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TRADEMARK LAW—CONFUSION OVER THE LIKELIHOOD OF CONFUSION?


I. INTRODUCTION

Trademark law promotes fair dealing in the marketplace and reflects the idea that certain forms of competition are unfair and unacceptable. The law in this area developed primarily to ensure that purchasing consumers would not be confused by similarities between trade symbols of competing merchants. To determine whether a likelihood of confusion exists, courts balance harm to the plaintiff against consumer confusion resulting from the defendant's use of a confusingly similar mark.

1. J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 2.04, at 2-16 to 2-17 (3d ed. 1992). "[A] basic aspect of the United States economy is that of the marketplace policed by laws that set a minimum level of fair competition." Id. § 2.02, at 2-11. Under the early common law, prohibitions against "passing off," which developed into modern trademark law, were a way of enforcing fair dealing in the marketplace. Id. § 2.04, at 2-16; see also H.R. Rep. No. 219, 79th Cong., 1st Sess. 3 (1945) (statement of Rep. Lanham). Representative Lanham, speaking on behalf of the Committee on Patents, explained that: "Trade-marks . . . are the essence of competition, because they make possible a choice between competing articles by enabling the buyer to distinguish one from the other. Trademarks encourage the maintenance of quality by securing to the producer the benefit of the good reputation which excellence creates." H.R. Rep. No. 219, 79th Cong., 1st Sess. 9 (1945) (statement of Rep. Lanham); cf. Nicholas S. Economides, The Economics of Trademarks, 78 Trademark Rep. 523, 523 (1988) (discussing anticompetitive effects of trademarks).

2. McCarthy, supra note 1, § 2.03, at 2-16.

McCarthy states that the law of trademarks and unfair competition prohibits a seller of merchandise from using a trademark that is confusingly similar to the trademark of another seller. Id. § 2.04, at 2-16. He explains that "[t]here is a general consensus of the judiciary and the public that gaining customers by the use of confusingly similar trademarks is contrary to all current concepts of commercial morality, ethics and fairness." Id. at 2-17.

McCarthy notes that this relationship between "commercial morality" and trademark protection dates back to the early 20th century, when the United States Court of Appeals for the Second Circuit stated that "the courts look with suspicion upon one who, in dressing his goods for the market, approaches so near to his successful rival that the public may fail to distinguish between them," Id. at 2-18 to 2-19 (quoting Florence Manufacturing Co. v. Dowd, 173 F. 73 (2d Cir. 1910)); see also H.R. Rep. No. 219, 79th Cong., 1st Sess. 2 (1945) (stating that purpose of trade-mark statute is "to protect the public so it may be confident that, in purchasing a product bearing a particular trademark which it favorably knows, it will get the product which it asks for and wants to get"); John M. Calimafde, Trademarks and Unfair Competition § 1.01, at 1 (1970) ("The primary function of a trademark is to assure purchasers of the source of the goods, and the standard of quality associated with the source."); Joseph P. Bauer, A Federal Law of Unfair Competition: What Should be the Reach of Section 43(a) of the Lanham Act?, 31 UCLA L. Rev. 671, 672 (1984) ("Traditional trademark law protects a company which has developed a mark or symbol that becomes associated with its particular goods or services.").

(1317)
hood of confusion exists between competing symbols, courts generally balance a variety of factors. The extent to which an appellate court may review a district court's determination of the likelihood of confusion has produced a split among the courts of appeals.

In Dranoff-Perlstein Associates v. Sklar, the United States Court of Appeals for the Third Circuit stated that the determination of likelihood of confusion is a question of fact, and thus, a district court's determination may be overturned only if the finding is clearly erroneous. In so holding, the court implicitly rejected the approach of several circuit courts of appeals, addressing the issue of likelihood of confusion as a mixed question of fact and law reviewable under both the clearly erroneous and de novo standards of review. Furthermore, the Dranoff-Perlstein court implicitly rejected Third Circuit precedent treating the issue of likelihood of confusion as a mixed question of law and fact. Moreover, the Third Circuit in Dranoff-Perlstein did not provide a sufficient explanation for its reasoning.

The results on appeal can vary dramatically depending on whether an appellate court reviews the issue as a question of law or a question of fact and, therefore, determining the proper standard of review in trademark cases is essential. A clear articulation of the appropriate standard

3. For a discussion of the criteria that courts use to determine the likelihood of confusion, see infra note 29 and accompanying text.

4. For a further discussion of the standards of review applied by the various circuits, see infra notes 30-39 and accompanying text.

5. 967 F.2d 852 (3d Cir. 1992).

6. Id. at 862. Questions of fact are reviewed under a clearly erroneous standard of review, pursuant to Rule 52(a) of the Federal Rules of Civil Procedure. Fed. R. Civ. P. 52(a) (1990). For a further discussion of Rule 52(a) and the clearly erroneous standard of review, see infra notes 31-32 and accompanying text.

7. For a discussion of circuits holding that the likelihood of confusion is a mixed question of law and fact, see infra notes 38-39 and accompanying text.


9. For a discussion of how the Third Circuit addressed the standard of review for likelihood of confusion in Dranoff-Perlstein Associates v. Sklar, see infra notes 82-84 and accompanying text.

10. Brett T. Reynolds, Appellate Review of Lanham Act Violations: Is Likelihood of Confusion a Question of Law or Question of Fact?, 38 Sw. L.J. 743, 752 (1984). In applying a clearly erroneous standard of review, an appellate court may reverse a district court decision only when the appellate court firmly believes that the district court made a mistake. Id. On the other hand, when the appellate court reviews the issue as a question of law, the court may review the entire case de novo. Id. For a discussion of the various standards of review and their impact on appeal, see infra notes 31-33 and accompanying text.
of review for the likelihood of confusion is necessary to ensure that practitioners are aware of the extent to which a district court decision is reversible and are able to tailor their arguments on appeal accordingly. Unfortunately for practitioners in the Third Circuit, the court’s recent pronouncement in *Dranoff-Perlstein* that likelihood of confusion is a question of fact does little to resolve this issue.\(^{11}\) Therefore, the issue remains unsettled in the Third Circuit.\(^{12}\)

### II. Background

A trademark has traditionally been defined as “any word, name, symbol, or device, or any combination thereof,” adopted and used by a manufacturer or merchant to “identify and distinguish his or her goods . . . from those manufactured or sold by others.”\(^{13}\) More recently, how-

11. For a discussion of the facts and holding of *Dranoff-Perlstein*, see infra notes 64-73 and accompanying text.

12. For a discussion of the impact of the Third Circuit’s opinion in *Dranoff-Perlstein*, see infra notes 85-97 and accompanying text.

13. Lanham Act of 1946, 15 U.S.C. § 1127 (1988). For a further discussion of the Lanham Act, see infra notes 15-23 and accompanying text. The definition of a trademark under the Lanham Act is similar to a definition adopted by the Supreme Court as early as 1877 in *McLean v. Fleming*, 96 U.S. 245 (1877). In *McLean*, the Supreme Court stated that “a trade mark may consist of a name, symbol, figure, letter, form, or device, if adopted and used by a manufacturer or merchant in order to designate the goods he manufactures or sells to distinguish the same from those manufactured or sold by another.” *Id.* at 254.

