

\(^{55}\) *International Flavors*, 183 F.3d at 1366.

\(^{56}\) *Id.* at 1365.

\(^{57}\) U.S. CONST. amends. V & XIV.

\(^{58}\) *International Flavors*, 183 F.3d at 1368.

\(^{59}\) *Id.*
its own merits, and the reasons why these marks were rejected were provided clearly and explicitly to IFF. There is no PTO policy suggesting that an applicant may rely on prior decisions when arguing for the acceptance of its own mark. Therefore, without showing any PTO policies to the contrary, IFF could not be allowed registration of its "phantom" marks, and thus it could not demonstrate that it was discriminated against by the PTO.

In reaching its conclusions regarding IFF's assertion that it was denied equal protection, the court relied on its decision in In re Loew's Theatres, Inc. In that case, the applicant claimed that its mark was not fairly considered by the Board, and cited another case decided by the Supreme Court on the issue of geographic misdescriptiveness. The court rejected this assertion, stating that "each application for registration of a mark for particular goods must be separately evaluated." Therefore, even if another similar mark had been granted registration in a previous instance, it would not grant IFF an automatic right to the registration of its own marks. The court further stated that the Board has the discretion to review each mark on its own merits, and may require any additional information it wishes to review when making its decision. Therefore, while IFF contends that other similar marks have been granted registration by the PTO, it is within the Board's discretion to consider the mark on its own merits. Thus, as IFF offered no proof of prior PTO registrations of "phantom" marks, the Board's decision to deny the marks did not serve to discriminate against IFF or deny it equal protection under the court's assessment of IFF's ability to register its marks.

What about the contention, outlined above, that the court had no valid reason for requiring IFF to register each of its marks on a separate application? If that is the case, would the court's holding not serve to deny IFF its rights to not have its property taken without due process of law under the Constitution? The court contends that since the Board published

60 Id.
62 In re Loew's Theatres, Inc., 769 F.2d 764, 226 U.S.P.Q. 865 (Fed. Cir.1985) (sustaining the Board's holding that the name "Durango" used on a chewing tobacco would be primarily geographically misdescriptive, and thus could not be registered under the Lanham Act as a trademark for chewing tobacco).
63 Id. at 769.
64 Id.
65 Id.
its opinions and provided IFF with every opportunity to contest its findings, the decision was in accordance with due process. However, if the Board’s reasoning was flawed, and there was no real reason for requiring IFF to register each mark separately, the Board would be asking IFF to contest its findings based on the wrong set of facts. In this situation, IFF was required to contest the Board’s findings that IFF’s proposed “phantom” marks would cause future searchers to hunt for infinite permutations of the mark, and thus violated the policy of providing a reliable and clear record for searching. It further required IFF to contest the finding that its drawings violated the drawing requirements for registration. While the Board’s findings on these points are true and thus wholly incontestable, they are not the basis on which the issue should have been decided.

IFF should have contested the Board’s findings on the basis that “LIVING XXXX FLAVOR” is a valid trademark in itself for IFF’s products, regardless of the particular flavor that is to be listed in the mark. As discussed above, the particular flavor is inconsequential to recognition of the mark in commerce, and thus should not have been the issue on which the Board’s decision was based. In addition, the Board’s focus on the indefinite number of permutations that would have to be searched in the future clouded a correct view of the drawing requirement that would have allowed the “LIVING XXXX FLAVOR” framework to serve as the entire mark, as depicted on the drawing submitted with the application. Does this create an issue of a lost property right if IFF does not have the resources to comply with the court’s findings?

