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## Death of a Salesman's Doctrine : A Critical Look at Trademark Use

Michael Henry Davis

*Cleveland State University*, [m.davis@csuohio.edu](mailto:m.davis@csuohio.edu)

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## DEATH OF A SALESMAN'S DOCTRINE: A CRITICAL LOOK AT TRADEMARK USE

Michael H. Davis\*

### INTRODUCTION

A trademark is a salesman. It does the work of its owner by wearing a smile, by presenting a good image, and in Willy Loman's words, by being well liked.<sup>1</sup> It is, of course, the usual view that the death of the salesman, Willy Loman, was a suicide. But certainly lawyers know that causation is always problematical. Willy's case is

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\* Associate Professor of Law, Cleveland-Marshall College of Law, Cleveland State University; Member, Well Liked, Conference on Critical Legal Studies; Co-Author, A. MILLER & M. DAVIS, *INTELLECTUAL PROPERTY: PATENTS, TRADEMARKS, AND COPYRIGHT* (1983). Occidental College, B.A., 1967; Hofstra University, J.D., 1975; Harvard University, LL.M., 1979. The author thanks Mark Fleischer and John Oreh for their valuable assistance.

<sup>1</sup> See *infra* notes 16 & 86. As the title suggests, I refer at various points in this article to *Death of a Salesman*, in A. MILLER, *ARTHUR MILLER'S COLLECTED PLAYS* (1957) [hereinafter cited as *Death of a Salesman*]. A disclaimer is therefore appropriate; the references to the play are neither criticisms of its merits nor claims about its intentions. The merits of *Death of a Salesman*, whatever they may be, have been debated passionately since the play's first Broadway production. "It is, not surprisingly, a miserable affair; and it would be unfair to single it out here from among the many Broadway productions which are completely devoid of merit, were it not for just this excessive publicity which it has received." Morgan, *Notes on the Theatre*, 2 HUDSON REV. 269, 272 (1949). The play's recent revival has been no less controversial. Dudar, *A Modern Tragedy's Road to Maturity*, N.Y. Times, Mar. 25, 1984, § 2, at 1. The same is true of Miller's intentions, which have been debated not only by critics but by Miller himself. A. MILLER, *Introduction*, in *ARTHUR MILLER'S COLLECTED PLAYS* 1, 3 (1957); see Driver, *Strength and Weakness in Arthur Miller*, 4 TUL. DRAMA REV., May, 1960, at 45; Dudar, *supra*. I use *Death of a Salesman* because it effectively dramatizes for many audiences, first, some of the more profound effects of the market economy upon its subjects and, second, the relation of symbols and myths in our society to social reality. See T. PORTER, *MYTH AND MODERN AMERICAN DRAMA* 127-52 (1969).

no different. Howard, Willy's boss, did as much as anyone to kill Willy when he fired him the afternoon of Willy's death. The salesman's price was too high for Howard and that surely led to Willy's tragic end.<sup>2</sup>

Willy, *with increasing anger*: Howard, all I need to set my table is fifty dollars a week.

. . . .  
Howard: . . . but it's a business, kid, and everybody's gotta pull his own weight.

. . . .  
Willy: If I had forty dollars a week—that's all I'd need. Forty dollars, Howard.

Howard: Kid, I can't take blood from a stone.<sup>3</sup>

Trademarks must be paid, too. The price of a trademark is determined by the common law doctrine of trademark use, which requires that the potential trademark owner take the risk of developing the trademark with no assurance of ownership of the mark.<sup>4</sup> The owner thus must first demonstrate the competitive worth of the goods or services to which the mark is attached without any prior exclusive claim to the mark.

Trademark use—the requirement that the prospective owner must, through use of the mark, develop an association between the mark and the goods before acquiring secure ownership of the mark—has been perceived to be a stiff price to pay. Owners, naturally, have tried to lower this cost by reducing the requirements of the trademark use doctrine. Because trademark use is a form of consumer protection, each time the doctrine is eroded, the consuming public is injured. But, due to the pressures of industry and the trademark bar, various forms of “token” use have been urged upon and progressively accepted by the Patent and Trademark Office since the Lanham Act,<sup>5</sup> which provides for federal registration of trademarks, was passed in 1946.

Due to the assault upon the requirement of prior trademark use and the growth of a token use doctrine, what happened to Willy

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<sup>2</sup> For another explanation, see *infra* note 141.

<sup>3</sup> *Death of a Salesman*, *supra* note 1, at 179-81.

<sup>4</sup> See *infra* text accompanying notes 46-50.

<sup>5</sup> 15 U.S.C. §§ 1051-1127 (1982).

Loman has happened to the trademark use doctrine. In the end, it seemed too expensive and it was killed off—partially by its own hand, due to its own internal contradictions, and partially by trademark owners who had gained the favor of the Patent and Trademark Office. The death of a doctrine meant to protect the ordinary public, like the death of the tired and worn-down salesman, may actually be an advantage for established business firms; it is a tragedy only for the ordinary person that the doctrine, and the salesman, symbolized. What made Willy Loman's death possible was a world of moral ambiguity—the market economy—that functioned according to an illegitimate set of rules, but whose separateness preserved the apparent legitimacy of the rest of society. The death of trademark use was similarly due to a world of legal ambiguity—the administrative arena—whose rules are likewise illegitimate, but whose separateness helps preserve the legitimacy of the legal system. This Article traces the evolution and decline of the trademark use doctrine and examines the jurisprudential circumstances that led, perhaps inevitably, to its present moribund state.

## I. TRADEMARK THEORY

### A. *The Anticompetitive Nature of Trademark Law*

Naturally, the legitimacy of the free enterprise system depends upon free competition. The ability of and opportunity for newcomers to compete is essential to a meaningful “free” market.<sup>6</sup> The ability to differentiate products that are viable substitutes, however, tends to decrease competition because that differentiation prevents consumers from perceiving those products as substitutes. Trademarks are one way of differentiating goods that are in fact equivalents; to the extent consumers prefer one mark over another, the market is distorted. Economically irrational consumer preferences have at least two deleterious effects: (1) they effectively allow established firms to raise their prices to a point at which, absent those preferences, new entrants would otherwise find it profitable to enter the market, and, thus, (2) they make it difficult for new

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<sup>6</sup> J. BAIN, *BARRIERS TO NEW COMPETITION* 1-41 (1965).

firms to enter the market.<sup>7</sup>

Much trademark literature is sterile, devoid of analytical criticism. It commonly consists of a sort of juvenile name-calling: "It's a monopoly!" "No, it's competitive!"<sup>8</sup> One reason why trademarks have not been critically analyzed is the mistaken assumption, noted by Edward H. Chamberlin, that monopoly and competition are mutually incompatible.<sup>9</sup> The failure to realize that monopoly and competition can coexist explains much of the ignorance over trademarks. At best, a trademark is a very limited monopoly; it is, however, unquestionably a restraint upon competition. And, perhaps counterintuitively, its anticompetitive economic impact may be far more important than a traditionally recognized monopoly

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In general, product differentiation may lead to significant buyer preferences between established products and the products of new entrant firms. There is a good *a priori* possibility, moreover, that most buyers will on balance prefer established and known products to new and unknown ones. Of four major established brands of soap flakes there may be none enjoying a clearly preferred position over the others; each may have a large following of loyal customers who will remain loyal as long as the prices of the four are closely similar. But if a new brand of soap flakes were introduced by an entrant, the great bulk of the buyers of all four established brands might very well prefer any of those four brands to the new unknown, with the result that the entrant could secure an appreciable market, if at all, only by making some financial sacrifice not incurred by the established firms. Thus a general tendency of buyers to prefer established to new products may place potential entrants to a differentiated-product industry at a disadvantage as compared to firms already established in the industry.

....

If the potential entrant suffers some "product-differentiation disadvantage," the established firms should, by virtue of their advantage, be able to elevate their long-run price above minimal costs by some corresponding amount without attracting entry.

*Id.* at 116; see also Mueller, *Sources of Monopoly Power: A Phenomenon Called 'Product Differentiation'*, 18 AM. U.L. REV. 1 (1968).

<sup>8</sup> A sampling of the literature follows: "The law of trademarks . . . is not, as sometimes supposed, either allied with or related to the law of patents. Indeed, the two are more nearly antithetical than alike . . . Patents are legal monopolies—trademarks are competitive tools." Leeds, *Trademarks—The Rationale of Registrability*, 26 GEO. WASH. L. REV. 653, 653 (1958), reprinted in 48 TRADE-MARK REP. 903, 903 (1958). "[O]ur common law grants a perpetual monopoly to exclude others from using a mark . . . provided only that the trademark owner be the first to use the mark." Kegan, *Trademark "Use"—Fact or Fiction?*, 55 TRADE-MARK REP. 175, 178 (1965). "Trademarks are entirely distinguishable from patents and copyrights. . . . The right to a trademark is a right of property." Van Santen, *Proposed Trademark Legislation on a Recording System for Declarations of Intent*, 50 TRADE-MARK REP. 221, 221-22 (1960).

<sup>9</sup> E. CHAMBERLIN, *THE THEORY OF MONOPOLISTIC COMPETITION* (8th ed. 1962).

such as a patent. "It would ordinarily be supposed that the degree of monopoly was greater in the case of patents. Yet the huge prestige value of such names as 'Ivory,' 'Kodak,' 'Uneda,' 'Coca-Cola,' and 'Old Dutch Cleanser,' to cite only a few, is sufficient at least to make one sceptical."<sup>10</sup>

In essence, the issue of trademark use is whether the limited trademark monopoly should be granted to private interests more liberally and easily. The issue is whether competition will be sacrificed without a compensating public benefit. But this functional issue is frequently unobserved because of the failure to understand the anticompetitive nature of the trademark monopoly. The anticompetitive nature of trademark law is concealed because it depends upon a real, rather than abstract, understanding of human nature. Unless one is willing to question the hypothetical rationality upon which "Economic Man" depends and, still more, unless one is willing to recognize the possibility of "false consciousness,"<sup>11</sup>

<sup>10</sup> *Id.* at 62. Chamberlin continues:

It would be impossible to compute satisfactorily for comparison the value of the monopoly rights granted by the United States Government in the form of patents and copyrights, and the value of those existing in the form of trade-marks, trade names, and good-will. The insuperable difficulty would be the definition (for purposes of deduction from total profits) of "competitive" returns, and of profits attributable to other monopoly elements. Allowance would also have to be made for the difference in duration of patents and trade-marks, for the enhanced value of patents in many cases by combination, and for other factors. But merely to suggest such a comparison is to raise serious doubts as to whether the monopoly element in patents is even quantitatively as important as that in trade-marks.

*Id.*

<sup>11</sup> See Davis, *Critical Jurisprudence: An Essay on The Legal Theory of Robert Burt's Taking Care of Strangers*, 1981 Wis. L. Rev. 419. In researching the idea of false consciousness in literature and law, I was struck by the following quotation from an article nominally about contract and tort law:

The false consciousness involved is in part that people who agree to work a whole lifetime for the same employer on an at-will contract without any provision for their retirement have underestimated how seriously dependent they will be. Had they not been mistaken, they would have risen in revolt, or they would have scrimped and saved.

Kennedy, *Distributive and Paternalistic Motives in Contract and Tort Law, With Special Reference to Compulsory Terms and Unequal Bargaining Power*, 41 Md. L. Rev. 562, 628 (1982). Willy Loman apparently worked his entire life for one man and then that man's son. Duncan Kennedy's comment is just a sanitized report of Willy's anguish the day he was fired:

Willy, *stopping him*: I'm talking about your father! There were promises made across this desk! You mustn't tell me you've got people to see—I put thirty-four years into this firm, Howard, and now I can't pay my insurance! You can't eat the orange

the real nature of trademarks will remain obscured.

Courts have, at times, recognized the irrational nature of the market economy and even, without calling it so, the existence of false consciousness. Justice Frankfurter effectively noted the concept:

A trade-mark is a merchandising short-cut which induces a purchaser to select what he wants, or what he has been led to believe he wants. The owner of a mark exploits this human propensity by making every effort to impregnate the atmosphere of the market with the drawing power of a congenial symbol.<sup>12</sup>

What better description of false consciousness can be made than the phrase, "what he has been led to believe he wants."<sup>13</sup> Of course, Justice Frankfurter's comment needs some qualification. The trademark owner has something of value only because the law has first promised to protect it. Justice Frankfurter is guilty of legal formalism here because he assumes that the concept of value is independent of the positivistic legal structure that secures it. If the legal system refused to protect marks that distort the market econ-

and throw the peel away—a man is not a piece of fruit!

*Death of a Salesman*, *supra* note 1, at 181. A few hours later, Willy was dead.

<sup>12</sup> *Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co.*, 316 U.S. 203, 205 (1942). Justice Frankfurter elaborated upon the relationship between the law of trademarks and human psychology:

The protection of trade-marks is the law's recognition of the psychological function of symbols. If it is true that we live by symbols, it is no less true that we purchase goods by them. . . . Whatever the means employed, the aim is the same—to convey through the mark, in the minds of potential customers, the desirability of the commodity upon which it appears. Once this is attained, the trade-mark owner has something of value.