Traditionally, trademark law has safeguarded several interests. *See* H.R. Rep. No. 219, 79th Cong., 1st Sess. 3 (1945) (stating that “[t]o protect trademarks . . . is to protect the public from deceit, to foster fair competition, and to secure to the business community the advantages of reputation and goodwill by preventing their diversion from those who have created them to those who have not”) (statement of Rep. Lanham); Scadia Down Corp. v. Euroquilt, Inc., 772 F.2d 1429, 1429 (7th Cir. 1985) (noting that “trademarks reduce the costs consumers incur in searching for what they desire, and the lower the costs of the search the more competitive the market”), cert. denied, 475 U.S. 1147 (1986); National Color Labs., Inc. v. Philip’s Foto Co., 273 F. Supp. 1002 (S.D.N.Y. 1967) (recognizing public interest in preventing deception of consumers as well as businessperson’s interest in good will and reputation attached to his trademark); *McCarthy*, *supra* note 1, § 2.01, at 2-3 (stating that “trademarks protect the interest of the public in not being deceived . . . the owner’s interest in not having the fruits of his labor misappropriated . . . and the policy of encouraging competition”); William M. Landes & Richard A. Posner, *The Economics of Trademark Law*, 78 TRADEMARK REP. 267, 270-75 (1988) (asserting that trademark law promotes economic efficiency in marketplace); *see also* SIEGRUN D. KANE, TRADEMARK LAW: A PRACTITIONER’S GUIDE 8-10 (1991) (stating that purposes of trademark law are to identify origin, assure quality and protect good will).

Trademarks also protect the owner’s investment of time, money and energy in his product from misappropriation. H.R. Rep. No. 219, 79th Cong., 1st Sess. 2 (1945) (stating that trademarks protect owners’ “energy, time, and money [spent] presenting to the public the product”) (statement of Rep. Lanham); *McCarthy*, *supra* note 1, § 2.01 at 2-2 (stating that law of unfair competition protects manufacturer or seller of goods from “having the fruit of his labor misappropriated”). McCarthy explains that trademarks protect the good will of an individual’s trade or business. *McCarthy*, *supra* note 1, § 2.07 to 2.08, at 2-
ever, the term “trademark” has also been used to denote symbols or words identifying services as well as goods.\(^{14}\)

Modern trademark law in the United States is governed by the Lanham Act of 1946.\(^{15}\) In addition to setting forth the procedural require-

34 to 2-44. McCarthy defines “good will” as “a business value that reflects the basic human propensity to continue doing business with a seller who has offered goods and services that the customer likes and has found adequate to fulfill his needs.” Id. § 2.08, at 2-38. “A trademark ‘is merely a convenient means for facilitating the protection of one’s good will in trade by placing a distinguishing mark or symbol—a commercial signature—upon the merchandise or on the package in which it is sold.’” Id. § 2.07, at 2-36 (quoting United Drug Co. v. Theodore Rectanus Co., 248 U.S. 90, 98 (1918)). McCarthy also notes that “the good will symbolized by a service mark has been said to be synonymous with the term ‘reputation.’” Id. at 2-37 (citing Budget System, Inc. v. Budget Loan & Finance Plan, 361 P.2d 512 (Utah 1961)).

Trademark law also protects the consuming public from confusing or deceptive trade practices. H.R. Rep. No. 219, 79th Cong., 1st Sess. 2 (1945) (stating that “trademarks protect[] the public against spurious and falsely marked goods”) (statement of Rep. Lanham). “Confusion of the public is the essence of both trademark infringement and unfair competition.” McCarthy, supra note 1, § 2.12, at 2-59 (quoting Dart Drug Corp. v. Schering Corp., 320 F.2d 745, 748 n.10 (D.C. Cir. 1963)). Trademark law was intended “for the protection of the public—that vast multitude which includes the ignorant, the unthinking and the credulous, who, in making purchases, do not stop to analyze, but are governed by appearance and general impressions.” Stork Restaurant, Inc. v. Sahati, 166 F.2d 348, 359 (9th Cir. 1948) (quoting Florence Manufacturing Co. v. J.C. Dowd & Co., 178 F. 73, 75 (2d Cir. 1910)). Thus, as Professor McCarthy illustrates, trademark law protects the housewife who purchases “JEM” soap thinking it is “GEM” soap. McCarthy, supra note 1, § 2.12, at 2-60. The Supreme Court has held that the public has a right to be protected from deception and confusion, as well as the right to “get what it chooses, though the choice may be dictated by caprice or by fashion or perhaps by ignorance.” Federal Trade Comm’n v. Algoma Lumber Co., 291 U.S. 67, 78 (1934).

Finally, trademarks protect the public interest in a competitive market and economic efficiency. McCarthy, supra note 1, at § 2.01[2], at 2-3. Professor McCarthy asserts that trademarks promote efficiency in the marketplace by (1) encouraging the production of quality products, and (2) reducing for the customer the cost of making purchasing decisions. Id. Customers do not incur wasteful expenses when they remember the name or trademark of a product they like and are able to keep buying it. Landes & Posner, supra, at 270. This encourages manufacturers to maintain the quality of their product. Id.; see also H.R. Rep. No. 219, 79th Cong., 1st Sess. 3 (1945) (“Trade-marks encourage the maintenance of quality by securing to the producer the benefit of the good reputation excellence creates.”) (statement of Rep. Lanham).

14. McCarthy, supra note 1, § 3.01, at 3-2; see also Kane, supra note 13, at 2 (contrasting trademarks with service marks). The Lanham Act defines a service mark as “any word, name, symbol, or device, or any combination thereof . . . to identify and distinguish the services of one person . . . from the services of others.” 15 U.S.C. § 1127 (1988). The same legal requirements apply to service marks and trademarks. McCarthy, supra note 1, § 3.01, at 3-2. Examples of service marks include the names of department stores, such as Macy’s, banks, such as Citibank, or restaurants, such as Maxims. Kane, supra note 13, at 3.

15. 15 U.S.C. §§ 1051-1127 (1988). Trademark law originated in the early 19th century as an offshoot of the tort of fraud called “palming off.” McCarthy, supra note 1, at 5.02, at 5-3. “Palming off” referred to the act of passing off one’s own “goods as the goods of another.” Id. Although the consumer was
ments for federal registration of a trade symbol, section 43(a) of the Lanham Act protects unregistered trademarks from infringement, by providing owners with a claim for false designation of origin. Section 43(a) of the Lanham Act proscribes the use "in commerce [of] any word, term, name, symbol, or device, . . . or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which . . . is likely to cause confusion." The victim of the fraud, the seller whose mark was infringed upon brought the action against the defendant. Id. § 2.12, at 2-59. Throughout most of the 19th century, the element of fraudulent intent was the key issue in trademark infringement cases. Id. § 5.02, at 5-4. By the 20th century, the emphasis shifted from the fraudulent intent of the infringing party to the effect that confusingly similar marks would have on consumers. Id. For a more detailed discussion of the history of trademarks see, McCarthy, supra note 1, § 5.01-5.04, at 5-1 to 5-14; Sidney A. Diamond, The Historical Development of Trademarks, 73 TRADEMARK REP. 222 (1983); and Daphne Robert Leedes, Trademarks—Our American Concept and Confusion and Consumer Policy, 72 TRADEMARK REP. 439 (1982).

16. 15 U.S.C. § 1051-1127 (1988). In order to claim rights to a trademark, a merchant must first put the mark into use. See Sidney A. Diamond, Trademark Problems and How to Avoid Them 6 (1981) (detailing registration process). Once the mark has been used in commerce, the owner of the mark may apply for registration of the mark. Id. After the owner applies for registration, the Patent and Trademark Office determines whether the chosen symbol is properly registrable. Id. at 7. A trademark is properly registerable if it is sufficiently distinctive and does not include marks that are expressly prohibited. Id. For a more complete discussion of the requirements of a properly registerable mark, see infra notes 21-29 and accompanying text.

Upon determining that the mark meets the requirements for registration, the Patent and Trademark Office advertises the new mark in a bulletin in order to notify the public. Id. at 9. Notification allows anyone using a similar mark, who thinks the new mark is likely to cause confusion, time to contest the proposed mark. Id. If no one opposes the registration, the Commissioner of Patents and Trademarks issues a registration certificate to the applicant. Id. The new trademark then protects its owner from other individuals attempting to use a mark that is so similar that confusion is likely to result. Id.