If, for example, a competitor, HFF from the previous example, decided to use the “Living Garlic Flavor” mark in another part of the country, it could do so provided it did not have any knowledge of IFF’s use of the mark (and no constructive knowledge, since IFF’s “LIVING” mark was not granted federal registration by the PTO). If IFF later sought to expand to other parts of the country, it would be prevented from using the mark where HFF had already established use, even though HFF began to use it after IFF had begun use elsewhere in the country. Therefore, in that situation, IFF would have been denied the rights, privileges, and profits that it would have received from expansion into the new market if the court had properly

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6 International Flavors, 183 F.3d at 1368.
67 Id. at 1367-1368.
68 Id. at 1364.
granted it federal registration of its mark. While due process may have been followed, the end result is that IFF was denied the benefits of its hard work and creativity, simply because the court employed a skewed notion of what constitutes a fully compliant trademark application, and sought to avoid burdening others with searching through infinite permutations of trademarks. Clearly, such a search would effectively end at the first "LIVING" mark, since all subsequent permutations would be substantially similar and thus not available for use by future applicants.

IV. THE CONFLICT BETWEEN THE LEGISLATIVE HISTORY AND SENSIBLE LAW

While this Note primarily concerns a single case and the implications of the Lanham Act on the activities of a single corporation, the decision voiced by the Federal Circuit has a far more extensive reach than may at first be visible. The decision is more than just a following of statutory law. It is one in which the court has turned a blind eye to what makes sense and has simply hidden behind the statute. Clearly, the law in the United States functions by relying on statutory mandates as clear guidance when choosing any legal course of action, and relying on established precedent when the statutes fail to specifically address the situation. In the IFF decision, however, the situation was one in which the statute clearly addressed the matter at hand, yet failed to deliver a sound answer for the party most affected by it.

There is no doubt that the PTO examining attorney, the Trademark Trial and Appeal Board, and the Court of Appeals for the Federal Circuit followed the accepted mandates of the Lanham Act when making their decisions in the International Flavors and Fragrances case. In the vast majority of cases, this would be the end of the story. In the IFF case, however, the court was faced with a challenge in which it could enter a ruling based entirely on the statute (which it did), or could look at the law as a whole and consider what the law seeks to accomplish when making its decision. The PTO and the Court of Appeals failed in their respective duties to apply the best overall interpretation of the law, and the result was the deprivation of IFF's rights in its property.

* ld. at 1361.
A reasonable search of the relevant law reveals a number of court decisions that voice an opinion based on the law as it reads in the books, but that also question the soundness of that statute or precedent. These courts leave their concerns skillfully woven throughout their opinions, and subtly yet clearly sound a call to legislators. The purpose of these decisions is to encourage lawmakers to make a change in the existing law that may close an unintended loop or smooth a dangerous rough edge. Additionally, as would have been most desirable in the IFF decision, it may suggest a change in a law that may make sense in its individual parts, but that fails to do so when taken as a whole. The IFF situation was ripe to make such a statement to Congress, but the Court of Appeals failed to hear the call, and has thus failed to remedy a problem that will surely continue into the future.

The problem presented and discussed in the foregoing pages resulted from the court following the strict letter of the Lanham Act. The PTO and the court overlooked the most sensible solution to IFF's problem, a problem that will surely be encountered by countless future would-be applicants that manufacture a variety of products under a common standard logo. IFF sought to register an unknown number of marks by means of three standard applications that simply depicted a variable, generic component as "XXXX" in the application, and a drawing that included depictions of the mark as it would be seen in commerce.\(^n\) When making their decisions, the PTO and the Court of Appeals followed two primary standards under the trademark laws. First, they only looked as far as the letter of the Lanham Act, and stated that the "one mark per application" rule was to be strictly followed.\(^{19}\) While it is clear that the course of action attempted by IFF violated this standard, the inquiry must not end here.

The second standard that the PTO and the court applied in their decisions was the "likelihood of confusion" test.\(^{52}\) This test asks if a consumer in the marketplace would be confused into thinking that a product was made by the original owner of a trademark when it was actually made by a subsequent manufacturer who used a "confusingly similar" trademark.\(^{53}\) Using this test, the court noted that if IFF were allowed to register its marks using the "XXXX" notation in the applications, it could serve as a bar to future

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\(^n\) *International Flavors & Fragrances*, 47 U.S.P.Q.2d (BNA) 1314.

\(^{19}\) *Id.*

\(^{52}\) *International Flavors*, 183 F.3d. at 1361.