*Id.*

<sup>13</sup> Critics have noted the centrality of notions of falsity in *Death of a Salesman*: "Loman has displaced his *self* in an almost universally prevalent falsity." Clurman, *Arthur Miller's Later Plays*, in ARTHUR MILLER 166 (R. Corrigan ed. 1969). They have even noted the relationship of that falsity to marketing: "So he lives in a vacuum, a vapor of meaningless commercial slogans." *Id.* at 146; *see also* T. PORTER, *supra* note 1, at 151 ("The salesman's version of the success myth—the cult of personality—is shown to be a tissue of false values that lead only to frustration."). In fact, critics have termed the play's central dilemma as one of "false consciousness": "The persuasive atmosphere of the play . . . is one of false consciousness—the conditioned attitudes in which Loman trains his sons—being broken into by real consciousness, in actual life and relationships. The expressionist method embodies this false consciousness much more powerfully than naturalism could do." Williams, *The Realism of Arthur Miller*, 1 CRITICAL Q. 140, 145-46 (1959).



omy, marketers would not invest so much to "impregnate" the mark with a "congenial" gloss. Instead they would invest in their products and "impregnate" them with some superior competitive quality.<sup>14</sup>

More recently, this distorting effect of trademarks upon competition has been examined by the Ninth Circuit. Noting the psychological nature of trademarks, the court recognized their irrational appeal and the opportunity for business to capitalize on that fact. It also noted the possibility of public harm and the equally undesirable effect that "barriers to entry" have on new firms seeking to enter the market.<sup>15</sup>

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<sup>14</sup> While trademark law thus seems to be a relatively trivial marketing tool, it really amounts to a decision about how power is distributed in our society. It is perceived as almost subversive to carry Justice Frankfurter's observations to their logical end—that maybe there is something wrong, perhaps fascistic, with a reluctance to give people what they "want." Serious discussions often commence with high-sounding abstractions and then degenerate into something close to name-calling. Those who urge only superficial analysis of trademarks quickly seize what they conceive to be the high ground by promoting freedom of consumer choice.

[I]t seems plausible if it is based on the dogma of consumer autonomy. Then anyone who questions the untrammelled use of influence by the seller and its uncoerced acceptance by the buyer is at best a Puritan, at worst a Fascist. The debate seems to end in a defense of freedom, for the advertiser as well as for the consumer.

But does the sovereign consumer have real freedom . . . ?

Brown, *Advertising and the Public Interest: Legal Protection of Trade Symbols*, 57 YALE L.J. 1165, 1181-82 (1948).

The debate resolves unsurprisingly into a political question. The label freedom is opposed to that of Fascist, and all this argument at the altar of profits. Something about it should make the observer uneasy if not suspicious. The confusion is created in the upside-down presentation of the question. That is, it is in the assertion that these abstractions are true, rather than in the investigation of their substance, that false conclusions are derived from obviously false premises. "The economist, whose dour lexicon defines as irrational any market behavior not dictated by a logical pecuniary calculus, may think it irrational to buy illusions; but there is a degree of that kind of irrationality even in economic man; and consuming man is full of it." *Id.* at 1181. However, trademark law has a decisive, perhaps sole, role in creating the need itself. Were it not for the enforcement of the marketer's interest, these "illusions" would be bad investments; the public "wants" these things only because trademark law becomes a partner in their promotion.

<sup>15</sup> *Smith v. Chanel, Inc.*, 402 F.2d 562 (9th Cir. 1968).

The primary value of the modern trademark lies in the "conditioned reflex developed in the buyer by imaginative or often purely monotonous selling of the mark itself." To the extent that advertising of this type succeeds, it is suggested, the trademark is endowed with sales appeal independent of the quality or price of the product to which it is attached; economically irrational elements are introduced into consumer choices; and the trademark owner is insulated from the normal pressures of price and quality competition. In consequence the competitive system fails to perform its function of allocating available resources efficiently.

Yet, all this talk about "psychological symbols," "barriers to entry," and "product differentiation" avoids the issue. When Chamberlin wrote that products that should be mutual substitutes are artificially differentiated by a well-known mark, he meant that the supposed ability of the consumer to intelligently identify substantively equivalent goods was handicapped. The consumer believes that goods that are equivalent are really not. Characterizing trademarks as psychological symbols is meaningless unless one understands that the psychological impact of the symbol is strong enough to overcome the intelligent choice from which competition derives its sole legitimacy. A trademark cannot be a barrier to entry unless the new product's benefits and superior characteristics are insufficient to break into the market. Thus, trademarks are a barrier to entry only because they interfere with the ability of the consumer to judge new products—only because the assumed rational, intelligent choice of the consumer is a fiction. To be effective, in other words, trademarks must be *very* well liked.<sup>16</sup> Chamberlin essentially disagreed with a fundamental assumption of the free market: that individuals are capable of intelligently making the choices on which the efficiency of a free market depends. Other commentators have made the same observation.<sup>17</sup>

### B. Trademark Use

There are essentially two views of trademark law. The conventional view assumes that trademark rights relate only to the use of the mark itself. The critical view recognizes that far more is at stake, for domination of the mark in today's economy frequently leads to domination of the marketplace.<sup>18</sup>

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Moreover, the economically irrelevant appeal of highly publicized trademarks is thought to constitute a barrier to the entry of new competition into the market. *Id.* at 567 (citations omitted).

<sup>16</sup> The centrality (and the problem) of being "well liked" to both Willy Loman and to the market economy that he reflected, has always been devastatingly clear to critics and audience: "'Be liked and you will never want,' Willy advises his sons; and his famous distinction between being 'liked' and being 'well liked' seems to rest on whether or not the liking can be exploited for practical ends." Parker, *Point of View in Arthur Miller's Death of a Salesman*, 35 U. TORONTO Q. 144, 151 (1966).

<sup>17</sup> See J. BAIN, *supra* note 6, at 203-04; Deering, *Trade-marks on Noncompetitive Products*, 36 OR. L. REV. 1 (1956); Papandreou, *The Economic Effect of Trademarks*, 44 CALIF. L. REV. 503 (1956).

<sup>18</sup> That there are at least two views of trademark law should not be surprising. There

The conventional view misses the complexity of trademark doctrine by concentrating exclusively on its monopolistic elements. According to the conventional view, prior commercial trademark use is required, with the potential owner investing meaningful resources before the mark can be monopolized, because the public has an interest in preserving free access to the mark as long as possible. Only after the potential owner has given assurances—by risking a significant investment in the device—that the mark has attained a distinctive identity with the goods can the owner then monopolize the mark. In return for the investment, under the conventional view, the public is willing to deed over a limited interest in the device.<sup>19</sup> The Fifth Circuit, for instance, has articulated es-

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must always be a conventional view that incorporates the dominant political givens, and then another, critical, view, which includes within its analysis a criticism of those givens. The same division seems true of literary criticism. The two competing interpretations of *Death of a Salesman* are polar and analogous to the views of trademark law. The dominant view is that our society—including its market economy—allows people sufficient opportunity for self-fulfillment. Thus, the play accuses Willy of failing to fulfill his own personhood: "The verdict is always guilty and it is a verdict based upon Miller's belief that if each man faced up to the truth about himself, he could be fulfilled as an individual and still live within the restrictions of society." Corrigan, *Introduction: The Achievement of Arthur Miller*, in ARTHUR MILLER 3 (R. Corrigan ed. 1969). The critical view is that Willy's end was dictated by a society that imposes demands fundamentally inconsistent with human nature, pitting Willy against a system in which the cards are inevitably stacked against him.

Loman perceives he has "accomplished" nothing but it is still "the greatest country in the world" even if "personal attractiveness" gets you nowhere. He perceives that "the competition is maddening . . . ."

. . . .

Once a Loman's energy is drained by his society he is thrown aside, in this case casually sacked by the son of the man who has been his boss for thirty-four years . . . .

Mottram, *Arthur Miller: The Development of a Political Dramatist in America*, in AMERICAN THEATRE 127, 135 (J.R. Brown & B. Harris eds. 1967). Just as trademark law is subject to polar interpretations because it tries to resolve two irreconcilables—property and competition—the polar interpretations of *Death of a Salesman* exist because Miller "split his play between social causation and individual responsibility for Willy's fate." J. GASSNER, *THE THEATRE IN OUR TIMES* 347 (1954).

<sup>19</sup> The interest is limited because trademark ownership is significantly less extensive than copyright ownership and radically less extensive than patent rights. Trademark rights exist only as long as the mark is used, although there is no fixed limit on protection so that, theoretically, they could be perpetual. However, exclusive rights apply only to use as a trademark; thus, non-trademark, collateral use of the mark by others is not prohibited. See *Champion Spark Plug Co. v. Sanders*, 331 U.S. 125 (1947); *Prestonettes, Inc. v. Coty*, 264 U.S. 359 (1924). On the other hand, patent rights, though lasting only 17 years, forbid any manufacture, sale, or use of the invention for all purposes. 35 U.S.C. § 154 (1932). There is no requirement that the patentee use or work the patent to maintain the patent rights.

sententially this view. "The acquisition of such a right through use represents the passage of a word or design out of the public domain into the protective ambits of trademark law."<sup>20</sup> But this conventional view, which characterizes trademark law and its potential problems as one simply of monopoly, trivializes trademark law. If the problem of trademark law were simply the monopolization of words and devices used as trademarks, there would be little public loss or interest. The monopolization of a word can hardly compare to the monopolization of an industry. The public stake in trademark law under the conventional analysis is minimal. Under this analysis, copyrights and patents, which monopolize actual products (inventions, artistic property, and all sorts of obviously profitable goods), appear to be more serious threats to the public welfare.

A critical analysis, on the other hand, shows that trademark use is important because, to the extent it imposes a substantive (rather than a token) burden upon the marketer, there is some assurance that the anticompetitive and monopolistic grant of trademark rights is justified. Just as copyrights and patents are enforced only when a court is convinced by assessing the benefits and burdens that the monopoly is justified,<sup>21</sup> trademark use assures that the owner has successfully marketed a product that has some economically rational and inherent appeal aside from the mark itself. When trademark use is reduced to a procedural requirement,<sup>22</sup> the

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Similarly, copyright protection, which does not end until 50 years after the author's death or, generally, a total of 75 years for corporate authors, extends to a wide range of "copies," or functionally equivalent exclusive rights. In general, these rights include not only straight-forward copying but also derivative works and rights to display, perform, and distribute. 17 U.S.C. § 101 (1982).

<sup>20</sup> *Boston Professional Hockey Ass'n v. Dallas Cap & Emblem Mfg.*, 510 F.2d 1004, 1014 (5th Cir.), *cert. denied*, 423 U.S. 868 (1975).

<sup>21</sup> In patent law, the monopoly is enforceably valid only if the invention can be characterized as the application of an idea rather than the idea itself. *Gottschalk v. Benson*, 409 U.S. 63 (1972); *Brenner v. Manson*, 383 U.S. 519 (1966). Similarly, in copyright, the monopoly is enforceably valid only if the work of authorship can be characterized as an expression of an idea and not the idea itself. *Baker v. Selden*, 101 U.S. 99 (1879); *Sheldon v. Metro-Goldwyn Pictures Corp.*, 81 F.2d 49 (2d Cir. 1932), *cert. denied*, 298 U.S. 669 (1936). Both the idea/application and the idea/expression dichotomies effectively incorporate a calculus that compares the benefits and burdens to society and to the inventor/author of granting the monopoly.

<sup>22</sup> *Blue Bell, Inc. v. Farah Mfg. Co.*, 508 F.2d 1260 (5th Cir. 1975), justified substituting token use for trademark use by characterizing trademark use as a procedural device. The Patent and Trademark Office has similarly attempted to sanitize token use by insisting there is a meaningful distinction between accepting token use for registration purposes and

trademark monopoly loses all social justification.

This critical view proceeds from a more incisive analysis first broached by Chamberlin.<sup>23</sup> Under this approach, the requirement of real and prior commercial use as a prerequisite to trademark ownership represents an interesting way of squaring the circle of monopoly and competition. For more than 200 years, it has been understood that property and competition are not separate formalistic conceptions but are instead opposites along the continuum of the market economy.<sup>24</sup> Chamberlin simply elaborated upon this point. Property law recognizes the right at a certain point to be free from competition; intellectual property generally and trademarks specifically are particular applications of that notion. Because of their distortion of the market, far from being a trivial monopoly over a word or symbol, trademark rights are the equivalent

allowing it to determine priority between adversaries contesting ownership. See *Selfway, Inc. v. Travelers Petroleum, Inc.*, 579 F.2d 75 (C.C.P.A. 1978); *Old Swiss House, Inc. v. Anheuser-Busch, Inc.*, 569 F.2d 1130 (C.C.P.A. 1978).