17. 15 U.S.C. § 1125 (1988). The Supreme Court of the United States in Taco Cabana, Inc. v. Taco Cabana, Inc., 112 S. Ct. 2753, 2757 (1992), acknowledged that section 43(a) of the Lanham Act protects "qualifying unregistered trademarks" from misappropriation. Id. at 2757. The Supreme Court also noted that the same principles that qualify a trademark for registration under the Lanham Act determine whether an unregistered mark is entitled to protection under section 43(a). Id.

Although registration is not required in order to obtain trademark protection, registration does grant certain benefits. Diamond, supra note 16, at 11. Registration constitutes legal notice to potential infringers of the owner's rights to the registered mark. Id. The proprietor of a registered trademark is also entitled to more damages from an infringer than the proprietor of an unregistered mark. Id. Finally, after five years of continuous use after registration, the owner's rights to the trademark "become incontestible," and the registered mark cannot be challenged in court. Id.

18. 15 U.S.C. § 1125(a)(1) (1988); see also A.J. Canfield v. Honickman, 808 F.2d 291, 296 (3d Cir. 1986) (stating that "unlicensed use of a designation serving the function of a registered mark constitutes a false designation of origin and a false description or representation").
A. Stating a Claim Under Section 43(a)

In order to bring an action for trademark infringement of an unregistered mark, a merchant must meet two requirements. First, the merchant must establish that the unregistered mark is sufficiently distinctive to receive protection under section 43(a) of the Lanham Act.19 Second, the merchant must establish that consumers are likely to confuse his or her unregistered mark with the competitor’s mark.20

An unregistered designation is sufficiently distinctive if it clearly identifies the goods and services of one merchant or service provider and distinguishes them from the goods and services of the alleged infringer.21 Courts have categorized marks into four levels of distinctiveness: (1) arbitrary or fanciful marks; (2) suggestive marks; (3) descriptive marks; and (4) generic marks.22 A mark’s category of distinctiveness solely determines the level of protection that the mark receives under the Lanham Act.23

Arbitrary and fanciful marks are “inherently distinctive” and therefore, automatically qualify for trademark protection.24 A suggestive mark also qualifies for automatic trademark protection.25 In contrast, a

19. Two Pesos, 112 S. Ct. at 2758.
20. Id.
21. Id. at 2757.
22. Id.
23. Id.
24. McCarthy, supra note 1, § 11.02, at 11-8 to 11-9. McCarthy has described a fanciful mark as “a word which is coined for the express purpose of functioning as a trademark.” Id. at 11-9. Examples of popular fanciful marks include: XEROX, KODAK, SANKA, and CLOROX. Id. § 11.03, at 11-13.

In contrast, an arbitrary mark is a mark that has an ordinary meaning, but is applied to the good or service in a completely arbitrary and non-descriptive manner. Id. § 11.04, at 11-14. For example, IVORY is a brand of soap, but IVORY soap is not made of ivory. Id. at 11-15. Therefore, using the term “ivory” to denote a particular manufacturer’s soap is arbitrary. Id. Other examples include, CAMEL cigarettes, SHELL gasoline and ARM & HAMMER baking soda. Id. at 11-18.

Although arbitrary and fanciful marks differ in these respects, the Lanham Act affords both types of marks a broad degree of protection. Id. § 11.02, at 11-8 to 11-9. For a further discussion of these levels of distinctiveness, see Kane, supra note 13, at 17-54; McCarthy, supra note 1, §§ 11.02-11.04, at 11-8 to 11-18.

25. McCarthy, supra note 1, § 11.20, at 11-102. A suggestive trademark is one that “merely suggest[s] some quality or ingredient of goods.” Id. As with arbitrary and fanciful marks, a suggestive mark is deemed sufficiently distinctive and is afforded broad trademark protection immediately upon use. Id.

It is often difficult to discern the distinction between suggestive and descriptive marks. Id. at 11-104 to 11-105. The most popular test for determining whether a mark is suggestive, formulated by McCarthy, measures the degree of imagination and inventiveness required of the customer in identifying the mark with a product. Id. § 11.21, at 11-106 to 11-115. McCarthy explains that “the more imagination that is required on the customer’s part to get some direct description of the product from the term, the more likely the term is suggestive, not descriptive.” Id. at 11-107; see also Railroad Salvage of Conn., Inc. v. Rail-
descriptive mark is only protected if it has acquired secondary meaning by describing some characteristic or ingredient of the product that customers identify with the claimant's product. Finally, generic marks receive no protection under the Lanham Act.

Once an unregistered mark is deemed sufficiently distinctive, the owner of the mark must prove that the alleged infringer's mark is likely to cause confusion in the marketplace. In evaluating the likelihood of confusion, courts balance a variety of factors, including the similarity of the marks, as well as evidence of actual confusion and the intent to confuse.


McCarthy has included the following trademarks as examples of suggestive marks: CHICKEN OF THE SEA tuna fish; COPPERTONE suntan oil; HANDI WIPES dust cloths; Q-TIPS wooden sticks with cotton on the end. McCarthy, supra note 1, § 11.23, at 11-118 to 11-124. For a further discussion of the distinctiveness of suggestive marks, see Kane, supra note 13, at 17-54; McCarthy, supra note 1, §§ 11.20-11.23, at 11-102 to 11-124.

26. McCarthy, supra note 1, § 11.05, at 11-19. "A mark is 'descriptive' if it is descriptive of: the intended purpose, function or use of the goods; the size of the goods, the class of users of the goods, a desirable characteristic of the goods, or the end effect upon the user." Id. at 11-20. "[T]rademark protection is extended only where the user has proven secondary meaning . . . ." Id. § 11.09, at 11-40. McCarthy defines this secondary meaning as "recognition of consumer acceptance and recognition of such marks as denoting only one seller or source." Id. Examples of descriptive trademarks include: HOLIDAY INN, RAI SIN BRAN, CHAP STICK, and BUFFERIN. Id. § 11.08, at 11-31 to 11-40.

For a further discussion of the distinctiveness of descriptive marks, see Kane, supra note 13, at 17-54; McCarthy, supra note 1, §§ 11.05-11.19, at 11-19 to 11-102.

27. McCarthy, supra note 1, § 12.01[1], at 12-4. "The test for genericness is whether consumers think the term represents 'the generic name of the product [or service] or a mark indicating merely one source of that product [or service].'" Dranoff-Perlstein Assoc. v. Sklar, 967 F.2d 852, 859 (3d Cir. 1992) (quoting J. Thomas McCarthy, Trademarks and Unfair Competition, § 12.2, at 522 (2d ed. 1984)). A term that is deemed generic "can never function as a mark to identify and distinguish the products of only one seller." McCarthy, supra note 1, § 12.01, at 12-4. The test for genericness, as McCarthy explains, asks "what does the public think the word connotes—the generic name of the product or a mark indicating merely one source of that product?" Id. § 12.02, at 12-8. Examples of terms considered generic include: ASPIRIN; CELLOPHANE; COLA; DRY ICE; and ESCALATOR. Id. § 12.03, at 12-32 to 12-40. However, names such as COKE and POLAROID, though commonly used, are not generic. Id. § 12.04, at 12-40 to 12-44.

For a further discussion of genericness, see McCarthy, supra note 1, §§ 12.01-12.18, at 12-1 to 12-115; Ralph H. Folsom & Larry L. Teply, Trademarked Generic Words, 89 Trademark Rep. 1323 (1980).