\(^{53}\) *Id.*
registrations by any other manufacturer that wished to register a mark using the name of a plant, herb, fruit or vegetable, as IFF could claim that it somehow owned the right to the trademarks for all such products. 74 This could thereby create concerns as to future applications when determining whether newly proposed marks would be confused with IFF’s would-be marks, as there would not be a full set of specific marks for purposes of this comparison. Therefore, under the court’s reasoning, allowing IFF to register its marks would be unduly burdensome on all future applicants, and thus IFF could not be permitted to register its marks.

Following this standard of trademark law, it is clearly arguable that allowing IFF’s registrations could cause problems for other would-be registrants. The problem here, however, lies somewhere between the primary lines of reasoning employed by the court, in a place where they should come together. That gray area is where the essence of IFF’s quandary can be seen most clearly.

The court has essentially informed IFF of two problems that obstruct its road to registration: (1) IFF must register each mark individually, and (2) IFF’s blanket use of the names of herbs, flowers, fruits, and vegetables in its applications will cause problems of confusion for future registrants. 75 While these contentions may seem facially acceptable, they reveal the problem with this decision when taken together. For the sake of clarity, the second contention will be addressed first.

The court in this case employed a “likelihood of confusion” analysis when making its decision, resulting in a determination that the “LIVING XXXX FLAVOR” framework, if allowed to be registered, would cause problems for subsequent registrants with similar marks. 76 This type of analysis is found in the opinion of the Court of Appeals for the First Circuit.

74 Id. at 1364.
75 Id. at 1361.
76 Id. at 1368.
The court in that case identified eight factors to be weighed in determining likelihood of confusion:

1. the similarity of the marks;
2. the similarity of the goods;
3. the relationship between the parties' channels of trade;
4. the relationship between the parties' advertising;
5. the classes of prospective purchasers;
6. evidence of actual confusion;
7. the defendant's intent in adopting its mark; and
8. the strength of the plaintiff's mark.

The court stated that no single factor is necessarily determinative, but each must be considered. Furthermore, the court noted that the first factor, similarity, must be considered on the basis of the total effect of the mark, rather than on the individual features.

When applied to the IFF case, the parameters set forth in Kohler show that IFF's marks pass the likelihood-of-confusion test in a way that would likely prevent other manufacturers from using similar marks. The marks pass the test not for the reasons that the court promotes, but for the reason that they are clear marks, used in a particular commercial setting, and cannot be used by another without risking infringement. Consider, for example, a hypothetical situation in which IFF has been permitted to register the mark "LIVING CITRUS FLAVOR," and another party is seeking to register a similar mark, "LIVING CITRUS ESSENCE." Based on the standard considerations set out in Kohler, the new mark would likely be denied. The

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77 163 F.3d 27, 49 U.S.P.Q.2d (BNA) 1225 (1st Cir. 1998). In that case, Lund, a faucet manufacturer, brought an action against Kohler Company and Robern, Inc., its competitors, for trademark dilution and infringement of its trade dress. Defendants allegedly copied a faucet produced by Plaintiff which Plaintiff claimed had acquired secondary meaning. The draw to this particular faucet was found in its unique design as a type of waterfall to be mounted on a wall. The faucet had been displayed in the Museum of Modern Art, and thus Kohler hoped to find favor with those who enjoyed a certain artistic flair in their kitchens and bathrooms, by marketing a faucet that was similar but did not actually copy the Plaintiff's design. The court found no actual confusion on the part of consumers, but found that under the Federal Trademark Dilution Act of 1995, where no confusion need be shown, Plaintiff's faucet was famous and thus diluted by the Kohler faucet.