<sup>23</sup> E. CHAMBERLIN, *supra* note 9. Chamberlin, who was a professor of political economy at Harvard University, wrote the first edition of *The Theory of Monopolistic Competition* in 1933. Chamberlin's analysis is the basis of what McClure calls the "Harvard school" in the economic analysis of trademarks. McClure, *Trademarks and Unfair Competition: A Critical History of Legal Thought*, 69 TRADE-MARK REP. 305, 346 (1979).

<sup>24</sup> P.J. Proudhon's answer "It is robbery," to the question, "What is property?," leads inevitably to this conclusion. P.J. PROUDHON, *WHAT IS PROPERTY?* 11 (B. Tucker trans. 1970). The evils of competition did not dominate Proudhon's work, however. The exploitation of labor concerned him far more than the newly developing competitive exploitation among and between the bourgeois merchant class, of which trademark is a principal symbol. Proudhon's collateral conclusion, that it is "a deplorable error" to assume that the opposite of a system of property is communism, was based on his own attempt to square the circle. See *id.* at 259. Although opposed to unfair, exploitative property, he favored a limited, possessory form of it. See *id.* at 285.

Seemingly aware of the apparent contradictions in this philosophy, Proudhon attempted to resolve them in later works. What he said especially applies to trademark law:

As long as a product is only made by one producer, the product's actual value remains a mystery, either through deceit or through the inability or inattention of its producer to have its price drop to its lowest limit.

. . . .

Therefore, any exclusive right of production is an actual harm to society; and commercial advertising, like labor competition, is a necessity. All imagined and imaginable utopias cannot avoid this law.

P.J. PROUDHON, *Système des contradictions économiques ou philosophie de la misère*, in *OEUVRES COMPLÈTES DE P.J. PROUDHON* 212 (Nouvelle ed. 1923) [author's translation]. "Competition does not act with all the destructive force it has within itself—but that changes nothing about its contradictory nature." *Id.* at 225. "Monopoly is the natural opposite of competition. . . . But seeing that competition is necessary, it implies the idea of monopoly since monopoly is like the head office of each individual competitor." *Id.* at 249.

of copyright and patent. Trademarks restrain competition over the goods themselves. Thus, the requirement of use in trade is a profound one, setting the price of, and drawing a line that defines, a particular distribution of wealth in our society.

Where to draw that line, however, is a value judgment. Yet the language of property and of legal formalism allows this value judgment to appear as a nonpolitical given. Since trademark ownership signals the end of the marketer's vulnerability to free competition, the question of where to draw the line is a crucial one. To simply draw the line in a vacuum—to grant "property" in marks to all comers—is to surrender without even a battle and perhaps to make the political forces a bit too obvious.

Trademark use has somewhat cleverly drawn the line by insisting that the marketer freely compete until a certain amount of success has been reached—until the product or service has succeeded in the market economy so that a segment of consumers has associated the mark with the goods. The doctrine thus requires use of the mark "in a way sufficiently public to identify or distinguish the marked goods in an appropriate segment of the public mind as those of the adoptor of the mark,"<sup>25</sup> a substantive requirement recently reiterated as "the type of public exposure of a mark that would be expected to have [a] significant impact on the purchasing public."<sup>26</sup> Ownership then follows.<sup>27</sup> This requirement of public association is clever because it is an astute way of having one's cake

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<sup>25</sup> *New England Duplicating Co. v. Mendes*, 190 F.2d 415, 418 (1st Cir. 1951).

<sup>26</sup> *Old Swiss House, Inc. v. Anheuser-Busch, Inc.*, 569 F.2d 1130, 1133 (C.C.P.A. 1978); *see also Selfway, Inc. v. Travelers Petroleum, Inc.*, 579 F.2d 75, 79 (C.C.P.A. 1978) ("such usage must have been of such a nature and extent as to create an association in the mind of the consuming public between the mark and the services to be rendered"); *Martha White Foods, Inc. v. Western Grain Co.*, 162 U.S.P.Q. (BNA) 299, 300 (TTAB 1969) (use in trade must be "of such a nature and extent that the term or slogan has become popularized in the public mind as identifying the product of the user thereof"), *aff'd sub nom. Jim Dandy Co. v. Martha White Foods, Inc.*, 458 F.2d 1397 (C.C.P.A. 1972).

<sup>27</sup> It is difficult, perhaps impossible, to avoid an element of formalism at some point in the analysis, even if conducted under the most "realistic" conditions, not merely because the concept of "ownership" tends to foreclose further discussion. "Interest balancing," even if it avoids notions of property and ownership, still postulates a continuum over which the calculations occur—but, more important, along which evaluations are possible. This continuum implies some real, immanent unit or conception that exists outside of raw politics. A critical analysis, however, reveals that what is going on is an affective response to the problem of allocating (ripping off?) power. *See Kennedy, The Stages of the Decline of the Public/Private Distinction*, 130 U. PA. L. REV. 1349 (1982).

and eating it. It appears to effect an even-handed bargain between the public and the marketer by requiring a limited period of competition before monopoly is granted. Yet, in a market economy that is supposedly based upon free competition, this doctrine still fails to explain why a monopoly should *ever* be granted, even after the required marketing success.

A doctrine of token trademark use, on the other hand, reduces this test of the product to nothing. Through token use, ownership in marks is granted to marketers who have not demonstrated that their products or services deserve protection from further competition. If there is genius in trademark use, it is in its skillful balancing of the contradictory concepts of monopoly and competition. In a way, then, the token use doctrines represent a confession, an exhaustion, an inability or unwillingness to perform that balance.

Naturally, marketers desire to minimize competition to dominate and monopolize the market. Trademark law itself expresses that desire by affording protection from competition. It is unsurprising then that this protection eventually has become not the conclusion but the premise. Instead of concluding that protection is merited by a demonstration of successful competition, trademark practice, especially at the Patent and Trademark Office, frequently raises the need for this protection as a reason to grant it.<sup>28</sup> If one assumes that trademark law exists to encourage the security and profits of marketers, this premise puts trademark law on its head and inevitably produces decisions designed to further those profits possibly at the expense of the consumer. It is thus not surprising that a token use in trade<sup>29</sup> is frequently justified by saying that it is too onerous and expensive to require an enterprise to do what the Lanham Act expressly demands: to gamble on the actual trade use of a mark before it is eligible for registration.<sup>30</sup> An agency or system of administrative law devoted to protecting its charges from competition may be excused for sympathizing with its clients. After all, that system is itself a salesperson marketing a

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<sup>28</sup> See *Standard Pressed Steel Co. v. Midwest Chrome Process Co.*, 183 U.S.P.Q. (BNA) 758, 764 (TTAB 1974); see also *infra* text accompanying notes 68-69 & 125-28.

<sup>29</sup> For a discussion of how the Patent and Trademark Office created a token use in trade doctrine by collapsing the substantive use in trade requirement into the legitimately token "use in commerce" requirement of the Lanham Act, see *infra* text accompanying notes 32-88.

<sup>30</sup> See *infra* text accompanying notes 54, 65, 69 & 126 and note 65.

product—trademarks in this case—and salespersons exist to sell.

Additionally complicating the development of a token use doctrine is the fact that most other countries do not have such a burdensome requirement as use in trade. These countries have intent-to-use statutes that allow a company, under certain circumstances, to claim a mark by declaring the intent to use it. Cases that undermine the use in trade requirement by adopting token use have sometimes referred to the advantages of the intent-to-use standard to justify their actions. Ironically, they usually cite our failure to enact an intent-to-use statute as justification for creating its judicial equivalent.<sup>31</sup>

## II. THE ASSAULT UPON TRADEMARK USE

### A. *The Requirements of Use in Trade and Use in Commerce*

Federal trademark law is unusual because, although it is created by federal statute, most of its underlying substance is derived from and is intended to remain part of state common law. Thus, the most basic black letter law of trademarks holds that federal trademark law is simply a system of registration of state rights. This rule is no longer strictly true, however, because the 1946 Lanham Act creates several important federal substantive rights.<sup>32</sup> Never-

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<sup>31</sup> See *infra* notes 54 & 127 and accompanying text. Parenthetically, however, intent-to-use systems present problems along with benefits to marketers desiring a wide range of available marks. American marketers have encountered difficulties in countries where marks may be owned, or suddenly become owned (upon the news that the Americans are coming), without any use at all. A typical transaction may involve a canny host country citizen who, learning that an American marketer intends to enter the country, files an intent to use the mark with the host country trademark agency. The citizen is then equipped with sufficient leverage to sell (extort?) the mark back to the marketer at a handsome profit. For an example, see *Japan Trademarks Can Prove Elusive*, N.Y. Times, Apr. 5, 1983, at D4, col. 1, which recounts incidents involving both McDonald's and Coca-Cola in Japan. Although we have no similar institutionalized procedures here, American marketers still manage to maintain a "stable" of potential trademarks though abuse of the present system, and apparently find such a marketing structure satisfactory. See Fletcher, "Time Out," "Snob," "Wipe Out" and "Chicken of the Sea": The Death Knell of "Token Use"?, 65 TRADE-MARK REP. 336, 336 (1975); Kegan, *supra* note 8, at 180; Whittredge, *The Practical Trademark Application—Founded on Intended Use of the Mark*; Dirksen Bill, S. 2786, 54 TRADE-MARK REP. 883, 886-87 (1964); see also *infra* notes 104-06 and accompanying text. Not all courts, however, have reacted favorably to such trademark maintenance programs. See, e.g., *Exxon Corp. v. Humble Exploration Co.*, 695 F.2d 96, 102 (5th Cir. 1983) (characterizing an allegedly extreme example of trademark maintenance as a "warehousing program").

<sup>32</sup> *Burger King, Inc. v. Hoots*, 403 F.2d 904 (7th Cir. 1968).



theless, outside those specifically identifiable substantive rights (constructive notice and incontestability being the most important), substantive federal trademark rights are still generally determined by underlying state common law doctrines.

Because of the confusion caused by the unusual federal/state structure of federal trademark law, it has been claimed that "it is axiomatic that trademark rights, including the right to apply for federal registration, arise upon the single shipment of a marked article in interstate commerce."<sup>33</sup> Axiomatically, this claim is mistaken. In terms of how the Patent and Trademark Office operates, though, the claim is substantially true.

To understand why the claim is mistaken, it is necessary to know that there are two requirements for an enforceable federally registered trademark. One is "use in commerce" and the other is "use in trade."<sup>34</sup> The distinction between use in trade and use in commerce, at least at the theoretical level, is an accepted one.<sup>35</sup> While both these requirements are statutory, they have distinctively different legal sources. Use in commerce is constitutionally mandated; use in trade is effectively common law. Both, however, come from the first sentence of the Lanham Act. Section 1 provides that "[t]he owner of a trademark used in commerce may register his trademark."<sup>36</sup> Because one cannot own a trademark unless one first uses it in trade, the word "owner" states the requirement

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Congress expanded the common law . . . by granting an exclusive right in commerce to federal registrants in areas where there has been no offsetting use of the mark. Congress intended the Lanham Act to afford nation-wide protection to federally-registered marks, and that once the certificate has issued, no person can acquire any additional rights superior to those obtained by the federal registrant.

*Id.* at 908; *see also* S.C. Johnson & Son, Inc. v. Johnson, 175 F.2d 176 (2d Cir.), *cert. denied*, 338 U.S. 860 (1949).

<sup>33</sup> Kegan, *supra* note 8, at 181.

<sup>34</sup> Use in commerce is sometimes called registration use; use in trade is sometimes called ownership or trade use. For a more elementary, but perhaps more accessible, explanation of the trademark use problem, *see* A. MILLER & M. DAVIS, *INTELLECTUAL PROPERTY* 221-29 (1983).

<sup>35</sup> *See* Leeds, *supra* note 8. Leeds accurately distinguishes the two as follows: "The date upon which the product was regularly sold in its ordinary trade channels is the date of first use [in trade]. The date upon which the product bearing the mark was sold or transported in interstate, international or territorial commerce is the date of first use in commerce." *Id.* at 655, 48 TRADE-MARK REP. at 905. Leeds goes on to emphasize that the two uses can coincide but that the less substantial requirement—use in commerce—can never precede the more substantial use in trade.

<sup>36</sup> 15 U.S.C. § 1051 (1982).

of use in trade. The words "used in commerce" are, similarly, the source of the use in commerce requirement that provides federal jurisdiction by satisfying the commerce clause's constitutional mandate.<sup>37</sup>

Until recently, there was no confusion between use in trade to gain ownership over the mark and use in commerce to qualify for federal registration. Use in commerce was recognized as an insubstantial jurisdictional and procedural requirement. Use in trade was uniformly recognized as a substantive requirement.<sup>38</sup>

Use in commerce is required for constitutional reasons. Ever since the *Trade Mark Cases*,<sup>39</sup> courts have recognized that federal powers over trademarks arise from the commerce clause and that those powers require interstate use in commerce to be legitimate. In many ways, use in commerce is nothing more than a jurisdictional requirement.<sup>40</sup> For instance, in *Pure Oil Co. v. Puritan Oil Co.*,<sup>41</sup> Judge Learned Hand treated use in commerce as "jurisdictional," upholding federal regulation of the mark of a gas station operating exclusively within one state. More recently, the Ninth Circuit held that a single interstate shipment of an aerosol can was sufficient to vest jurisdiction under the Lanham Act.<sup>42</sup> Similarly, the Fifth and Sixth Circuits have long treated use in commerce as essentially a jurisdictional requirement.<sup>43</sup>

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<sup>37</sup> See *infra* text accompanying notes 39-45.