29. See Scott Paper Co. v. Scott's Liquid Gold, 589 F.2d 1225, 1229 (3d Cir.)
B. **Standard of Review for Determination of Likelihood of Confusion**

A great deal of conflict exists among the circuits as to whether a finding of likelihood of confusion is a question of law, a question of fact, or a mixed question of law and fact. Determining whether this issue is

1978). The Third Circuit in *Scott Paper* balanced 10 factors to determine the likelihood of confusion between two competing marks. *Id.* These factors are: 1) the degree of similarity between the two marks; 2) the strength of the owner's mark; 3) the price of the goods and other factors indicative of care and attention expected of consumers when making a purchase; 4) the length of time the defendant has used the mark without evidence of actual confusion; 5) the intent of the defendant in adopting the mark; 6) the evidence of actual confusion; 7) whether the goods, though not competing, are marketed through the same channels of trade and advertised through the same media; 8) the extent to which the targets of the parties' sales efforts are the same; 9) the relationship of the goods in the minds of the public because of the similarity of function; 10) other facts suggesting that the consuming public might expect the prior owner to manufacture a product in the defendant's market. *Id.*

Other circuits use different combinations of these 10 *Scott Paper* factors. *See, e.g.*, Paddington Corp. *v.* Attiki Importers & Distrubs., Inc., 996 F.2d 577, 584 (2d Cir. 1999) (balancing strength of plaintiff's mark, degree of similarity between two marks, proximity of products, likelihood that prior owner will bridge gap, actual confusion, defendant's good faith in adopting own mark, quality of defendant's product and sophistication of buyers); Homeowners Group, Inc. *v.* Home Mktg. Specialists, Inc., 931 F.2d 1100, 1106 (6th Cir. 1991) (balancing strength of plaintiff's mark, relatedness of services, similarities of marks, evidence of actual confusion, marketing channels used, likely degree of purchaser care and sophistication, intent of defendant in selecting mark and likelihood of expansion of product lines using the mark); Red's Corp. *v.* Renee Intern Trading Corp., 888 F.2d 215, 222 (1st Cir. 1989) (balancing similarity of mark, similarity of goods, relationship between parties' channels of trade, relationship between the parties' advertising, classes of prospective purchasers, evidence of actual confusion, defendant's intent in adopting the mark, and strength of the mark); Dieter *v.* B & H Indus. of S.W. Fla., Inc., 880 F.2d 322, 326 (11th Cir. 1989) (balancing type of mark, similarity of mark, similarity between products that marks represent, similarity of parties' retail outlets and customers, similarity of advertising media used, defendant's intent, actual confusion); *cert. denied*, 498 U.S. 950 (1990); Century 21 Real Estate Corp. *v.* Sandlin, 846 F.2d 1175, 1179 (9th Cir. 1988) (balancing strength or weakness of marks, similarity in appearance, sound and meaning, class of goods in question, marketing channels, evidence of actual confusion and intent of defendant); Oreck Corp. *v.* United States Floor Sys., Inc., 803 F.2d 166, 170 (5th Cir. 1986) (balancing strength of plaintiff's mark, similarity between marks, similarity of products, identity of retail outlets and purchasers, similarity of advertising media used, defendant's intent, actual confusion, and degree of care exercised by potential purchasers), *reh'g denied*, 808 F.2d 56, *cert. denied*, 481 U.S. 1069 (1987); Union Carbide Corp. *v.* Ever-Ready Inc., 531 F.2d 366, 381-82 (7th Cir.) (balancing type of trademark at issue, similarity of design, similarity of products, identity of retail outlets and purchasers, identity of advertising media utilized, defendant's intent and actual confusion), *cert. denied*, 429 U.S. 830 (1976).

30. *See, e.g.*, Paddington Corp., 996 F.2d at 584-85 (holding that likelihood of confusion is reviewable under mixed clearly erroneous and *de novo* standard of review); *In re Hearst Corp.*, 982 F.2d 493, 494 (Fed. Cir. 1992) (holding that likelihood of confusion is reviewable under *de novo* standard of review); Ocean Garden, Inc. *v.* Marktrade Co., 953 F.2d 500, 506 (9th Cir. 1991) (holding likelihood of confusion reviewable under clearly erroneous standard of review). For
a question of fact or a question of law is crucial in ascertaining the appropriate standard of review. Pursuant to Rule 52(a) of the Federal Rules of Civil Procedure, an appellate court must apply a clearly erroneous standard of review to district court findings of fact. The clearly erroneous standard provides a very limited scope of review for appellate courts because the lower court's findings of fact may only be set aside if they are unsupported by the evidence presented at trial. Conversely, an appellate court may review conclusions of law under the de novo standard, which provides the appellate court with plenary review over all legal questions. The extent to which an appellate court may overturn a lower court decision will have a conclusive effect on the outcome of an appeal, and consequently, may determine the resolution of the case.

The United States Courts of Appeals for the Seventh Circuit and the Ninth Circuit have recently held that a finding of the likelihood of confusion is a factual issue, reviewable under a clearly erroneous standard of review. In adopting the clearly erroneous standard of review a more detailed discussion of the split among the circuits, see 2 McCarthy, supra note 1, § 23.22, at 23-137 to 23-148.

The Supreme Court had the opportunity to resolve this split among the circuits in Elby's Big Boy, Inc. v. Frisch's Restaurant, Inc., 459 U.S. 916 (1982). However, the Supreme Court denied certiorari. Id. Justice White dissented to the denial, arguing that the Supreme Court should grant certiorari to resolve the split in the lower courts on the appropriate standard of review for findings of likelihood of confusion. Id. at 927 (White J., dissenting).


32. United States v. Gypsum Co., 333 U.S. 364, 395 (1947). "A finding of fact is 'clearly erroneous' when although there is evidence to support it, the reviewing court on the entire evidence is left with the definite and firm conviction that a mistake has been committed." Id.; see also American Home Prod. Corp. v. Barr Labs., Inc., 834 F.2d 368, 371 (3d Cir. 1987) (noting that finding of fact is clearly erroneous "if it is completely devoid of a credible evidentiary basis or bears no rational relationship to the supporting data").

33. 9 CHARLES A. WRIGHT & ARTHUR R. MILLER, FEDERAL PRACTICE AND PROCEDURE § 2588, at 750 (1971). Rule 52(a) is silent as to the standard of review for conclusions of law. Id. "This silence has been correctly interpreted as meaning that the 'clearly erroneous' restriction is not applicable and that the trial court's rulings on questions of law are reviewable without any such limitation." Id. A de novo trial is one in which the matter is tried anew. BLACK'S LAW DICTIONARY 435 (6th ed. 1990).

34. See Ocean Garden, Inc. v. Marktrade Co., 953 F.2d 500, 509 (9th Cir. 1991) ("The Ninth Circuit has, since 1985, taken a finding of a likelihood of confusion to be a factual finding to be overturned only if clearly erroneous."); Forum Corp. v. Forum, Ltd., 903 F.2d 434, 438 (7th Cir. 1990) ("[T]rial court's
for a district court determination of the likelihood of confusion, these
circuits have held that a reviewing court must give deference to a district
court's balancing of factors and ultimate determination that a likelihood
of confusion exists.35

Conversely, the United States Court of Appeals for the Federal Cir-
cuit has held that the issue of the likelihood of confusion is a question of

ultimate conclusion on the likelihood of confusion is a finding of fact" review-
able under a clearly erroneous standard of review.); Levi Strauss & Co. v. Blue
Bell, Inc., 778 F.2d 1352, 1355 (9th Cir. 1985) (en banc) ("We hold that hence-
forth the clearly erroneous standard should be applied in reviewing a trial
court's determination concerning likelihood of confusion.").

One commentator has advocated assessing the issue of likelihood of confu-
sion as a finding of fact. See Reynolds, supra note 10, at 773. Reynolds has ar-
gued that the circuit courts that have treated the issue as one of law, rather than
fact, have expanded the scope of review to create multiple grounds for reversal.
Id. According to Reynolds, "[t]his approach bypasses the boundaries of appel-
late review that are necessary to ensure the functional integrity of district
courts." Id. Reynolds has recognized, however, that treating this issue as one of
fact will virtually proscribe the use of summary judgment in Lanham Act claims
because summary judgment cannot resolve question of fact. Id. As a result, the
number of unmeritorious claims that proceed to trial will increase significantly.
Id. However, Reynolds has contended that this problem of efficiency is out-
weighed by the importance of giving the appellate courts unrestricted review.
Id. Reynolds has warned that treating the issue of likelihood of confusion as a
question of law creates an unrestricted framework and that such unchecked re-
view would likely render numerous district court decisions "vacuous." Id.; see
also Janet Shiffler Thomas, Comment, Likelihood of Confusion Under the Lanham Act:
A Question of Fact, a Question of Law, or Both?, 73 Ky. L.J. 235, 252-53 (1984-1985)
(considering that likelihood of confusion is more appropriately viewed as ques-
tion of fact because it cannot be assessed by inflexible formulae).