78 Id. at 43.

79 Id.

80 Id.
marks are certainly similar; the goods would be necessarily similar; the channels of trade would be similar, and, of course, the classes of prospective purchasers would also be the same or similar. Without even considering the remaining factors, it is clear that the second mark would likely fail under a test of likelihood of confusion. Furthermore, as the "LIVING XXXX FLAVOR" framework is equally limited to IFF's particular product and industry, it should have been granted registration as requested. Therefore, under these standards, IFF's mark is clearly limited to use for specific products in a specific industry. Thus, the court's contention that the mark was not clear enough in the application to pinpoint IFF's claim and avoid future issues concerning confusion and search problems was unfounded. Clearly, the court was mistaken in its consideration of the possible implications of IFF's mark when rendering its decision.

Additional evidence in support of these contentions is found in the decision of the Court of Appeals for the Eleventh Circuit in Frehling Enters., Inc. v. International Select Group, Inc. The court there relied heavily on the fact that the plaintiff's mark had not been used by third parties, a distinction that added to its strength by showing that the mark was more distinctive and therefore more easily recognized by consumers. The court then continued in its analysis by comparing the marks in terms of the overall impression they created, including the sound, appearance, and manner in which they were used, and noted that, "The underlying purpose in considering the similarity of marks as an indicator of likelihood of confusion is that the closer the marks are, the more likely reasonable consumers will mistake the source of the product that each mark represents. The probability of this potential confusion is the touchstone." Perhaps the most telling aspect of this decision is the subject matter itself. Defendant's "BELL' OGGETTI" mark infringed the plaintiff's "OGGETTI" mark. The court noted that the dominant focus of the mark was the word "OGGETTI," even though the defendant styled its use of the mark somewhat differently from the plaintiff's.

81 192 F.3d 1330, 52 U.S.P.Q.2d 1447 (11th Cir. 1999), cert. denied, 120 S.Ct. 2216 (2000). In that case, the plaintiff, a seller of high-end decorative accessories and furniture, brought an action alleging that its "OGGETTI" service mark was infringed and diluted by the defendant's use of its "BELL' OGGETTI" trademark for ready-to-assemble furniture for use with electronic equipment. In reversing the decision of the district court, the court held that plaintiff had established the likelihood of confusion resulting from defendant's use of its mark.

82 Id. at 1337.
clearly, a dominant and unique word or phrase serves as the distinctive cornerstone of a mark, and thus another’s use of that aspect of the mark will result in denial of registration or an action for infringement.

as this decision reveals, iff should have prevailed in its quest to register its “living” line of trademarks. iff’s proposed marks were well suited to its products, and they contained sufficiently unique words so that any future use of a similar mark with those key terms to represent similar products would be subject to an action for infringement. therefore, the distinctiveness of a trademark is based both on its overall impression and form but is also based on the use of certain sub-parts that can offer a separate standard of uniqueness. thus, whether taken with the “xxxx” portions replaced with the names of particular fragrances or taken as the “living xxxx flavor,” “living xxxx,” and “living xxxx flavors” frameworks, iff’s proposed marks pass the many tests of the circuit courts for distinctiveness and ability to be protected. all future tests in actions by iff against subsequent registrants would likely also pass muster, and thus the court of appeals for the federal circuit should have permitted its request for registration. each part of the court’s ruling, when taken separately from the others, fails for simple lack of reason. moreover, when taken as a whole, the court’s decision amounts to clear error in its reasoning, and thus should have been decided in the alternative.

an additional component may be added to iff’s arsenal when confronting the court’s denial of its claim based on likelihood of confusion. this component accounts for the manner in which a court may look at two marks when comparing them to decide whether a likelihood of confusion exists. this method is explained by the court of appeals for the tenth circuit in king of the mountain sports, inc. v. chrysler corp. the court in that case addressed the method for testing the degree of similarity between marks, when the marks are to be scrutinized for the likelihood of confusion