<sup>38</sup> "It thus appears that the distinction between the ownership of a trade-mark, and the right of registration, must not be confused. . . . Ownership is a condition precedent to registration, while use in interstate commerce is essential to confer upon Congress constitutional jurisdiction over the subject-matter of the act." *Macaulay v. Malt-Diastase Co.*, 4 F.2d 944, 945 (D.C. Cir. 1925).

<sup>39</sup> *United States v. Steffens*, 100 U.S. 82 (1879).

<sup>40</sup> See *Drop Dead Co. v. S.C. Johnson & Son, Inc.*, 326 F.2d 87 (9th Cir. 1963), *cert. denied*, 377 U.S. 907 (1964); *Lyon v. Quality Courts United*, 249 F.2d 790 (6th Cir. 1957); *Pure Foods, Inc. v. Minute Maid Corp.*, 214 F.2d 792 (5th Cir.), *cert. denied*, 348 U.S. 888 (1954); *Pure Oil Co. v. Puritan Oil Co.*, 127 F.2d 6 (2d Cir. 1942); *Miles Laboratories, Inc. v. Frolich*, 195 F. Supp. 256 (S.D. Cal. 1961).

<sup>41</sup> 127 F.2d 6 (2d Cir. 1942).

<sup>42</sup> *Drop Dead Co. v. S.C. Johnson & Son, Inc.*, 326 F.2d 87 (9th Cir. 1963), *cert. denied*, 377 U.S. 907 (1964). Appellants sent one can of PROMISE with the label appropriately attached from Los Angeles to New York. Thus, it was "transported in commerce" and the district court had jurisdiction of the trademark infringement claim. *Id.* at 93.

<sup>43</sup> See *Lyon v. Quality Courts United*, 249 F.2d 790, 795 (6th Cir. 1957); *Pure Foods, Inc. v. Minute Maid Corp.*, 214 F.2d 792, 795-96 (5th Cir.), *cert. denied*, 348 U.S. 888 (1954); *cf.* *Miles Laboratories, Inc. v. Frolich*, 195 F. Supp. 256, 257-58 (S.D. Cal. 1961) ("[a] single actual sale or use by defendant in another state would be sufficient interstate commerce to

That use in commerce is minimal is not really a matter of trademark law. It is nothing more than standard black letter, if there is such a thing, constitutional law. For over forty years the Supreme Court has held that the required contacts with interstate commerce that are sufficient to trigger commerce clause powers are minimal.<sup>44</sup> This limited contact clearly applies to trademark law. Any minimal, even token, use is probably sufficient to trigger federal jurisdiction. In fact, there does not seem to be any legal doctrine that would invalidate collusive, sham, or contrived transactions as sufficient to trigger federal jurisdiction, as long as the transactions are sufficiently interstate in nature or effect.

In other words, use in (interstate) commerce is a token requirement, especially in today's virtually unitary national marketplace. In the trademark context, any intrastate activity sufficient to give ownership of a trademark would be the kind of activity that would have arguable interstate effects. The conclusion is inescapable, then, that the use in commerce requirement requires only a token use.<sup>45</sup> A collusive act, a sham act, or a commercially empty act should suffice, because whatever its underlying commercial substance, the transaction has the interstate significance required by the Constitution.

Use in trade, on the other hand, is required because Congress has statutorily mandated that before an applicant can gain registration to a mark, he must "own" it,<sup>46</sup> and trademark ownership requires that the applicant first have used the mark in trade—that is, as a trademark. Use in trade is thus a substantive, not a procedural, requirement. Its distinctive and substantive character, compared to use in commerce, was recognized when the issue was first raised years ago.<sup>47</sup> Courts have jealously (and the adverb is no exaggeration here) maintained a profoundly sharp distinction be-

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give federal protection under the Act").

<sup>44</sup> *Katzenbach v. McClung*, 379 U.S. 294 (1964); *Wickard v. Filburn*, 317 U.S. 111 (1942).

<sup>45</sup> See Lanham Act, 15 U.S.C. § 1127 (1982) (specifying what transactions satisfy the trademark use in commerce requirement).

<sup>46</sup> See *supra* text accompanying notes 36-37. For a description of how to establish and maintain rights in a trademark, see Lunsford, *Trademarks: Prestige, Practice and Protection*, 4 GA. L. REV. 322 (1970); see also Lunsford, *Trademarks and Semantics: The Use and Misuse of Trademarks in Dictionaries and Trade Journals*, 6 GA. L. REV. 311 (1972) (describing how trade journals and dictionaries have undermined the use of trademarks).

<sup>47</sup> See, e.g., *Macaulay v. Malt-Diastase Co.*, 4 F.2d 944 (D.C. Cir. 1925).

tween the two uses.<sup>48</sup> The essence of trade use has thus always been held substantial. The exact nature of its substance lies in the developed identification of the mark with the product in the eyes of the consuming public. Before an applicant for registration can claim to own a mark, she must have successfully marketed the product to such an extent that a significant portion of the public identifies the mark with the product.<sup>49</sup>

Thus, state common law uniformly determines trademark ownership. One must actually use a device as a trademark to gain ownership of the mark. This actual use in trade is and has always been the hallmark of trademark ownership. One cannot obtain ownership of a trademark by merely creating the mark nor desiring to exclude others from potential use of the trademark. Neither can one gain ownership through token use, sham transaction, or pre-arranged "sales"—although any of those transactions probably *are* sufficient to satisfy use in commerce. In other words, the intent to use a trademark is irrelevant; only use in trade secures ownership.

To summarize, before a person can apply for federal registration of a mark, she must satisfy two "use" requirements. The potential applicant must first use the mark in connection with goods or services so that the mark comes to identify and distinguish the goods or services in the appropriate market environment. Next, almost inevitably concurrently, she must satisfy the constitutional requirement that her transactions have interstate significance. Only then can the applicant truthfully state under oath, *prior to registration* as the statute requires,<sup>50</sup> that she both owns the mark and uses it in interstate commerce.

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The *right* to a trade-mark exists independently of the statute. Registration simply constitutes *prima facie* evidence that the registrant is entitled to the mark. The trade-mark statute does not define what constitutes a trade-mark. We must go to the common law for that.

"The trade-mark recognized by the common law is generally the growth of a considerable period of use, rather than a sudden invention. \* \* \* The exclusive right to it grows out of its use, and not its mere adoption."

. . . The trader must apply the mark to a vendible commodity and "must actually put the commodity so marked on the market."

Phillips v. Hudnut, 263 F. 643, 644 (D.C. Cir. 1920) (emphasis supplied) (citations omitted).

<sup>49</sup> See *supra* notes 25-26 and accompanying text.

<sup>50</sup> 15 U.S.C. § 1051(a)(1) (1982).

*B. The Successful Administrative-Judicial Assault*

Nevertheless, courts have confused the two uses and, with the indispensable help of a Trademark Trial and Appeal Board sympathetic to the demands of marketers, have developed a token use doctrine that combines both use in trade and use in commerce. Modern token use is a doctrine of collapsed trademark use that developed through a slow process of confusion. The doctrine made a stillborn appearance in *Fort Howard Paper Co. v. Kimberly-Clark Corp.*<sup>51</sup> but not until *Standard Pressed Steel v. Midwest Chrome Process Co.*<sup>52</sup> was it articulated in its mature form, the Board holding that, *for use in trade*, "a token sale or a single shipment in commerce may be sufficient . . . notwithstanding that the evidence may not show what disposition was made of the product so shipped."<sup>53</sup>

The Board, however, ruled that internal shipments were insufficient. It initially seems strange that the Board would approve token sales but bar internal shipments. If a transaction need only be token, there is no reason why, having thus approved transactions without substance, any restrictions would be necessary. But the Board had to "harmonize" cases that had addressed two fundamentally different and profoundly unrelated doctrines: use in trade and use in commerce. In reconciling the two, it used the language of use in commerce while defining use in trade. When the Board in *Standard Pressed Steel* collapsed those two doctrines, it was left with some clear limits from earlier trade use cases that had to be accommodated within the new collapsed rule based on use in commerce. This was easily, though awkwardly, done by articulating a rule of token use derived from use in commerce, adding a formalistic exception: no intracompany transactions allowed, since the cases most clearly and flatly prohibiting token use could also, though awkwardly, be re-categorized under that rubric.

The Board thus unblushingly articulated a doctrine that collapsed trade and commerce use. This new collapsed doctrine contains two radical opportunities favoring trademark registrants. First, the truly token sale, one that is a paper transaction masquer-

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<sup>51</sup> 148 U.S.P.Q. (BNA) 607 (TTAB), *aff'd*, 390 F.2d 1015 (C.C.P.A. 1966). For a discussion of the *Fort Howard* opinion, see *infra* notes 62-65 and accompanying text.

<sup>52</sup> 183 U.S.P.Q. (BNA) 758 (TTAB 1974).

<sup>53</sup> *Id.* at 764 (emphasis supplied).

ading as a commercial event (but no intracompany transactions allowed!), is not subject to any examination since the ultimate disposition of the product is irrelevant. Second, and even more important, one need not even make a sale to gain registration—a shipment is enough. This is more than a synthesis of prior rules: it is a disappearance of use in trade into use in commerce, a substitution of one rule for another.

More shocking, however, is the reason given by the Board for its new rule:

It has been recognized and especially so in the last few years that, in view of the expenditures involved in introducing a new product on the market generally and the attendant risk involved therein prior to the screening process involved in resorting to the federal registration system and in the absence of the existence of an "intent to use" statute, a token sale or a single shipment in commerce may be sufficient to support an application . . . notwithstanding that the evidence may not show what disposition was made of the product so shipped.<sup>54</sup>

This is, essentially, Howard's complaint: you can't take blood from a stone.

Despite the fact that no date of birth can be assigned to the collapse of the doctrine, it is easy to spot the defects in its pedigree. In *Standard Pressed Steel*, the new doctrine was based on four cases.<sup>55</sup> The following brief examination of those cases demonstrates that the new Board doctrine represents a radical departure from prior law.

In the first case, *Maternally Yours, Inc. v. Maternity Shop, Inc.*,<sup>56</sup> the court favored a doctrine of minimal use, relying upon two earlier cases. Both those cases did articulate a doctrine of minimal use, but only in connection with use in commerce!<sup>57</sup>

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<sup>54</sup> *Id.* For a similar rationale articulated by the Court of Customs and Patent Appeals, see *infra* note 65.

<sup>55</sup> *Maternally Yours, Inc. v. Your Maternity Shop, Inc.*, 234 F.2d 538 (2d Cir. 1956); *Western Stove Co. v. Geo. D. Roper Corp.*, 80 U.S.P.Q. (BNA) 393 (S.D. Cal. 1949); *Fort Howard Paper Co. v. Kimberly-Clark Corp.*, 390 F.2d 1015 (C.C.P.A. 1968); *Montgomery Ward & Co. v. Sears, Roebuck & Co.*, 49 F.2d 842 (C.C.P.A. 1931).

<sup>56</sup> 234 F.2d 538 (2d Cir. 1956).

<sup>57</sup> See *Worden v. Cannaliato*, 285 F. 988 (D.C. Cir. 1923); *Montgomery Ward & Co. v. Sears, Roebuck & Co.*, 49 F.2d 842 (C.C.P.A. 1931). *Worden* stated that "a single instance of use" suffices. 285 F. at 990. *Ward* effectively approved collusive uses. See 49 F.2d at 844.

In the second case, *Western Stove Co. v. Geo. D. Roper Corp.*,<sup>58</sup> a single use was approved but it was clear that the single use had to be a genuine commercial transaction. Furthermore, the court relied upon precedent that had only approved such sales made "in good faith."<sup>59</sup> Thus, the decision in *Western Stove* merely repeated accepted trademark law that ownership does not derive from any particular amount of use but rather from a genuinely commercial and substantial transaction in which the mark is involved in actual trade.<sup>60</sup>

Similarly, the third case, *Montgomery Ward & Co. v. Sears, Roebuck & Co.*,<sup>61</sup> explicitly distinguished two sales. One was an actual sale in which the trademark was part of the transaction—the customer requested the product by name—but the transaction was wholly intrastate. Another, later, transaction was arranged by the registrant and was interstate. Its status as an actual "sale" was questionable. The court approved both sales, making it clear that the difference between use in trade and use in commerce is that the first, being substantive, has to be commercially valid while the second, being merely procedural, can permissibly be less than a bona fide commercial transaction.

Finally, the court in *Fort Howard Paper Co. v. Kimberly-Clark Corp.*<sup>62</sup> did not approve noncommercial transactions for use in trade, but held only that the motives of a sale would not invalidate it. The case approved a minimal sale,<sup>63</sup> finding that the fact that the sale was "made expressly for [federal] registration purposes is not damning, per se."<sup>64</sup> On the other hand, two features of *Fort*

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Note that though *Ward* effectively approves sham transactions for use in commerce, *Standard Pressed Steel* did not, because the Board had to accommodate a number of other cases to reach its result.