35. See, e.g., Levi Strauss & Co. v. Blue Bell, Inc., 778 F.2d 1352, 1355 n.4
(9th Cir. 1985) (en banc). Levi Strauss, a clothing manufacturer, brought an
action for false designation of origin against a competitor, Blue Bell, alleging
that Blue Bell violated Levi Strauss' trademark rights to a horizontal pocket tab.
Id. at 1354. The district court held that Levi Strauss' tab had not acquired sec-
ondary meaning, and therefore, it was not sufficiently distinctive to warrant
trademark protection. Id. Moreover, the district court held that even if the tab
had acquired secondary meaning, Blue Bell's use of a shirt tab was not likely to
be confused with Levi Strauss' tab. Id.

On appeal, the plaintiff Strauss argued that the lower court did not apply
the multifactor balancing previously set forth by the Ninth Circuit to determine
the likelihood of confusion. Id. at 1360. Strauss maintained that the trial court
relied too heavily on retailers from Blue Bell who testified that in their experi-
ence, they did not believe that Blue Bell's pocket tab would confuse customers.
Id. at 1360-61.

The Ninth Circuit held that the reliance on actual confusion was "the pre-
rogative of the district court" and their "job as an appellate court [is] not to
reweigh the evidence." Id. at 1360. The Ninth Circuit upheld the district court
decision that no likelihood of confusion existed, concluding that this determina-
tion was not clearly erroneous. Id. at 1361.

More recently, the Ninth Circuit reaffirmed its position that the likelihood
of confusion is a question of fact reviewable under a clearly erroneous stand-
ard of review. See Ocean Garden, Inc. v. Marktrade Co., 953 F.2d 500, 509 (9th Cir.
1991) (reviewing likelihood of confusion under clearly erroneous standard of
review).
law reviewable under a de novo standard of review. The Federal Circuit defines both the underlying evidentiary factors, as well as the ultimate determination of the likelihood of confusion as questions of law.

Finally, the United States Courts of Appeals for the Second and Sixth Circuits have held that the determination of the likelihood of confusion is a mixed question of law and fact. These circuits reason that while the foundational factors controlling the likelihood of confusion are findings of fact subject to the clearly erroneous rule, the ultimate determination of the likelihood of confusion is a question of law, subject

36. See In re Hearst Corp., 982 F.2d 493, 494 (Fed. Cir. 1992) ("Determination of likelihood of confusion . . . is reviewed as a question of law based on findings of relevant underlying facts."); see also Giant Food, Inc. v. Nation's Foodservice, Inc., 710 F.2d 1565 (Fed. Cir. 1983) (same).

37. Giant Food, 710 F.2d at 1569. The applicant, Nation's Foodservice, sought to register the mark "GIANT HAMBURGERS" and an accompanying design for its restaurant. Id. at 1566. Giant Food opposed the applicant's mark claiming that the applicant's mark was likely to be confused with Giant Food's mark "GIAN FOOD" and its accompanying design, which was used for its supermarket services and private food label. Id. at 1567. The Trademark and Appeals Board dismissed Giant Food's opposition to National Foodservice's mark. Id. at 1566.

On appeal, the Federal Circuit in Giant Food held that "the issue of likelihood of confusion is the ultimate conclusion of law to be decided by the court, and . . . the clearly erroneous rule is not applicable." Id. at 1569. The Federal Circuit stated that to determine likelihood of confusion, a court must apply a multifactor balancing test. Id. at 1569 (citing Application of E.I. Du Pont De Nemours & Co., 476 F.2d 1357, 1361 (C.C.P.A. 1973)). The Federal Circuit Court then reweighed all of the factors and concluded that the applicant's proposed mark was likely to cause confusion with the opposer's mark. Id. at 1571. Thus, the Federal Circuit Court concluded that the decision of the Trademark and Appeals Board should be reversed, and the applicant should be denied registration of its mark. Id.

In a subsequent case, the Federal Circuit reaffirmed its conclusion in Giant Food that the determination of likelihood of confusion is a question of law subject to de novo review on appeal. In re Hearst, 982 F.2d at 494; see also Thomas, Comment, supra note 34, at 240-43 (concluding that Giant Food analysis indicates that de novo review applies to ultimate issue and underlying factors).

38. See Paddington Corp. v. Attiki Importers & Distribs., Inc., 996 F.2d 577, 584-85 (2d Cir. 1993) (holding that district court findings regarding factors assessing likelihood of confusion are subject to clearly erroneous standard of review, but ultimate determination of likelihood of confusion is reviewable de novo); Esercizio v. Roberts, 944 F.2d 1235, 1242 (6th Cir. 1991) (same).

One commentator has advocated this mixed standard of review, analogizing the "likelihood of confusion" test in trademark law to the "obviousness" test in patent law. Rubin, supra note 30, at 34. Rubin has asserted that, in patent law, the overwhelming weight of authority rejects treating obviousness, which is the gravamen of patent protection, as a question of fact. Id. (citing 35 U.S.C. § 103 (1988)). Rubin has further maintained that similar to obviousness, the likelihood of confusion requires a "conditional determination," which is a determination drawn from facts and inferences that cannot be scientifically proven. Id. Therefore, Rubin has concluded that likelihood of confusion should be considered an ultimate conclusion of law, based on underlying evidentiary facts, which would be subject to a clearly erroneous standard. Id.
to de novo review.\textsuperscript{39}

Inconsistency in the standard of review for the likelihood of confusion exists not only among the circuit courts of appeals, but also within the various circuits.\textsuperscript{40} A discussion of the Third Circuit caselaw on the issue reveals, for example, that the Third Circuit has been very inconsistent in applying one standard of review to the question.\textsuperscript{41}

In \textit{Scott Paper Co. v. Scott\'s Liquid Gold, Inc.},\textsuperscript{42} the Third Circuit held

\begin{quote}
  39. See \textit{Paddington}, 996 F.2d at 584-85 (stating that appellate court reviews factors determining likelihood of confusion under clearly erroneous standard of review but reviews ultimate determination of likelihood of confusion \textit{de novo}); \textit{Esercizio}, 944 F.2d at 1242 (same); see also \textit{McCarthy}, supra note 1, \S 23.22, at 23-137 to 23-149. McCarthy notes that Judge Frank of the Second Circuit first proposed that an appellate court could review the district court\'s findings as to the likelihood of confusion \textit{de novo} when the finding was based on the district judge\'s own assessment of the evidence. \textit{Id.} at 23-140 (citing Eastern Wine Corp. v. Winslow-Warren, Ltd., 137 F.2d 955 (2d Cir.), \textit{cert. denied}, 320 U.S. 758 (1943)). Judge Frank, in Eastern Wine Corp. v. Winslow-Warren, Ltd., 137 F.2d 955 (2d Cir.), \textit{cert. denied}, 320 U.S. 758 (1943), reasoned that when the trial court\'s finding is not based on testimony, but solely on a comparison between the two competing trademarks, the appellate court is in as good a position as the trial court to determine the likelihood of confusion between the two marks. \textit{Eastern Wine}, 137 F.2d at 959-60. Therefore, Judge Frank concluded that when a determination of likelihood of confusion is based simply on a comparison of the two marks, the appellate court has plenary review. \textit{Id.} For a further discussion of the Second Circuit\'s approach under the \textit{Eastern Wine} test, see Reynolds, supra note 10, at 757-58 (noting that Second Circuit created \textit{“similarity of marks”} exception to clearly erroneous standard of review when determination of likelihood of confusion depends on comparison between two marks). This similarity of the marks exception was expressly repudiated in a recent Second Circuit decision. \textit{Paddington Corp. v. Attiki Importers & Distributors, Inc.}, 996 F.2d 577, 585 (2d Cir. 1993).