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3 king of the mt. sports, inc. v. chrysler corp., 185 f.3d 1084, 51 u.s.p.q.2d 1349 (10th cir. 1999). in king of the mt. sports, the plaintiff, a retailer of outdoor apparel brought a trademark infringement and dilution action against the defendant for its promotion of the “jeep king of the mountain downhill series,” a downhill skiing event, which allegedly infringed on the plaintiff’s “king of the mountain mark” as used on its outdoor apparel. while the plaintiff’s use of its trademark centered on products for hunters, fishermen, and other types of outdoorsmen, the plaintiff contended that skiing and snowboarding were logical extensions of its business and use of its mark, and thus the defendant had infringed by using the mark for its sporting event.
between them. The court stated that the degree of similarity between marks is tested on three levels: sight, sound, and meaning. According to the court, these factors are not considered in isolation, but rather “in the context of the marks as a whole as they are encountered by consumers in the marketplace.” There is no side-by-side comparison conducted between the two marks, but rather the court is required to decide whether the alleged infringing mark will be confusing to the public as it stands on its own, outside the presence of the primary mark. The court additionally noted that the similarities between the two marks are given more weight than the differences.

This method of reasoning weighs heavily in IFF’s favor with regard to the comparison of its “LIVING XXXX FLAVOR” and other marks with other potentially registered marks. Future registrants would be required to let their marks stand alone, under the sight, sound, and meaning test employed in King of the Mountain. Any mark that is similar to IFF’s marks in any of these ways would be similar regardless of the type of flavor or fragrance used in the standard framework. Furthermore, the meaning of the future mark would most likely be similar to IFF’s marks since its marks are specific to its products, namely flavor and fragrance oils. Therefore, since future marks would not likely pass this test, this demonstrates yet another situation showing that IFF’s applications should have been accepted.

The court essentially painted itself into a corner by stating that the registration of individual marks with specific herb, flower, fruit, and vegetable names on each would be allowed, relying on a future likelihood of confusion analysis to support its decision to reject IFF’s applications. If the court wanted the likelihood of confusion reasoning to work in this situation, it should never have held that individual registrations would be permitted. However, without finding some type of rationale beyond the basic language of the statute, it would have had no foundation for denying the registration of IFF’s individual marks. Thus, the court found its rationale in preventing future confusion and burdens on future registrants. Based on the current state of affairs resulting from this decision, once IFF registers a single mark, the chances of future marks being denied registration under a likelihood of confusion analysis are very high.

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85 Id. at 1090 (quoting Beer Nuts, Inc. v. Clover Club Foods Co., 805 F.2d 920, 925, 231 U.S.P.Q. (BNA) 913, 916 (10th Cir. 1986)).
Consider the following explanation: if IFF were to register its “LIVING ORANGE FLAVOR” mark, as the court seemed to give it permission to do, any other registrant would be free to use the word “orange” in its trademarks, as a generic or descriptive term, but would not be permitted to use the “LIVING XXXX FLAVOR” framework for any trademark, as it would pose a likelihood of confusion. Therefore, the future problems that IFF could encounter in defending its mark would not revolve at all around its use of a particular flavor, herb, flower, fruit, or vegetable, but would revolve around another’s attempted use of IFF’s “LIVING XXXX FLAVOR” framework, just as if it were any other owner defending any other mark. Under this reasoning, the problems that the court alludes to in denying the registrations are the same problems that any other manufacturer would encounter and are simply part of the burdens that are incident to the benefits of trademark ownership. Thus, the contention by the court that it was somehow preventing future problems was flawed. If such reasoning were used regularly, it would result in the denial of nearly every application that came through the PTO, as generic terms could prevent registration of both similar and dissimilar marks.

Returning to the first issue listed above, the court also based its decision on the “One Mark Per Application” Rule under the Lanham Act when requiring IFF to register each one of its marks individually. As IFF is a producer of a multitude of flavor and fragrance products, registering each of its products individually as “LIVING ORANGE FLAVOR,” “LIVING ASPARAGUS FLAVOR,” “LIVING CHERRY FLAVOR,” etc., would impose a substantial burden on IFF, both in terms of time spent preparing the applications and the monetary costs involved. Additionally, if each flavor or fragrance was represented by a different mark, the burden of defending each separate mark, rather than defending the framework style of the few marks IFF sought to register, would impose such a substantial burden on IFF that it may prove to be no longer financially feasible to obtain and defend its trademarks.