<sup>58</sup> 80 U.S.P.Q. (BNA) 393 (S.D. Cal. 1949).

<sup>59</sup> *California Spray-Chemical Corp. v. Ansbacher Siegle Corp.*, 55 U.S.P.Q. (BNA) 298 (Comm'r 1942).

<sup>60</sup> On the other hand, *Western Stove* did state, hypothetically, that had the trademark act been applicable, a different measure of use might have been appropriate. 80 U.S.P.Q. at 401-02.

<sup>61</sup> 49 F.2d 842 (C.C.P.A. 1931).

<sup>62</sup> 390 F.2d 1015 (C.C.P.A. 1968).

<sup>63</sup> Although the Court of Customs and Patent Appeals opinion does not state the amount, the Board's opinion indicates that the sale was for only \$1.91. *Fort Howard Paper Co. v. Kimberly-Clark Corp.*, 148 U.S.P.Q. (BNA) 607, 608 (TTAB 1966), *aff'd*, 390 F.2d 1015 (C.C.P.A. 1968).

<sup>64</sup> *Id.* at 610.

*Howard* are troubling. The minimal amount of the transaction raises the possibility of token trademark use. Although the court held that motivation was not a determining factor, its disregard of the amount as an important issue invited later cases to view the opinion as effectively reducing use in trade to a trivial concept. Equally troubling, however, is that *Fort Howard* specifically noted the difficulties of marketing as a factor militating in favor of accepting the minimal use involved in the transaction.<sup>65</sup>

In spite of these caveats, *Fort Howard* does not support the decision in *Standard Pressed Steel*, which dismissed the need for any real sales transaction as the required trademark use. And, interestingly, *Fort Howard* rested upon the same line of cases as *Standard Pressed Steel* with one exception. The additional case only repeated the traditional common law doctrine requiring sales to be made in good faith.<sup>66</sup>

The only defensible support for the new doctrine is the empirical observation that any more substantial requirement would burden mass marketers. The token use in trade doctrine has been repeated so often by the Board that it now appears to be accepted doctrine.<sup>67</sup> For example, in *Times Mirror Magazines, Inc. v. Sutcliffe*,<sup>68</sup> the Board repeated its concern for the difficulties marketers face in securing ownership of trademarks:

[I]n view of the expense in introducing a new product on the market on any scale and the risk attached thereto prior to the screening practice involved in seeking federal registration, a token sale or a single shipment of the product bearing the trademark in question in commerce may be sufficient . . . .<sup>69</sup>

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[I]t normally takes . . . about three years after adoption and first use of a new mark to take the necessary steps leading to national distribution of a product under it . . . . We think it appropriate that appellee should proceed with caution to try out its right to registration . . . before plunging into the market with more extensive sales than it did.

390 F.2d at 1017.

<sup>66</sup> *California Spray-Chemical Corp. v. Ansbacher Siegle Corp.*, 55 U.S.P.Q. (BNA) 298 (Comm'r 1942). The good faith requirement was also present in the cases supporting *Western Stove*.

<sup>67</sup> See *supra* note 22.

<sup>68</sup> 205 U.S.P.Q. (BNA) 656 (TTAB 1979).

<sup>69</sup> *Id.* at 662.



Obvious shortcomings in the doctrine have been bolstered with a veneer of qualifications.<sup>70</sup> Apparently recognizing that token use is vulnerable to the claim that it favors established marketers over new entrants,<sup>71</sup> the Board attempted to support the doctrine by emphasizing a requirement that appears nowhere in the Lanham Act:

The term "bona fide" as commonly understood, means "good faith". . . . Translated to the context in which it is used herein, the term would indicate that the initial shipment should not be contrived or fabricated but rather it should be open and notorious and made as a part of a commercial or related transaction directed to customers or potential customers . . . .<sup>72</sup>

Lost in the discussion, however, was the recognition of use in commerce as separate from use in trade. Moreover, the common law requirement of bona fide use was never addressed to the *motive* of the marketer but to the *response* of the market,<sup>73</sup> a factor—the key factor of trademark use—that the new collapsed doctrine has conspicuously excluded.<sup>74</sup>

More recently, in *In re Cedar Point, Inc.*,<sup>75</sup> the Board denied registration of a service that had been advertised but not yet ren-

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<sup>70</sup> The most notable qualifications gilding the doctrine are concepts of good faith and continuing use, discussed *infra* text accompanying notes 71-72 & 117-19.

<sup>71</sup> Established marketers are advantaged by the doctrine because, among other reasons, (1) they can build up vast "stables" of already protected trademarks ready for use at a moment's notice, (2) they can, through their greater economic resources, afford to focus those resources on the already protected mark rather than the product, which a new entrant may well have succeeded in making better or cheaper, and (3) they have probably perfected skills at marketing marks, as opposed to products, skills which, in a free market unperverted by a trademark system rewarding token use would, and should, be economically irrelevant.

<sup>72</sup> 205 U.S.P.Q. (BNA) 656, 662 (TTAB 1979).

<sup>73</sup> *Montgomery Ward & Co. v. Sears, Roebuck & Co.*, 49 F.2d 842, 843 (C.C.P.A. 1931). The court noted that the purchaser "learned in some way—we do not regard it as material just how—" of the applicant's merchandise. *Id.* What was material was the identification of the mark with the goods. *Montgomery Ward* must be read carefully to avoid confusion since the case discusses both use in trade and use in commerce.

<sup>74</sup> In fact, earlier in the opinion, the Board stated: "The constructive use date or filing date is obviously bottomed on the fact that there was, at the very least, a bona fide use of the mark in commerce prior to the filing of the application." *Times Mirror Magazines, Inc. v. Sutcliffe*, 205 U.S.P.Q. (BNA) 656, 662 (TTAB 1979). The Board proceeded to treat that use "in commerce" as the sole relevant use required, thus collapsing both uses into one.

<sup>75</sup> 220 U.S.P.Q. (BNA) 533 (TTAB 1983).

dered. For use in commerce purposes, however, there was clearly enough use since an effect on interstate commerce was more than evident in the case. The denial, therefore, had to be based on a lack of use in trade. The Board did not deny the application because of the lack of a sale (after all, sales are not required any more under *Standard Pressed Steel*), but simply because the services were not actually rendered.

However, the services—an amusement park ride—were seasonal and *could not* be rendered until summer. The Board was unwilling to examine the legitimate focus of trade use: whether the applicant had succeeded in developing an identification between the mark and the service. This is unsurprising because such an inquiry would have undermined the new collapsed use doctrine, which effectively forbids such an inquiry on pain of discovering its illegitimate basis. A rule requiring a developed identification between the mark and the goods or services would have invalidated most of the token use cases in which the Board had invested so much of its integrity. Thus, the opinion did not examine whether the applicant had developed a connection between “potential customers,” in the words of *Times Mirror*,<sup>76</sup> and the mark, which further illustrates that the substance of use in trade has been lost with the advent of the new collapsed trademark use doctrine.

In *Visa International Service Association v. Life-Code Systems, Inc.*,<sup>77</sup> the Board approved a registration of a mark for a scheme to market a device like a credit card containing a traveler’s medical and passport information. Registration was approved largely on the basis of the “open and notorious nature of applicant’s other promotional activities,” despite a confidentiality clause in those activities that preceded registration.<sup>78</sup> The only activities, however, that were arguably open and notorious all occurred subsequent to the application and were therefore irrelevant to the ownership required of any federal registrant prior to registration. Furthermore, they were all promotional activities functionally identical to the advertising that the Board rejected as insufficient in *Cedar Point*. What made *Visa International* different is that one card had been sold a few days after the applicant conceived of the idea for the

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<sup>76</sup> 205 U.S.P.Q. (BNA) 656, 662 (TTAB 1979).

<sup>77</sup> 220 U.S.P.Q. (BNA) 740 (TTAB 1983).

<sup>78</sup> *Id.* at 744.

commercial enterprise. The transparency of that one sale, however, is made clear by the facts: the single card was sold over a week before the applicant ever publicized his product. It defies common sense to imply that a true trade relationship can be established through the sale of only one product when the product could only succeed with mass marketing.<sup>79</sup> Clearly the one card would have satisfied use in commerce if it had been an interstate transaction. But to allow registration on the basis of the one card demonstrates the collapse that has occurred after *Standard Pressed Steel*.

The token use cases fly in the face of established law. None comes close to requiring use in trade "sufficiently public" to develop identity in any "segment of the public mind."<sup>80</sup> Neither does the new collapsed doctrine ensure any "public exposure" that would have the least "impact on the purchasing public."<sup>81</sup> Nor does it mandate any "usage" that would "create an association in the mind of the consuming public."<sup>82</sup> Finally, there is no assurance that a mark to be registered has "become popularized in the public mind as identifying the product of the user thereof."<sup>83</sup> Clearly, the Board has created out of the Lanham Act an effective intent-to-use statute, despite, or perhaps because of, its occasional lip service to the outlines of the traditional doctrine of use in trade.<sup>84</sup> In effect, the new collapsed rule has raised the ante on use in commerce—no longer can it be truly token in order to trigger the federal jurisdictional requirement—but has lowered it for use in trade—a shipment, rather than a sale, is now sufficient as long as it is "open . . . notorious and . . . directed to . . . potential customers."<sup>85</sup>

The new doctrine appears to be more "well liked" than any previous trademark doctrine. Even courts that are obviously wary of it are reluctant to reject it.<sup>86</sup> For instance, in *Blue Bell, Inc. v. Farah*

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<sup>79</sup> The applicant conducted a later mass mailing to over 19,000 travel agents and contacted all newspapers with circulations over 100,000.

<sup>80</sup> *New England Duplicating Co. v. Mendes*, 190 F.2d 415, 418 (1st Cir. 1951).

<sup>81</sup> *Old Swiss House, Inc. v. Anheuser-Busch, Inc.*, 569 F.2d 1130, 1133 (C.C.P.A. 1978).

<sup>82</sup> *Selfway, Inc. v. Travelers Petroleum, Inc.*, 579 F.2d 75, 79 (C.C.P.A. 1978).

<sup>83</sup> *Martha White Foods v. Western Grain Co.*, 162 U.S.P.Q. (BNA) 299, 300 (TTAB 1969), *aff'd sub nom. Jim Dandy Co. v. Martha White Foods*, 458 F.2d 1397 (C.C.P.A. 1972).

<sup>84</sup> *See id.* at 300-01.

<sup>85</sup> *Times Mirror Magazines, Inc. v. Sutcliffe*, 205 U.S.P.Q. (BNA) 656, 662 (TTAB 1979).

<sup>86</sup> Just as token use depends upon an appearance of judicial legitimacy, Willy Loman believed that appearance, not substance, was key to both life and the market.

Willy: Bernard can get the best marks in school, y'understand, but when he gets

*Manufacturing Co.*<sup>87</sup> the court went to great, but ultimately ineffective, lengths to distinguish and limit *Standard Pressed Steel*. The court did not have the nerve to raise the price of trademark ownership. It was eventually reduced to describing and allowing the agency's clearly substantive change in trademark law as only a change of procedure. "The decision may demonstrate a reversal of the presumption that ownership rights precede registration rights, but it does not affect our analysis of common law use in trade."<sup>88</sup> *Blue Bell*, rather than reject or even limit the radical doctrine espoused in *Standard Pressed Steel*, instead further legitimized it by offering an acceptable mode by which to define it: it was simply a procedural device.

This process by which administrative doctrine becomes enshrined rather than reviewed at the appellate level has a slightly comical cast (perhaps more as black humor than anything else), especially when considering the path from *Standard Pressed Steel* to *Blue Bell*. *Standard Pressed Steel* essentially created a doctrine out of whole cloth. Although it cited cases as precedent, the only arguably relevant case was *Fort Howard*. But *Fort Howard* was a review of an earlier Board decision that had been authored by the same administrative judge who then wrote the decision in *Standard Pressed Steel*, reinterpreting the Court of Customs and Patent Appeals affirmance of his earlier Board decision in a way that allowed him to articulate the new collapsed doctrine in its mature form. As the federal appellate decision that essentially sanitized *Standard Pressed Steel*, *Blue Bell* completes the circle. In other

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out in the business world, y'understand, you are going to be five times ahead of him. . . . Because the man who makes an appearance in the business world, the man who creates personal interest is the man who gets ahead. Be liked and you will never want.

*Death of a Salesman*, *supra* note 1, at 146.

Willy: That's just the way I'm bringing them up, Ben—rugged, well liked, all-around.

*Id.* at 157.

Willy: It's not what you say, it's how you say it—because personality always wins the day.

*Id.* at 169.

Willy: [T]he sky's the limit, because it's not what you do, Ben. It's who you know and the smile on your face! It's contacts, Ben, contacts! . . . [T]hat's the wonder of this country, that man can end with diamonds here on the basis of being liked!