  Today, the Second Circuit holds that the determination of likelihood of confusion is a legal conclusion, thus reviewable under a \textit{de novo} standard. See \textit{id.} at 584-85; \textit{Centaur Communications}, 830 F.2d at 1225; \textit{Plus Prods. v. Plus Discount Foods, Inc.}, 722 F.2d 999, 1004-05 (2d Cir. 1984). The Second Circuit maintains, however, that the district court\'s findings as to the factors determining likelihood of confusion are findings of fact reviewable under a clearly erroneous standard of review. See \textit{Paddington}, 996 F.2d at 584-85; \textit{Centaur}, 830 F.2d at 1225; Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co., 799 F.2d 867, 873 (2d Cir. 1986).

  The Sixth Circuit has also applied a mixed standard of review to the likelihood of confusion. See \textit{Little Caesar Enter. v. Pizza Caesar, Inc.}, 834 F.2d 568, 570 (6th Cir. 1987) (\textit{“[F]oundational factors are factual and subject to a clearly erroneous standard of review, while the weighing of these findings on the ultimate issue of likelihood of confusion is a question of law.”}); see also \textit{Esercizio}, 944 F.2d at 1242 (\textit{“A district court\’s findings regarding each factor are reviewed for clear error, but further determination of likelihood of confusion based on those factors is a legal conclusion reviewed \textit{de novo}.”}).

  40. For a discussion of the equivocal approach of the United States Court of Appeals for Eight Circuit, see 2 \textit{McCarthy}, supra note 1, \S 23.22, at 23-146.

  41. For a discussion of the equivocal approach of the Third Circuit, see supra notes 47-62 and accompanying text.

  42. 589 F.2d 1225 (3d Cir. 1978). The court in \textit{Scott Paper} addressed whether the surname Scott, a registered trademark for paper and plastic household items, had acquired secondary meaning that would bar its use for Scott\'s

\end{quote}
that in reviewing a district court's findings on the likelihood of confusion, an appellate court must apply a clearly erroneous standard of review to the various findings of fact. The Third Circuit further held, however, that an appellate court may subject the inferences drawn from those basic facts, known as "ultimate facts," to a less stringent standard of review. In reaching its decision, the Scott Paper court reasoned that when the determination of a case hinges on documentary evidence, rather than witness credibility, an appellate court is in a position equal to that of a district court to evaluate and weigh the evidence. Therefore, the Scott Paper court concluded that a reviewing court need not be constrained by the stringent clearly erroneous standard of review.

The Third Circuit specifically rejected the Scott Paper approach, however, in American Home Products v. Barr Laboratories. The American

Liquid Gold furniture polish, a non-competing product, and whether a likelihood of confusion between the two trade names existed. Id. at 1227.

Scott Paper sells paper and plastic household items nationwide, producing annual revenues of $450 million. Id. at 1228. Scott's Liquid Gold began as a local manufacturer of furniture polish in the Denver, Colorado area. Id. at 1227. During the 1950s, the company launched efforts to nationalize the business. Id. In 1971, Scott's Liquid Gold applied to register the trademark "Scott's Liquid Gold." Id. Scott Paper challenged the trademark as confusingly similar to its own name and trademark. Id. at 1228.

Id. at 1229 n.3.

44. Id. The Scott court based this conclusion on an early Third Circuit case that held that inferences drawn from facts are subject to a lower standard of review. Id. (citing Sears, Roebuck & Co. v. Johnson, 219 F.2d 590, 591 (3d Cir. 1955)). In Sears, Roebuck, the Third Circuit held that Rule 52(a) "is not applicable where . . . the dispute is not as to the basic facts, but as to what inference (i.e., ultimate fact) should reasonably be derived from the basic facts." Sears, Roebuck, 219 F.2d at 591.

One commentator has suggested that in light of all of the factual findings that the Scott Paper court reversed, it appeared as though the court applied a de novo standard of review to the entire case, including the underlying facts, rather than simply applying a de novo standard of review to the ultimate facts. Reynolds, supra note 10, at 761-62.

45. Scott Paper, 589 F.2d at 1229 n.3. The Scott Paper court based this reasoning on several earlier Third Circuit cases that held that when there is no issue of credibility to be assessed, the appellate court is in as good a position as the district court to evaluate the evidence; therefore, the reviewing court may independently evaluate the evidence. Id. (citing In re Multidistrict Litigation, 540 F.2d 601, 603 (3d Cir. 1976)).

The analysis of the Third Circuit in the Scott Paper case was the same analysis applied by the Second Circuit in Eastern Wine Corp. v. Winslow-Warren, Ltd., 137 F.2d 955, 959-60 (2d Cir. 1943). For a further discussion of the Eastern Wine case and the Second Circuit's reasoning, see supra note 9 and accompanying text.

46. Scott Paper, 589 F.2d at 1229 n.3.

47. 834 F.2d 368, 370 n.2 (3d Cir. 1987). In American Home Products, the Third Circuit considered whether the district court erred in concluding that no likelihood of confusion existed between the plaintiff's brown ibuprofen tablet known as ADVIL and the defendant's brown ibuprofen pill. Id. at 369.

American Home Products (AHP), the plaintiff, manufactures ADVIL, an ibuprofen tablet. Id. The tablet is brown and glossy with the letters A-D-V-I-L.
Home Products court held that the issue of the likelihood of confusion was a question of fact subject to the clearly erroneous standard of review. Therefore, an appellate court may reverse a lower court's decision only if the appellate court determines that the district court's conclusion bears no reasonable relationship to the evidence at trial.

In reaching this conclusion, the American Home Products court first explained that the Scott Paper court's distinction between "basic facts," which it reviewed under a clearly erroneous standard, and "ultimate facts," which it reviewed under de novo standard, was "no longer tenable in light of the United States Supreme Court's decision in Pullman-Standard v. Swint." The Supreme Court in Pullman held that Rule 52(a) of the Federal Rules of Civil Procedure, which applies the clearly erroneous standard of review to findings of fact, does not divide facts into categories subjecting certain factual findings to less stringent standards of review and others to a clearly erroneous standard. Thus, the American Home Products court noted that all factual findings are subject to a single clearly erroneous standard of review. Therefore, the American Home Products court held that to the extent that the Scott Paper court justified a de novo standard of review on the reasoning that the likelihood of confusion is a question of "ultimate fact," the holding in Scott Paper was untenable.

The American Home Products court further reasoned that amendments to the language of Rule 52(a), enacted after the Scott Paper decision, invalidated the distinction that the Scott Paper court made between docu-

48. Id.

49. Id. Although the Third Circuit acknowledged the differing views among the circuits as to the proper standard of review for the question of the likelihood of confusion, the court concluded that a clearly erroneous standard was the proper standard of review. Id. The court defined a clearly erroneous finding as one that is "completely devoid of a credible evidentiary basis or bears no rational relationship to the supporting data." Id. at 371.

50. Id. at 370 n.2 (relying on Pullman-Standard v. Swint, 456 U.S. 273 (1982)). In Pullman-Standard, the Supreme Court addressed the appropriate standard of review for a district court finding of discriminatory purpose in cases arising under Title VII of the Civil Rights Act. Pullman-Standard, 456 U.S. at 273.

51. Pullman-Standard, 456 U.S. at 287. For the pertinent language of Rule 52(a), see supra note 29 and accompanying text. The Supreme Court made clear in Pullman-Standard that findings of fact were not to be divided into "ultimate facts" and "subsidiary facts." Id.