The disturbing aspect of this situation is that the PTO encourages manufacturers and service providers to federally register their trademarks by providing statutory remedies beyond those available for common law and state trademark infringement actions. Nonetheless, even while encouraging IFF and others to register their trademarks, the PTO and the court have rendered it nearly impossible for IFF to register its marks by imposing such burdensome requirements on it to do so. Clearly, the court and the PTO...
have failed in their purpose to aid American industry in its quest to protect its intellectual property and benefit from the security that is supposed to be provided under the very law that the court hid behind when deciding the IFF case.

The end result of these two conflicting issues is that IFF has been told that it cannot enjoy the benefits of its creativity without jumping through some very unnecessary and onerous hoops. The bottom line is that IFF could not register its “framework” trademark for fear that it would cause a problem of future confusion and impose a nearly impossible task for future registrants when searching the records for already registered marks. Yet, as the “LIVING XXXX FLAVOR” framework is the true essence of the mark, anyone searching for a similar mark would not be burdened at all beyond finding that one essential mark. As if that were not enough, the court further held that IFF would have to register these marks under the “One Mark Per Application” Rule when clearly there is no reason for doing so, aside from the fact that the Lanham Act requires it. This brings about the true rub: the PTO and the court have denied IFF the protection that should be provided under the Lanham Act when there is no practical reason for doing so, except that the Lanham Act requires it. Does this make sense? This type of circular reasoning and backwards logic caused IFF to be denied protection under the laws of the United States and to be put in a position where it may not be financially able to seek protection in the way the court seemed to require. Perhaps the most unfortunate result of all was that the court failed to note the breach in the law that caused it to decide this case as it did. If the court had done so, its comment could have served as a message to Congress to pursue future legislation to rectify this situation for future registrants. As it did not, however, this situation will likely happen again in the future, as so many American manufacturers will continue to produce innumerable varieties of their products and seek to protect the intellectual property resources that are the result of their creativity and the basis of their future economic growth.

V. HYPOTHETICAL SITUATIONS: THE LAW AS IT IS AND AS IT SHOULD BE

Consider the following hypothetical situation:

TNT Colorpro, Inc., a small Midwestern manufacturer, manufactures a variety of paints and colors for use in personal products such as nail enamels
and hair color. TNT's products are most commonly marketed to the entertainment industry for use in film-making costumes and special effects, but the company seeks to enter the broad consumer market with a line of trendy products geared toward teens. As a relatively small company seeking to grow, TNT would like to conserve its capital resources by developing one standard naming scheme for all of its products, rather than each product having a completely unique name and specialized advertising. Through this strategy TNT seeks to develop consumer recognition and goodwill toward its products, with a view toward later expanding its line with new names and products. After lengthy deliberation and market research, TNT's executives have chosen the phrase “Colorpro XXXX Explosion” as the basic trademark framework for its products. Each type of nail enamel and hair color will have a name such as “Colorpro Mango Explosion,” “Colorpro Red Lightning Explosion,” or “Colorpro Blue Tundra Explosion,” with the variable name (the color designation) printed in a way to look as though it was written with a paintbrush and the framework printed in more muted block lettering. After the products have been on the market for a chosen period of time, TNT will analyze which of its colors have been the most popular, and then register separate trademarks for those names in conjunction with more specific and direct marketing schemes geared at those products. In this way, TNT will be able to avoid incurring the expense of individual trademark registrations until it can be sure the product is a success and will perform in a way that warrants the expense of protection. Having searched the Patent and Trademark Office records for similar marks and found none, TNT's counsel has recommended that it register the mark as “Colorpro XXXX Explosion,” with a disclaimer that TNT claims no rights in the word “Explosion” except as used with its mark and that the “XXXX” notation is not part of the mark, but is used in place of the various color names that will be assigned to each of its products after further development of the colors and shades that will be offered in its initial product lines.