*Id.* at 184.

<sup>87</sup> 508 F.2d 1260 (5th Cir. 1975).

<sup>88</sup> *Id.* at 1266-67.

words, the seeds of *Standard Pressed Steel* were planted by the same panel in *Fort Howard*. Cultivated by *Standard Pressed Steel*, those seeds have now flowered, thanks to the assistance of the Fifth Circuit in *Blue Bell*.

C. *The Unsuccessful, but Unnecessary, Legislative Assault*

Although the courts have illegitimately read a substantial use in trade requirement out of the Lanham Act, Congress could, if it wished, grant trademark rights for token use. In fact there have been vigorous lobbying efforts to enact an intent-to-use statute. Under modern commerce clause doctrine, Congress has broad enough powers, if it is necessary, to authorize registration of marks which are insufficiently used to be owned under the common law. That is, the commerce power is strong enough to create substantive trademark rights, if Congress wishes,<sup>89</sup> as it has done in the areas of constructive notice and incontestability.

But with respect to ownership Congress has made no such changes, and it is trademark ownership that is the focus of the trademark use doctrine. If Congress merely intended, as it did in the Lanham Act, to furnish registration (liberal registration, to be sure, under modern commerce clause requirements) to marks already owned by applicants, it is illegitimate to confuse the minimal requirement of use in commerce sufficient to trigger federal jurisdiction with the substantial use in trade required by common law for ownership purposes. With respect to use, although the situation might have changed and Congress could have effected such changes, it did not. Therefore, articulated doctrines of trademark use that preceded the Lanham Act are as viable today as fifty years ago.<sup>90</sup>

The intensity of the efforts to enact intent-to-use statutes is significant for two reasons. First, it reveals how business groups and their legal servants, the trademark bar, highly value the benefits to be derived from such a modification of the Lanham Act. Second, it

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<sup>89</sup> In *S.C. Johnson & Son, Inc. v. Johnson*, 175 F.2d 176 (2d Cir. 1949), *cert. denied*, 338 U.S. 860 (1949), Judge Hand recognized that the Lanham Act "put federal trade-mark law upon a new footing . . . and created rights uniform throughout the Union, in the interpretation of which we are not limited by local law." *Id.* at 178; see also *Burger King, Inc. v. Hoots*, 403 F.2d 904 (7th Cir. 1968) (Congress intended that once a federal trademark certificate is issued, no other person can acquire a superior right).

<sup>90</sup> See *Blue Bell, Inc. v. Jaymar-Ruby, Inc.*, 497 F.2d 433, 436-37 (2d Cir. 1974).

demonstrates, if only by negative implication, that the Lanham Act as written does not include any intent-to-use provisions. The legislative history states that the Act was designed to offer businesspersons protection for the good will of ventures "which they have built up," not which they merely intend to build up.<sup>91</sup> The Senate comments indicate that the Act was drafted to protect trademarks for reasons of equity and fairness by giving protection to those who, by first investing their own resources in developing a mark, have fulfilled their part of the bargain. "[W]here the owner of a trade-mark has spent energy, time, and money in presenting to the public the product, he is protected in his investment from its misappropriation by pirates and cheats. This is the well-established rule of law protecting both the public and the trade-mark owner."<sup>92</sup>

The number of attempts to modify the Act with intent-to-use provisions are legion.<sup>93</sup> Most have never even been reported out of committee nor apparently passed either house of Congress. Yet, the supporters both within and without Congress have been extremely powerful and voluble. Senator Everett Dirksen lent his name to what is probably the best-known effort<sup>94</sup> and the trademark bar has not hesitated to contribute unblushingly its good name.<sup>95</sup> The Dirksen Bill was studied, revised, and eventually supported by the Chicago Bar Association Special Trademark Committee, the American Bar Association Committee, and the National Coordinating Committee and Lawyers' Advisory Committee

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<sup>91</sup> S. REP. NO. 1333, 79th Cong., 2d Sess. 5, reprinted in 1946 U.S. CODE CONG. & AD. NEWS 1274, 1276.

<sup>92</sup> *Id.* at 3.

<sup>93</sup> For a list of articles and legislation, see Whittredge, *supra* note 31, at 883 n.1; see also March, *Intention to Use—1938-1963* (con), 53 TRADE-MARK REP. 984, 990 (1963).

<sup>94</sup> See Note, *Intent to Use Bill*, 54 TRADE-MARK REP. 439 (1964).

<sup>95</sup> The trademark bar is specialized and relatively discrete. See *infra* text accompanying notes 104, 106 & 139-41. It routinely lobbies both legislatively and judicially for whatever change—or stasis—that tends to preserve or expand the trademark monopoly. For a recent episode in the continuing drama of the trademark bar's uninterrupted interest in protecting established marketers at the expense of new entrants, see the brief of the United States Trademark Association petitioning to appear as amicus in the "Anti-Monopoly" case. Driscoll & Robin, *Excerpts From the United States Trademark Association's Motion in the United States Supreme Court For Leave to File Brief Amicus Curiae and Brief Amicus Curiae in Support of Petition for Certiorari in CPG Products Corp. v. Anti-Monopoly, Inc.* (The "Anti-Monopoly" Case), 72 TRADE-MARK REP. 549 (1982).

to the United States Trademark Association.<sup>96</sup> In fact, it appears that the proposed legislation was drafted by those lobbying groups and introduced by Senator Dirksen "at the request of" those groups.<sup>97</sup> The politically astute might marvel that these efforts have been for naught. Their lack of legislative success, however, can hardly be termed a "failure" in view of the administrative/judicial success of the collapsed doctrine of trademark use already described.

Also, the few writers who have questioned intent-to-use proposals are more likely to damn the present system with rather faint praise than to bluntly oppose the proposals. That is, articles that oppose intent-to-use statutes are not so much opposed to liberal use doctrines as they are to changing an already friendly climate that makes such proposals unnecessary. In one of the few articles that seems unalterably opposed to intent-to-use legislation, the objection seems based more on expedience than on any commitment to free competition:

Abrogation of our common law of trademarks, which has stood the test of time, in favor of legislation granting rights to a mark based upon intention to use involves serious disadvantages which it is believed will more than offset any fleeting advantage and will be to the detriment of our leading corporations and new business enterprises.<sup>98</sup>

In other words, one cannot find spokespersons for the public interest, commentators who question the legitimacy of expanded trademark monopolies.<sup>99</sup> Those opposed to the intent-to-use standard commonly find it meddlesome but not necessarily illegitimate.<sup>100</sup> The only article that opposes intent-to-use on constitutional grounds nevertheless relies largely on reasons of expedience.<sup>101</sup> The leading recent article opposed to intent-to-use proposals concludes by regretfully noting the superfluous and perhaps needlessly sub-

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<sup>96</sup> 111 CONG. REC. 17,708 (1965).

<sup>97</sup> Whittredge, *supra* note 31, at 883.

<sup>98</sup> March, *supra* note 93, at 989.

<sup>99</sup> See *infra* text accompanying note 106. The Fletcher article, however, does implicitly observe that the trademark bar, as an entity, has no interest in competitive antimonopolistic trademark doctrines. See Fletcher, *supra* note 31, at 350.

<sup>100</sup> See Van Santen, *supra* note 8, at 223.

<sup>101</sup> March, *supra* note 93, at 988-89.

versive effect such a change might have upon "public confidence."<sup>102</sup>

That note of regret at the thought of drastic and perhaps unnecessary action is reminiscent of Willy Loman's funeral in the requiem scene in *Death of a Salesman*:

Happy, *deeply angered*: He had no right to do that. There was no necessity for it. We would've helped him.

. . . .  
Linda: . . . I don't understand it. Why did you ever do that? . . . I search and search and I search, and I can't understand it, Willy. I made the last payment on the house today. Today, dear. And there'll be nobody home.<sup>103</sup>

There is "no necessity" for an intent-to-use statute because of the present practice of warehousing trademarks, a practice made possible by token use. The practice is openly discussed by the trademark bar literature, which details trademark abuse, trademark maintenance programs, and the development of trademark "stables" as a usual and accepted practice by both marketers and the Patent and Trademark Office.<sup>104</sup>

One writer has suggested, on the basis of empirical research, that for every registered trademark being used there are at least four being warehoused by marketers.<sup>105</sup> Others gamely seem to think

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<sup>102</sup> See Howes, *The Case Against Intention to Use*, 51 TRADE-MARK REP. 242 (1961). He states:

Thus a token use, in the ordinary sense of the word, which as I understand it, encompasses good faith, followed by continued use constitutes orthodox common law trademark acquiring procedure. Both the existing law and the proposal contemplate continued use to sustain validity. . . . The policy question the business community has to decide, therefore, is which procedure is more likely to result in maintaining or strengthening public confidence in trademarks and which is more susceptible to abuse.

*Id.* at 251. The author's implied requirement of good faith, however, is illusory. All token uses are presumptively in good faith unless there is evidence of "bad faith, lack of intent to continue, fraudulent purpose or some other ground for a claim of illegality." *Id.*

<sup>103</sup> *Death of a Salesman*, *supra* note 1, at 221-22.

<sup>104</sup> See, e.g., Fletcher, *supra* note 31, at 336 ("Applications, and affidavits of use, are cheerfully signed and filed, and registrations of these marks are obtained and maintained. Some companies maintain rosters of dozens of such little-used marks, awaiting the product and market to fit them.").

<sup>105</sup> Kegan, *supra* note 8, at 180: "There is a disparity, therefore, between the commercial use theoretically expected under the Lanham Act and the token use supporting some of the Lanham Act registrations. Yet many trademark registrants will maintain all their registra-



that by admitting this open secret it can be legitimized. As one confessed, when marketers are unable to register a mark because use of the mark on a commercial basis is still months away, "we all turn to token use as the only solution. . . . There is nothing illegal about this. There is nothing furtive or uncommon about it. We all do it, and everyone knows it's done. But there is something faintly contrived about it all."<sup>106</sup> The phenomenon has been noted judicially as well, though less enthusiastically.<sup>107</sup> Judging from the attempts and comments in support of the intent-to-use proposal, and even some opposing it, there is no doubt that those who favor the interests of business view the intent-to-use standard as advantageous.<sup>108</sup>

#### D. Collateral Issues

1. *Section 45.* Nothing has confused the trademark use problem more than section 45 of the Lanham Act, which defines use in commerce.<sup>109</sup> Since it is the only statutory section which directly

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tions "just in case" commercialization of the trademarked item may be desirable."

<sup>106</sup> Whittredge, *supra* note 31, at 885-86.

<sup>107</sup> See *Exxon Corp. v. Humble Exploration Co.*, 695 F.2d 96, 102 (5th Cir. 1983).

<sup>108</sup> *Burger King, Inc. v. Hoots*, 403 F.2d 904 (7th Cir. 1968), implicitly notes a far more clever way by which marketing interests could accomplish their goal without the distortion that trademark use doctrine has caused. The *Burger King* decision recognizes that it is possible for the state legislature to change the state common law of trademarks by statute. This approach potentially includes abolishing or at least radically altering use in trade as a prerequisite to ownership. If that were accomplished in one receptive state, federal registration would automatically follow, since the Lanham Act relegates trademark ownership to state law. Marketers desiring a de facto intent-to-use federal scheme could then take advantage of registration within that one state to gain nationwide rights through Lanham Act registration. Why this has not been done is somewhat mysterious, except that similar efforts to expand state trademark law have been limited by state courts using narrow methods of statutory interpretation. On the other hand, the explanation may simply lie in a mistaken assumption that such an approach would not work. The only reference in the trademark literature that even tangentially addresses this method is mistaken. See 3 R. CALLMANN, *THE LAW OF UNFAIR COMPETITION, TRADEMARKS, AND MONOPOLIES* § 19.06 (L. Altman, 4th ed. 1983). Callmann cites *Holsum Bakeries, Inc. v. General Baking Co.*, 228 F. Supp. 962 (E.D. La. 1964), for the proposition that "[a] registration under state law which is allowed without prior use is no substitute for use." Yet *Holsum* says nothing of the sort, instead holding the Lanham Act "inapplicable" to its decision and that Louisiana law required actual use for an enforceable trademark. *Id.* at 963.

<sup>109</sup> 15 U.S.C. § 1127 (1982).