52. American Home Products, 834 F.2d at 370 n.2.

53. Id.
The Scott Paper court had reasoned that when a trademark infringement case is based primarily on documentary evidence, the appellate court is in as good a position to assess the evidence and therefore, should not be constrained by a clearly erroneous standard of review.

The amendments to Rule 52(a), however, require reviewing courts to apply a clearly erroneous standard of review to all findings of fact, regardless of whether they are based on oral testimony and witness credibility or on documentary evidence. Accordingly, the American Home Products court rejected the Scott Paper court's distinction and held that appellate courts are subject to a clearly erroneous standard of review when reviewing findings of fact pursuant to Rule 52(a).

The Third Circuit next addressed the issue of the proper standard of review for findings of the likelihood of confusion in Opticians Association of America v. Independent Opticians of America. In Opticians, the Opticians Association of America (OAA) brought an action to enjoin former members of their group from using IOA as the guild mark for their newly formed organization. Determining the propriety of a preliminary injunction, the Third Circuit had to assess whether the Opticians Association of America could prove that there was a likelihood of confusion.

54. Id. at 370 (stating that to extent that circuits justify de novo review "on the perception that appellate courts are in as good a position as trial courts to evaluate evidence of likelihood of confusion, the validity of this approach has been largely undermined by the 1985 amendment to Federal Rule of Civil Procedure 52(a)").

55. Scott Paper, 589 F.2d at 1229 n.3.


57. American Home Products, 834 F.2d at 370. The Third Circuit in American Home Products firmly held that "Rule 52(a) now requires appellate courts to apply the clearly erroneous standard to all findings of fact." Id.

58. 920 F.2d 187 (3d Cir. 1990).

59. Id. In the 1920s, the Guild of Prescription Opticians (GPOA) was formed to represent the interests of opticians nationwide and establish optical service standards. Id. at 190. In 1972, the GPOA changed its name to the OAA. Id. These two guild marks and many others used by the organization were federally registered trademarks. Id. In 1989, a New Jersey guild defected from the OAA and formed its own guild known as the IOA. Id. at 191. Subsequently, the OAA sought a preliminary injunction to enjoin OIA from using any of the OAA's guild marks in connection with the sale, distribution or advertising of IOA's goods and services. Id.

The district court denied OAA's request for a preliminary injunction, holding that the federal registration of OAA's marks was invalid because the marks were mischaracterized, and had been used as certification marks despite their federal registration. Id. On appeal, the Third Circuit addressed the propriety of the district court's denial of a preliminary injunction. Id. The Third Circuit stated that a court must consider the plaintiff's probability of success at trial in assessing whether a preliminary injunction is an appropriate remedy. Id. at 191-92. The Third Circuit concluded that the trial court had erred in holding that OAA's federal registration was invalid. Id.
sion between the guild marks OAA and IOA. The Third Circuit reaffirmed that the likelihood of confusion is a question of fact reviewable under the clearly erroneous standard of review. However, the Third Circuit in Opticians further held that where no dispute exists as to the relevant facts, an appellate court’s review of the likelihood of confusion is plenary. It was within this legal framework that the Third Circuit decided Dranoff-Perlstein Associates v. Sklar.

III. FACTS


The district court granted the defendant’s motion for summary judgment.

60. Id. at 194-95.
61. Id. at 195 (citing American Home Products v. Barr Laboratories, Inc., 834 F.2d 368, 370 (3d Cir. 1987)).
62. Id. The Third Circuit concluded that “likelihood of confusion is an inevitable result of the concurrent use of the Guild marks.” Id. Therefore, OAA satisfied its burden of proving a likelihood of success on the merits. Id.
63. 967 F.2d 852 (3d Cir. 1992).
64. Id.
65. Id. at 853.
66. Id. The ad campaign featured “sixty-second radio advertisements on several popular local radio stations; advertisements in the yellow pages of the telephone book; and postage meter tapes with a telephone and the number I-N-J-U-R-Y-1 prominently featured.” Id. at 853-54. For example, one advertisement read: "Injured? Dial I-N-J-U-R-Y-1 for all accident cases and personal injury claims.” Id. at 854 n.3.
67. Id. at 854. Sklar used the I-N-J-U-R-Y-9 number prominently in radio spots, advertisements in the local telephone directory, and in newsletters and handbills. Id.
68. Id. For a discussion of the procedure for registering a trade or service mark, see Kane, supra note 13, at 79-92.
69. Dranoff-Perlstein, 967 F.2d at 854.
70. Id. For the language of § 43(a) of the Lanham Act, see text accompanying supra note 18.
judgment, holding that the telephone number I-N-J-U-R-Y-1 was a generic term and therefore, not entitled to service mark protection.\textsuperscript{71} The district court alternatively noted, however, that even if the telephone number were deemed descriptive, it had not acquired the secondary meaning required to justify trademark protection.\textsuperscript{72} The plaintiffs subsequently appealed the district court’s decision to the Third Circuit.\textsuperscript{73}

### IV. Analysis

The Third Circuit began its analysis by focusing on whether marks that corresponded to telephone numbers could acquire trademark protection.\textsuperscript{74} The Third Circuit acknowledged that many businesses, including law firms, generate business by telephone, and therefore telephone numbers, like any other trademark, may serve to identify the source of the service offered.\textsuperscript{75} As a result, the Third Circuit concluded that a telephone number may be protected as a trademark under the Lanham Act.\textsuperscript{76}

\textsuperscript{71} Dranoff-Perlstein Assocs. v. Sklar, No. CIV. A. 90-5003, 1991 WL 63822, at *1 (E.D. Pa. April 19, 1991). The district court dismissed the plaintiff’s complaint, finding that the mnemonic I-N-J-U-R-Y-1 was not entitled to trademark protection. \textit{Id.} Judge Fullam held that the mark was functional, and that it was designed to aid potential customers in remembering the telephone number of the plaintiff. \textit{Id.} at *2. Therefore, Judge Fullam concluded that the mark was generic and thus, not entitled to trademark protection. \textit{Id.}

\textsuperscript{72} \textit{Dranoff-Perlstein}, 967 F.2d at 854. For a discussion of descriptive terms and the requirement of proving secondary meaning, see supra note 26 and accompanying text.

\textsuperscript{73} \textit{Id.} at 858.

\textsuperscript{74} \textit{Id.} at 855.

\textsuperscript{75} \textit{Id.} The Third Circuit in \textit{Dranoff-Perlstein} recognized that the “function [of] a trademark [is to be] an indicator of source, sponsorship, approval, or affiliation.” \textit{Id.} at 856 (citing A. J. Canfield Co. v. Honickman, 808 F.2d 291, 305 (3d Cir. 1986)). Therefore, the court concluded that “[t]o the extent a mark that corresponds to a telephone number performs these functions, it may, if the other requirements of trademark law are met, be entitled to trademark protection.” \textit{Id.}

The \textit{Dranoff-Perlstein} court did state in a footnote that the fact that the mark at issue corresponded to a telephone number was not relevant to the court’s determination unless “it limits the universe of possible alternative marks available to competitors.” \textit{Id.} at 855 n.6. As an example, the court noted that use of the telephone number INJURY-1 would prevent anyone else from using the word “injury” in the beginning of his or her telephone number because the first six digits of the two numbers would always be exactly alike. \textit{Id.} The Third Circuit also recognized that “[c]ompanies doing significant business through telephone orders frequently promote their telephone numbers as a key identification of the source of their products.” \textit{Id.} (quoting Dial-A-Mattress Franchise Corp. v. Page, 880 F.2d 675 (2d Cir. 1988)). The Third Circuit cited examples from the local directory, such as “DIAL-LAW” or Dial-DENTIST. \textit{Id.} at 855 n.7.