TNT has submitted an application to the Patent and Trademark Office, describing the mark “Colorpro XXXX Explosion” with the disclaimer as written above, and sample labels from product bottles it initially produced as the required specimens. The mark was initially rejected by the PTO examiner and the Trademark Trial and Appeal Board for the same reasons.
that prevented the registration of IFF’s mark.86 Claiming that the application was wrongly rejected, TNT has brought its case to the United States Court of Appeals for the Federal Circuit. The issue may be decided one of two ways: it may be decided in the same way as the IFF decision, by strict construction of the Lanham Act, or it may be considered in light of the intent of the law, with a result that is formed with common sense and reason. Consider the following:

A. THE CURRENT LAW: THE TNT DECISION FOLLOWING IN RE INTERNATIONAL FLAVORS AND FRAGRANCES, INC. (IFF)87

Following the IFF decision, the court here would likely deny TNT’s application, and hold that TNT is seeking to register an unknown number of “Phantom Trademarks” with a single application, in violation of the “One Mark Per Application” Rule, and that registration of the mark would impose an unnecessary burden on future searchers of the trademark registry who would wish to conduct a search before registering their own marks. While this holding would certainly adhere to the dictates of the Lanham Act, it would not make any more sense than it did in the similar situation found in the IFF case. This decision will force TNT to submit separate registrations for trademarks for each of its products, which will cause it to incur a substantial additional expense to protect its marks. As a small company with limited resources, it may not be financially feasible for TNT to register each of its marks in this way, thus forcing it to rely on common law trademark protection. If its marks are later infringed upon by another manufacturer, TNT will then be forced to incur litigation costs to avoid dilution of its mark and harm to its goodwill, quality, and customer recognition. TNT will suffer the deprivation of the nationwide notice of claim to its marks, and thus it will be forced to endure the resultant losses that could be easily avoided. This is certainly an unsavory result.

87 183 F.3d 1361 (Fed. Cir. 1999).
Now assume the court decided the case differently, with an eye toward the actual effects of its decision and the most logical result. If this were the reality, the court would likely grant TNT’s application. Such a decision would account for the fact that the mark “Colorpro XXX explosion” would be discovered in a search of the trademark registry as easily as any other mark, thus precluding the need for a future searcher to continue to search out each of the variations that could be created using the standard framework. Furthermore, simple judicial construction of the Lanham Act’s “One Mark Per Application” rule could allow TNT’s mark to be deemed a single mark, with slight variations allowed as long as they were only variations of non-protectable color names within the protected mark. This would be no different than if TNT had registered “Colorpro Explosion” as its trademark and then labeled each of its products with that mark and with the color designation printed elsewhere on the package. Clearly the color name may not be registered separately if it is a generic term anyway, so its placement within or in proximity to the rest of the mark is merely a matter of style and has no effect on the stability or use of the trademark in commerce. In this way, TNT would be permitted to enjoy the benefits of trademark ownership without incurring additional expense, without being deprived of any property rights in its creations, and without depriving any other future manufacturer of the ability to know what marks have been assumed and which remain available for use. This is clearly the more desirable and logical result.

C. DOWN THE ROAD: A FINAL HYPOTHETICAL

Considering the foregoing possibilities, how will the results of the court’s decision influence future events? Consider one final situation:

ColorQuick Productions, Inc. (CPI), a small Northwestern manufacturer of household paints and dyes, seeks to diversify its business and enter the specialty goods market with a line of paints and hair colors for use in hair salons and spas. After extensive market research (and assuming they do not actually discover the products marketed by TNT, as TNT is still a small Midwestern company even though it markets its products nationwide), CPI decides that the mark “Colorpro Radiance” will best suit its intentions. The
subsequent events to be considered depend on how the court decided the TNT case. Each possibility is considered below.

If the court decides TNT’s claim in the same way it decided the IFF application, there would be no entry for “Colorpro XXXX Explosion” in the Trademark Registry, and thus no notice given to CPI of TNT’s mark. Therefore CPI’s counsel would likely recommend that CPI prepare the necessary applications to register its mark with the PTO.