[A] mark shall be deemed to be used in commerce (a) on goods when it is placed in any manner on the goods or their containers on the displays associated therewith or on the tags or labels affixed thereto and the goods are sold or transported in commerce and (b) on services when it is used or displayed in the sale or advertising of

addresses the question of "use," courts have tended to rely on it as the solution to all their trademark use issues. The problem, however, is that the section defines use in commerce. It does not even address, let alone define, the requirement of use in trade. Naturally, courts that confuse or collapse the two requirements have interpreted section 45 to authorize a token use in commerce (which it probably does) and, finding no other section to answer their questions regarding use in trade, then assume it also authorizes a token use in trade (which it certainly does not). In *Louis Rich, Inc. v. Horace W. Longacre, Inc.*,<sup>110</sup> the court used section 45, which simply requires some minimal interstate use for registration purposes, to uphold a questionable instance of what even the court termed use "*as a trademark.*"<sup>111</sup>

Similarly, in *Blue Bell, Inc. v. Jaymar-Ruby, Inc.*,<sup>112</sup> the court recognized that a "minimal amount" of commerce suffices for registration, then inexplicably excluded "sham transactions exclusively designed to do so."<sup>113</sup> Finally the court imposed two additional requirements of "bona fide" use and "an accompanying intent to engage in continuing commercial use in the future." It bottomed all of these requirements upon section 45, which simply defines use *in commerce* for purposes of registration, and which says nothing about substantial use, intent, or any of the other indicia of trademark ownership arguably relevant to use *in trade*. Other courts, however, have correctly understood section 45 to be a jurisdictional section.<sup>114</sup>

An additional problem is section 45's definition of service mark use in commerce.<sup>115</sup> Because services cannot be rendered with a trade device attached, the inclusion of service marks within the Lanham Act required an elaboration, and perhaps even a liberalization, of the concept of use in commerce to allow service mark

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services and the services are rendered in commerce, or the services are rendered in more than one State or in this and a foreign country and the person rendering the services is engaged in commerce in connection therewith.

*Id.*

<sup>110</sup> 423 F. Supp. 1327 (E.D. Pa. 1976).

<sup>111</sup> *Id.* at 1336.

<sup>112</sup> 497 F.2d 433 (2d Cir. 1974).

<sup>113</sup> *Id.* at 437.

<sup>114</sup> *In re Silenus Wines, Inc.*, 557 F.2d 806 (C.C.P.A. 1977); *Drop Dead Co. v. S.C. Johnson & Sons, Inc.*, 326 F.2d 87 (9th Cir. 1963), *cert. denied*, 377 U.S. 907 (1964).

<sup>115</sup> 15 U.S.C. § 1127 (1982). For the text of the provision, see *supra* note 109.

registration. The definition of use in commerce for service marks was amended in 1962 in an effort, which was only partially successful, to clarify the problem. The service use definition has tended, in a way similar to the goods use section preceding it, to confuse courts that seek solutions in clear statutory terms. The language was meant to liberalize use in commerce, not use in trade. Interpreted to liberalize use in trade, it becomes anomalous because there is no reason to suppose that Congress wished to allow ownership of trademarks for services under circumstances that would be insufficient for trademarks for goods. Use in trade of a service mark must be *physically* different for the reason that, just as in use in commerce, the device cannot be *attached* to the service. But the development of the mark's identity among a consuming public should be no different. The cases that inject this issue into the trademark use problem are just needlessly confusing the issues.<sup>116</sup>

2. *Continuing Use.* Continuing use is another source of unnecessary confusion. Continuing use has always been a requirement to maintain already established ownership.<sup>117</sup> It is thus a way to avoid a claim of abandonment. Cases wrestling with the precariously bottomed token use rule, though, have used the requirement of continuing use to bolster the rule.<sup>118</sup> Like section 45, however, the continuing use doctrine was designed not to establish ownership but rather to preserve an already secured title. Even then, the bare intent to continue use—and any continuing *intent* to do so—is irrelevant.<sup>119</sup>

### III. JURISPRUDENTIAL EXPLANATIONS: THE ADMINISTRATIVE PARRY

In an area noted for its excessive formalism,<sup>120</sup> the collapsed doctrine of trademark use has a realistic, even a neo-realistic, gloss. But, strictly speaking, collapsed use has no support in formalism, realism, nor even in the theory of "institutional competence."<sup>121</sup>

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<sup>116</sup> See *Selfway, Inc. v. Travelers Petroleum, Inc.*, 579 F.2d 75 (C.C.P.A. 1978); *In re Gas-town, Inc.*, 326 F.2d 780 (C.C.P.A. 1964).

<sup>117</sup> *Western Stove Co. v. Geo. D. Roper Corp.*, 82 F. Supp. 206 (S.D. Cal. 1949).

<sup>118</sup> *Li'l Red Barn, Inc. v. Red Barn Sys., Inc.*, 322 F. Supp. 98, 102 (N.D. Ind. 1970); *Visa Int'l Service Ass'n v. Life-Code Sys., Inc.*, 220 U.S.P.Q. (BNA) 740, 744 (TTAB 1983).

<sup>119</sup> See *Exxon Corp. v. Humble Exploration Co.*, 695 F.2d 96 (5th Cir. 1983).

<sup>120</sup> See McClure, *supra* note 23, at 316-26.

<sup>121</sup> See H. HART & A. SACHS, *THE LEGAL PROCESS: BASIC PROBLEMS IN THE MAKING AND APPLICATION OF LAW* (tent. ed. 1958).

That is, the rule of trademark use has been developed in a heavy-

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A brief excursus through twentieth century legal history and jurisprudence may make the text more comprehensible, especially because most trademark literature—McClure's piece, *supra* note 23, is a major exception—generally proceeds as if trademark law has developed in an historical and jurisprudential vacuum. The assumption seems to be that not much, either jurisprudentially or historically, has happened.

The twentieth century, however, has been the scene of perhaps the most rapidly changing jurisprudential drama that legal history has ever witnessed. The nineteenth century era of legal formalism—in which legal concepts were treated as if they were scientific axioms with a meaning and content of their own—had ended. The new century was to be dominated by legal realism, which encouraged jurists and lawyers to recognize that law and its rules had little, if any, inherent content. Legal realism emphasized the sociological, psychological, economic, and linguistic factors that were assumed to be the true source of legal meaning. Besides a new, realistic view of the law, legal realism also offered to courts as well as legislatures an opportunity for legal reform. If law had no real, inherent content, the realists proclaimed, there should be no bar to massive changes and reinterpretations of law, even statutory law, by common law courts. All that was necessary was an informed understanding of law's true basis—such as sociology, psychology, and economics. Even trademark law should not have been immune to this new look at law's nature.

But, as the twentieth century progressed, the law, bereft of its formalistic and moralistic foundations, was perceived to be potentially directionless. Justice had its roots not in any transcendent notions of morality but in the shifting needs of the moment. Lawyers and jurists, left with a highly realistic self-image, perhaps, but without any fixed, let alone transcendently eternal, source for guidance, became uncertain, insecure, and downright scared. This was especially true after Nazism and Fascism seemed to demonstrate the ends to which amoral realism could lead. See *infra* note 125. See generally E. PURCELL, *THE CRISIS OF DEMOCRATIC THEORY* (1973).

In the mid 1950's, the theory of institutional competence came to the rescue. See H. HART & A. SACHS, *supra*. Its answer was that while law may have had no root in morality, its procedural and institutional character gave it an identifiable nature, integrity, and legitimacy. Legal procedures could redeem legal substance. Judicial activity had its own legitimacy which could be found in legal procedures—things like equality, notice, considered judgment, and reasoned explanations—as long as it was restricted to the judicial arena.

McClure's observation was this: trademark law could have been altered, by courts, to respond to the realist perception that trademarks monopolized not just the marks but also the markets. Realism's offer, however, was blunted by the arrival of the institutional competence "gambit," as McClure termed it. The institutional source of the Lanham Act—Congress—was the institution most competent to alter its substance, and thus courts were discouraged from acting upon relevant economic information.

My point is that the institutional competence gambit was not sufficient to protect all, or at least the most greedy of, the demands of marketers. Institutional competence could indeed protect them from a radical realistic re-reading of the Lanham Act. But it could not, by definition, relieve them of what the words of the Act said: that trademark use, both in commerce and in trade, was prerequisite to registration. The maturation of administrative law, what I call the administrative parry, allowed them even that last bit of greed. Institutional competence prevented the courts from changing the statute, but agencies, which were neither courts nor legislatures, were poorly addressed by that theory and were relatively free to act in their clients' interests. The administrative parry allowed the gutting of trademark use.

handed way to satisfy marketing interests without even paying lip service to any of the jurisprudential schools that would provide at least facial validity. Specifically, the collapsed doctrine of trademark use could have been justified by characterizing the interest of marketers as "property." Such a formalistic approach would have the advantage to its authors, at least, of foreclosing further serious challenge. Instead, token use has been justified through a bastardized legal realism that simply relies upon the supposed expense of alternatives to marketers. But this falls far short of the sophisticated economic analysis that would justify the doctrine under theories of legal realism.<sup>122</sup>

In his powerful, comprehensive article, Daniel McClure attributed the static nature of modern trademark law to the "institutional competence and political question gambits."<sup>123</sup>

The history of trademark doctrine since passage of the Lanham Act is basically the story of how the legal realist revolution never arrived. The effect of the Lanham Act was essentially to freeze common law doctrine in the form it had taken since the turn of the century. The application of the Act's provisions by courts has generally been formalistic. The doctrinal solutions to the monopoly versus protection problem which had been developed at common law have been adopted by most courts in interpreting the statute.<sup>124</sup>

In trademark use, though, the institutional competence "gambit" should have led to the opposite of the collapsed use doctrine. Under that gambit, gross distortions in the clear statutory law would normally be left to the legislature.

The collapsed use doctrine confirms the worst fears about legal realism—that the ends would justify the means.<sup>125</sup> Use in trade

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<sup>122</sup> "The realist would insist on an open-ended weighing of policies to give meaning to the statute, and then resort to an in-depth factual inquiry to apply the policy to the case." McClure, *supra* note 23, at 341.

<sup>123</sup> *Id.* at 343 (quoting Kennedy, *Form and Substance in Private Law Adjudication*, 89 HARV. L. REV. 1685, 1751-52 (1976)).

<sup>124</sup> *Id.* at 340.

<sup>125</sup> The story of trademark use is just a scene from the larger drama of how legal realism "simply ran itself into the sand." Schlegel, *American Legal Realism and Empirical Social Science: From the Yale Experience*, 28 BUFFALO L. REV. 459, 459 (1979). It is impossible to understand the importance of this story without understanding the worst fears about legal realism: "The early critiques directed against . . . legal realists tended to be mild and often

was created by the common law to impose an obstacle, a burden, to unchecked monopoly. The present token use rule in effect states that *because* of the burden of the use in trade requirement, the requirement must be ignored. In a stunning reversal of cause and effect, the doctrine of use in trade was destroyed in *Standard Pressed Steel* for the very reason that it exists!<sup>126</sup> The same board had articulated this unabashedly cynical legal philosophy even more baldly a year earlier, calling it "an accepted commercial practice necessitated by the absence of an intent to use statute."<sup>127</sup> Under this legal cynicism, the law does not proceed from normative or even statutory premises to a conclusion designed to regulate commercial conduct. Instead it elevates commercial conduct to the level of the major premise, proceeding from "accepted commercial practice" to a conclusion dictated by, instead of serving to regulate, the practices of liberal free enterprise. A result is that this philosophy defines existing practice as the norm.<sup>128</sup> Thus, in response to the institutional competence gambit, designed to sup-

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discriminating, but by 1936 they were becoming almost wholly denunciatory. The tone of the attack grew in bitterness in proportion to the spread of fear and uncertainty created by success of the totalitarian governments of Europe." E. PURCELL, *supra* note 121, at 159.

Fundamental to the attack on realism was the belief that it did, or at least could, lead to totalitarianism. . . . Positivism . . . could lead to Nazism when applied to the law, for it denied any rational moral standard and tended to identify all government and judicial actions by definition with legality.

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During the late thirties, however, he [Harvard Law School Dean Roscoe Pound] grew increasingly hostile. In 1937 he charged that the realists identified law completely with the actions of government officials, an accusation meant to imply that the realist view left no basis from which to criticize the legal acts of the Nazi government.

*Id.* at 161-62.

<sup>126</sup> For the Board's rationale, see *supra* text accompanying note 54.

<sup>127</sup> *Monorail Car Wash, Inc. v. McCoy*, 178 U.S.P.Q. (BNA) 434, 438 (TTAB 1973). "[T]here is no doubt that applicant's initial shipment was contrived . . . expressly for registration purposes, but this is more or less an accepted commercial practice necessitated by the absence of an intent to use statute." *Id.*

<sup>128</sup> This is neo-realism, or perhaps nihilism, the extension of legal realism to its most unprincipled extreme. It is exactly what Morris Cohen feared from a legal theory that "naturally leads to the assumption that what is, is right." Cohen, Book Review, *CORNELL L.Q.* 171, 177 (1936). Those fears were fed by such people as Karl Llewellyn, who was committed to realism and wrote that "[w]hat these officials do about disputes is, to my mind, the law itself." K. LLEWELLYN, *THE BRAMBLE BUSH* 12 (2d ed. 1951). He was such a believer that, in helping draft the Uniform Commercial Code, he "revisited the National City Bank to observe how bank collections were transacted." W. TWINING, *KARL LLEWELLYN AND THE REALIST MOVEMENT* 316 (1973); see also *supra* note 125.

press legal realism, trademark law had an effective response: the administrative parry. The utility of institutional competence assumed and required the ability to distinguish a court from a political, legislative, body. The administrative parry involved the creation and maturation of hybrid organs—administrative agencies—which, being neither legislative nor judicial, were not adequately addressed by institutional competence. The administrative parry is responsible for token use.