\textsuperscript{76} \textit{Id.} at 857. The court acknowledged that most of the courts that addressed the issue concluded that trademarks corresponding to telephone numbers are protectible. \textit{Id.} at 856 (citing Dial-A-Mattress Franchise Corp. v. Page, 880 F.2d 675 (2d Cir. 1989) (holding that telephone numbers may be protected
In continuing its analysis of section 43(a) of the Lanham Act, the Third Circuit assessed whether the plaintiff’s mark was sufficiently distinctive to warrant trademark protection. The court concluded that the term “I-N-J-U-R-Y” was generic because the term was “intelligently related to a ‘distinctive characteristic’ of personal injury lawyers and therefore, it had become so ‘commonly descriptive’ of the service that personal injury lawyers provide.” Furthermore, the Third Circuit reasoned that if the plaintiff could preclude other personal injury lawyers from using the word “INJURY” in their own telephone numbers, the plaintiff would gain the type of unfair competitive advantage that trademark law, and more specifically, the genericness doctrine, aims to prevent. The Third Circuit recognized, however, that a court must assess the distinctiveness of the mark by considering the mark in its entirety, that is, the term INJURY plus the suffix I. Consequently, the Third Circuit remanded the case to the district court to determine: first, whether the mark, considered as a whole, had acquired a secondary

77. Dranoff-Perlstein, 967 F.2d at 857. In Dranoff-Perlstein, the Third Circuit, first considered whether the mark INJURY-I was arbitrary. Dranoff-Perlstein, 967 F.2d at 857. The court concluded that the mark was not arbitrary because the phrase “INJURY-I” bears a logical relationship to the services rendered by personal injury lawyers. Id. Second, the court applied the “imagination” test and concluded that the mark “INJURY-I” was not suggestive because very little imagination was necessary to draw the connection between the mark “INJURY-I” and personal injury law. Id. at 858.

78. Id. at 860. For a discussion of the term “generic,” see supra note 27 and accompanying text.

In concluding that the word “INJURY” is generic, the Dranoff-Perlstein court explained that the personal injury field has become a very specialized area of the law, and consequently, competitors need to use the word “INJURY” to describe the legal services they provide. Id. The court reasoned that if “no commonly used alternative effectively communicates the same functional information, the term . . . is generic.” Id. at 859 (quoting A.J. Canfield Co. v. Honickman, 808 F.2d 291, 300 (3d Cir. 1986)). Telephone numbers contain only an area code and seven digits, and therefore, the court reasoned that if the term “INJURY” were granted exclusively to Dranoff-Perlstein “the range of commonly used alternatives . . . would be severely limited.” Id.

79. Dranoff-Perlstein, 967 F.2d at 859-60 (citing Gilson, supra note 76, § 2.02, at 2-23). For a discussion of the general purpose of trademark law and unfair competition, see supra note 1 and accompanying text.

80. Dranoff-Perlstein, 967 F.2d at 861.
meaning that would render it worthy of protection under Section 43(a) of the Lanham Act; and second, if the court deemed the mark to be worthy of protection, whether a likelihood of confusion existed between "I-N-J-U-R-Y-1" and "I-N-J-U-R-Y-9." In reaching its decision, the Third Circuit stated that the likelihood of confusion is a question of fact. The Dranoff-Perlstein court based this conclusion on its decision in American Home Products. However, the Third Circuit offered this assertion without any further explanation.

V. CONCLUSION

Classifying the issue of likelihood of confusion as a question of fact or a question of law is important because it determines the appropriate standard for appellate review. Ascertaining the appropriate standard of review is particularly significant because the clearly erroneous standard makes it difficult for an appellate court to overturned district court findings. Conversely, a de novo standard allows for a very broad scope of appellate review.

The Third Circuit had initially assessed the issue of likelihood of confusion as a mixed question of law and fact in Scott Paper Co. v. Scott's Liquid Gold, Inc. However, the Third Circuit expressly rejected this view in American Home Products, Corp. v. Barr Laboratories, Inc. The American Home Products court held that the issue of likelihood of confusion is a question of fact reviewable under a clearly erroneous standard of review.

Furthermore, the Third Circuit in American Home Products specifically rejected the mixed standard of review adopted in Scott Paper. Following the court's explicit articulation of the standard in American Home Products, it is difficult to discern why the Third Circuit returned to a mixed question of law and fact.

81. Id.
82. Id. (stating that "likelihood of confusion [is] question of fact." (citing American Home Products, Corp. v. Barr Laboratories, Inc., 834 F.2d 368, 370 (3d Cir. 1987))).
83. Id. at 862.
84. Id.
85. Reynolds, supra note 10, at 752.
86. For a discussion of the clearly erroneous standard of review, see supra notes 31-32 and accompanying text.
87. For a discussion of the de novo standard of review, see supra note 33 and accompanying text.
90. American Home Products, 834 F.2d at 370.
91. Id.
mixed question of fact and law analysis in Opticians Association v. Independent Opticians.\(^9\) Was the Opticians court carving out an exception to the clearly erroneous standard of American Home Products for those limited instances in which there are no facts in dispute? Or, was the Opticians court simply misstating the law in the Third Circuit?

Adding to the confusion, the Dranoff-Perlstein court subsequently stated that the issue of the likelihood of confusion is a factual determination, relying on its decision in American Home Products.\(^9\) Can the adherence to the clearly erroneous standard in Dranoff-Perlstein be reconciled with the mixed standard of review set forth in Opticians? Or did the Dranoff-Perlstein court conclude that Opticians created an “exception” to the clearly erroneous standard that simply did not apply to the factual situation before it?

Although the court in Dranoff-Perlstein explicitly stated that the likelihood of confusion is a finding of fact, the Third Circuit has articulated a standard in previous cases and then subsequently failed to follow it.\(^9\) Therefore, because the the Third Circuit has not consistently supported a single standard of review, it is difficult to rely on the Third Circuit’s recent articulation of the standard in Dranoff-Perlstein. Moreover, the Third Circuit in Dranoff-Perlstein did not provide any reasoning for its decision.\(^9\) Relying on its holding in American Home Products, the Dranoff-Perlstein court simply stated, with little elaboration, that the likelihood of confusion is a question of fact.\(^9\) Furthermore, the court in Dranoff-Perlstein did not acknowledge or distinguish its holding in Opticians, in which it treated the likelihood of confusion as a mixed question of law and fact.\(^9\)

Consequently, the proper standard of review for the issue of the likelihood of confusion in trademark infringement cases in the Third Circuit remains unclear. The definitive statement of the court in Dranoff-Perlstein, that the issue is reviewed as a question of fact, does little to abate the confusion. The Third Circuit has pursued a policy that waivers between assessing the issue as a question of fact, and assessing the issue as a mixed question of law and fact. Therefore, it is difficult for a

\(^9\) Opticians Ass’n of Am. v. Independent Opticians of Am., 920 F.2d 187, 195 (3d Cir. 1990). For a further discussion of Opticians, see supra notes 58-62 and accompanying text.

\(^9\) Dranoff-Perlstein v. Sklar, 967 F.2d 852, 862 (3d Cir. 1992). For a further discussion of the Dranoff-Perlstein case, see supra notes 64-84 and accompanying text.

\(^9\) For a discussion of the cases depicting the wavering policy of the Third Circuit, see supra notes 42-84 and accompanying text.

\(^9\) For a discussion of the Third Circuit’s reasoning as to the proper standard of review for the likelihood of confusion in Dranoff-Perlstein, see supra notes 82-84 and accompanying text.

\(^9\) Dranoff-Perlstein, 967 F.2d at 862.

\(^9\) For a discussion of the Third Circuit’s decision in Opticians, see supra notes 58-62 and accompanying text.
practitioner in the Third Circuit to ascertain the appropriate standard of review for this issue. The confusion will, undoubtedly, continue until the Supreme Court finally grants certiorari and resolves the issue, or until the Third Circuit makes a definitive statement.

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