After the registration process has begun, the PTO would publish CPI’s proposed mark in the Gazette, and TNT’s counsel would see the notice and immediately notify the PTO and CPI of TNT’s objection to the registration, as it would infringe on its “Colorpro XXXX Explosion” line of products by creating a strong likelihood of confusion among consumers. TNT would additionally demand that CPI immediately cease all sales and marketing of its products under the “Colorpro Radiance” mark. Litigation would likely ensue, and TNT would be subjected to great expenditures of time and financial resources to defend its mark. This could cause TNT to lose its mark if it does not have the resources to defend it in potentially lengthy litigation, particularly if CPI is a subsidiary of a much larger corporation with the substantial resources necessary to pursue the matter indefinitely. Regardless of the outcome, TNT’s inability to secure the registration of its mark under the court’s decision would subject it not only to the vigilance required of all trademark owners, but also the expenses of litigation without the benefit of the prima facie assumption of ownership that registration confers.

In addition to the financial consequences to TNT, the non-monetary results of this decision would also make little sense. Whether the marks were registered as TNT seeks to register them, using the “Colorpro XXXX Explosion” framework, or with each product registered with a separate application and trademark, CPI would be precluded from adopting a similar mark either way. The mark “Colorpro XXXX Explosion” would present an equal barrier to subsequent registration as “Colorpro Mango Explosion” would, or any other mark using the framework. Does it not seem to violate all standards of judicial economy and minimization of paperwork to require an elaborate undertaking to accomplish the same goal as a much simpler process, when the results will be the same?

Now consider the outcome of the same situation if TNT were allowed to register its mark. When CPI conducts a search of the trademark records, it would find the mark “Colorpro XXXX Explosion” and would therefore be
given notice that the mark was already taken. Even though CPI's proposed mark, "Colorpro Radiance," is not the same as TNT's "Colorpro XXXX Explosion" mark, it would clearly infringe on it based on a likelihood of confusion analysis. Additionally, CPI could not use any other marks that closely resemble TNT's mark, so even if the component of the mark that indicated the specific color of the product was different from any that TNT manufactured, the true essence of the mark, found in the "Colorpro" component, would be infringed upon and thus could not be used. This is indicative of the fact that, contrary to the reasoning of the IFF court, TNT's "Colorpro" mark would most likely not need to be registered in each of its forms to be protected as a trademark.

If CPI were to pursue the mark anyway, it would certainly be denied registration by the PTO, and if it used the mark in commerce it would be subject to suit by TNT. Furthermore, TNT would be able to avoid long and costly litigation by securing an injunction against CPI to prevent it from using the "Colorpro" mark, since registration confers prima facie ownership of the mark on the owner.

VI. CONCLUSION

In light of the foregoing hypothetical situations, which seems to be the more sound decision: one that withholds ownership needlessly and creates a situation where the potential owner is responsible not only for policing its mark but also the burden of litigation? Or a decision that confers ownership on a rightful owner, when no other potential registrant could suffer harm by the registration, thus eliminating the wasteful litigation that continuously burdens overcrowded courts? Clearly the latter is the appropriate decision.

As the above examples explain, in the IFF case the court should have ruled in favor of IFF, a registrant who had a unique mark that would not likely have caused any practical problems to any other registrants. The "One Mark Per Application" Rule of the Lanham Act could have easily been read to avoid the instant problem by regarding IFF's "LIVING XXXX FLAVOR," "LIVING XXXX," and "LIVING XXXX FLAVORS" marks as three single marks, regardless of the minor variations caused by adding generic terms. The variations that would have been caused by these names would likely have had no bearing on future searches of the trademark registry, and thus would have imposed no additional burden on other registrants. The Court of Appeals for the Federal Circuit should have allowed the registration of
IFF's marks, and should reverse its ruling at the next available opportunity. The reasoning surrounding the court's designation of Phantom Trademarks is flawed and should be abandoned. While there may be a situation in the future in which the theory of Phantom Trademarks will be applicable and useful, the IFF case was not the time for it. The court should have decided the IFF case in the alternative. The registration should have been granted.

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