One advantage of the theory of “institutional competence”<sup>129</sup> is that it could confine political and legal domains. A central feature of judicial institutions, of course, is autonomy. Judicial independence, or at least its appearance, is secured in federal courts by life tenure, which protects against both job insecurity and illicit temptations. Administrative judges, including Trademark Trial and Appeal Board commissioners, do not have these protections.<sup>130</sup> Thus, the “revolving door” phenomenon swings in both directions for Patent and Trademark Office personnel.<sup>131</sup> Not only is it possible for the Board to hear cases argued by former members but present members, when deciding cases, have no assurances about their professional futures. According to Judge Richard Posner, certainly no radical, the uncertain professional careers of administrators almost always foreclose the possibility of any “zealous” vindication of the consumer’s interest.<sup>132</sup>

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<sup>129</sup> H. HART & A. SACHS, *supra* note 121. The “legal process” teaches a kind of procedural jurisprudence bottomed in a distinction between “legal” judicial activities and “political” legislative ones. *See supra* note 121.

<sup>130</sup> As one of my research assistants noted, the Administrative Procedure Act and the Lanham Act were both enacted in 1946. It is a provocative coincidence at least. The development of procedures securing agency law happily coincided with a crucial era in trademark law when radical judicial alterations might have been created by federal judges subject to the influence of legal realism.

<sup>131</sup> Allen, *The “Revolving Door”—Should It Be Stopped?*, 32 AD. L. REV. 383 (1980).

<sup>132</sup> Posner, *The Federal Trade Commission*, 37 U. CHL. L. REV. 47 (1969). He states:

A commissioner concerned with his future success at the bar will have no greater incentive to promote the consumer interest fearlessly and impartially than one whose guiding principles are job retention and agency aggrandizement. He will receive no bonus upon entry (or reentry) into private practice for the vigorous championing of the consumer interest. The gratitude of consumers—indulging the improbable assumption that such a thing exists—cannot be translated into a larger practice. On the other hand, the enmity of the organized economic interests . . . that a zealous pursuit of consumer interests would engender may do him some later harm, while making his tenure with the Commission more tense and demanding than would otherwise be the case. Exceptional people may rise to the challenge but they are unlikely ever to con-

It is unconvincing to suppose that administrators can avoid bias simply through will power and good faith. If that were so, the article III protections would imply that federal judges somehow lack the character that their administrative siblings possess. It is inescapable that decisions of the Board are inevitably subject to the pressures, perhaps felt only unconsciously, of job insecurity and the perceived desires, perhaps only imaginary, of future employers and clients.<sup>133</sup> The combination, within administrative law, of a "legal" form and a "political" environment thus effectively disarms the theory of institutional competence.

The phenomenon that James Q. Wilson has described of agency "capture" by those the agency purportedly regulates and the existence of a "clientele" relationship between the agency and those it is charged with regulating is nothing new.<sup>134</sup> Posner notes that regulation can be a blessing to the regulated,<sup>135</sup> and he suggests that it should not be presumed beneficial to the consumer.<sup>136</sup>

Gabriel Kolko claimed that administrative regulation was created at the insistence of the regulated as protection from competi-

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stitute a sizable fraction of commissioners.

*Id.* at 86.

For instance, it is remarkable that the author of all the Trademark Trial and Appeal Board's collapsed trademark use decisions was Commissioner Lefkowitz, who wrote the opinions in *Fort Howard*, *Standard Pressed Steel*, *Monorail Car Wash*, *Times Mirror*, and *Larry Harmon Pictures Corp. v. Bozo Texinos—A Mexican Cafe, Inc.*, 204 U.S.P.Q. 430 (1979). He has since left the Board and is now a member of a firm whose recent clientele includes General Electric, Cooper Industries, PPG Industries, Kaiser Industries, Digital Equipment, Premo Pharmaceutical, Special Metals Corp., Comptek Research, Classic Products, Lactite Corp., Foster Wheeler, Grefco, Inc., and Crucible, Inc.

<sup>133</sup> Some agencies have attempted to solve this problem, such as the Department of Energy and the Civil Aeronautics Board. See 42 U.S.C. § 7216 (1982) (disqualifying former members from participating in "matters" in which they were involved); 14 C.F.R. § 300.10 (1984). These provisions, however, can hardly resolve the problem of participation in doctrines, rather than matters, such as the doctrine of collapsed trademark use, which favor entire industries.

<sup>134</sup> See Wilson, *The Rise of the Bureaucratic State*, 41 PUB. INTEREST 77, 87-89 (1975). See generally M. BERNSTEIN, *REGULATING BUSINESS BY INDEPENDENT COMMISSION* (1955).

<sup>135</sup> R. POSNER, *ECONOMIC ANALYSIS OF LAW* 251-86 (2d ed. 1977).

<sup>136</sup>

[R]egulation is a product, much like other products except supplied by the government, that is demanded by and supplied to effective political groups. Under this view, there is no presumption that regulation is always or even often designed to protect the broad consumer interest in the efficient supply of the regulated services.

*Id.* at 268.



tion.<sup>137</sup> More recently, this theory has been criticized for failing to recognize that not all regulated subjects invariably benefit from such anticompetitive phenomena. To these later critics, the significance of administrative law lies in its substitution of majoritarian politics and "organized interests" for legal standards.<sup>138</sup> But with trademark law, *all* of the "organized interests" have one thing in common: a desire to secure trademark rights as easily as possible. At least with the trademark use doctrine, it hardly matters whether Wilson or Kolko is correct: either through agency capture or through the assignment of the dispute to a board before whom antitrademark interests are absent, the general interests of the agency clientele are served.

Although the effect of professional groups upon substantive doctrinal change has not yet received serious jurisprudential attention, the trademark use doctrine is a useful case study. The combination of a receptive Patent and Trademark Office and a vigorously interested trademark bar has been decisive in the development of the collapsed trademark use doctrine. The jurisprudential effect of a specialized bar—particularly prominent, of course, in Patent and Trademark Office matters—appears quite significant, especially in the context of a heavily administrative environment.<sup>139</sup>

Thus, the characters on the stage of trademark law are strangely different from those of most other legal dramas. There is no real antitrademark lobby. No serious trademark lawyers or their clients have any interest in undermining the basic anticompetitive orientation of modern trademark law. While lawyers may argue their clients' opposing positions, no client or lawyer has any interest in urging that trademark law, as presently structured, is opposed to the public interest or that trademark registrations should be made

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<sup>137</sup> G. KOLKO, *THE TRIUMPH OF CONSERVATISM* (1963).

<sup>138</sup> See Wilson, *supra* note 134, at 94-95.

The true significance of the Commerce Act is not that it allowed public power to be used to make secure private wealth but that it created a federal commission with broadly delegated powers that would have to reconcile conflicting goals . . . in a political environment characterized by a struggle among organized interests and rapidly changing technology.

*Id.* Wilson observes that majoritarian politics tends to replace coalitional politics when regulation is granted to those interest groups powerful enough to successfully demand it. *Id.* at 97.

<sup>139</sup> For a discussion of the trademark bar, see *supra* note 95 and text accompanying notes 104 & 106.

generally more difficult. No lawyers employed by clients owning many trademarks can imagine such clients happily receiving news of a victory that, while defeating an opponent's trademark, would invalidate all of the clients' "warehoused" marks as well. In a kind of "old-boy" network, all, except for the occasional "maverick,"<sup>140</sup> have an interest in an interpretation that makes registrations easy.<sup>141</sup>

In other words, all established trademark owners have a common interest in excluding newcomers. The Board, having no defined interest, nevertheless gains nothing by antagonizing its established clientele. The token use doctrine effectively offers the agency's one valuable and vital resource to its organized clientele at a cheaper price.

"The second major public resource commonly sought by an industry is control over entry by new rivals."<sup>142</sup> When this resource is brokered by an agency, which it always is, the problems of administrative law favoring an established clientele and large organizations<sup>143</sup> achieve even greater prominence—especially in the context of trademark law. Trademark law is an area that is not generally recognized as anticompetitive, in which the grant of the public resource has been made even more liberal than what its statutory authors intended. The peculiarly hybrid nature of administrative law crosses the border between the legislative and the judicial and seems expressly tailored to avoid the institutional competence

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<sup>140</sup> See Fletcher, *supra* note 31, at 350:

[N]obody will "upgrade" his "use" program, and everybody will continue as before, filing affidavits which in light of present knowledge of the law verge ever closer to fraudulent, trusting to (hopefully unspoken or written) industry understandings not to attack each other's marks for fear of retaliation, and hoping no maverick comes along at an inopportune moment.

<sup>141</sup> One reason Willy Loman's life became hopelessly doomed was because he was found sleeping with the wrong woman. See *Death of a Salesman*, *supra* note 1, at 206-09. The marketing connection is perhaps coincidental but it is undeniable that the person with whom he should not have been sleeping was, in Willy's words, "just a buyer." When he was discovered by his son Biff, his attempt to justify or explain his actions was suspiciously similar to what one might imagine a staunch defender of administrative law would say:

Willy: . . . Now look, Biff, when you grow up you'll understand about these things. You mustn't—you mustn't overemphasize a thing like this.

*Id.* at 298.

<sup>142</sup> Stigler, *The Theory of Economic Regulation*, 2 BELL J. ECON. & MGMT. SCI. 3, 5 (1971).

<sup>143</sup> For one description of the problems, see *infra* note 146.

gambit that depends upon that distinction.<sup>144</sup>

Even if there were some maverick entrant,<sup>145</sup> it probably would not be successful in the administrative arena. Critics such as Robert Reich have observed that the administrative process itself is structurally receptive to established, large organizations.<sup>146</sup> Reich's observations perfectly fit the Patent and Trademark Office practice and are actually heightened by the fact that trademark proceedings are often *ex parte*. In fact, the Patent and Trademark Office tends to make adversary challenges even more difficult by frequently characterizing issues as "*ex parte*," despite being scolded occasionally for doing so.<sup>147</sup>

Comparing the cases of the Trademark Trial and Appeal Board with those of the Court of Customs and Patent Appeals makes it clear that the administrative process has been key in the development of the token use doctrine. The leading cases from the Board tend to repeat the same distortions and mistakes that have illegiti-

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<sup>144</sup> Of course, none of this is surprising or new. It is essentially the result that Roscoe Pound somewhat pessimistically forecasted over three decades ago when he listed and then rebutted the six supposed constraints upon unbounded administrative discretion. First, he noted that the administrative process moves in a narrow field. But he found that confining the process leads to looking to all things from the standpoint of that narrow field, thus ignoring disputed questions. Second, this narrow field develops a professional attitude. Pound argued, however, that this is a chief reason why judicial review is urgently demanded. Third, findings of fact may be made. But, he noted, too often there are no means to assure a proper basis for the findings. He found that the fourth constraint, the relation of adjudication to policy, is one of the most flagrant abuses because it allows the fitting of preconceptions of facts to a policy. The fifth constraint of independent tribunals "will not have the constitutional guarantee of independence that the courts have." Finally, the sixth constraint, judicial review, "is not allowed to be the check that it ought to be." R. POUND, *JUSTICE ACCORDING TO LAW* 79-81 (1951).

<sup>145</sup> Fletcher, *supra* note 31, at 350.

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Inequalities lie deep in the administrative structure of government largess. The whole process of acquiring it and keeping it favors some applicants and recipients over others. The administrative process is characterized by uncertainty, delay, and inordinate expense; to operate within it requires considerable know-how. All of these factors strongly favor larger, richer, more experienced companies or individuals over smaller ones.

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All these inequalities modify somewhat the simple picture of a government-private dichotomy. But a second modification is required: government and the private sector (or a favored part of that sector) are often partners rather than opposing interests. Reich, *The New Property*, 73 YALE L.J. 733, 765 (1964).

<sup>147</sup> See *Fort Howard Paper Co. v. Kimberly-Clark Corp.*, 390 F.2d 1015, 1017 n.6 (C.C.P.A.), *cert. denied*, 393 U.S. 831 (1968).

mately altered trademark use.<sup>148</sup> By comparison, the leading cases from the Court of Appeals take a more equivocal position. Though the court sometimes sanctions a liberal approach, it does so without departing from a relatively strict and, historically and textually speaking, correct statement of law.<sup>149</sup> One might object that judicial review compensates for agency error. But this fails to acknowledge the persuasive effect of administrative decisions upon appellate courts. In addition to the statutory presumptions to which Patent and Trademark Office and Board decisions are entitled, many courts treat Board decisions with a certain deference.

The impact of the Board decisions is heightened by the tendency of trial courts, which apparently feel they have little expertise in trademark law, to treat the Patent and Trademark Office as a source of legal as well as technical competence.<sup>150</sup> One district court, holding that affidavits of token use were not thereby false or fraudulent, did so by relying on the "prominent legal authority" of the Board decisions that had approved token use.<sup>151</sup> Even appellate courts occasionally hold agency decisions to be persuasive or even authoritative.<sup>152</sup> Another way Board decisions achieve undue influence is through the trademark treatises that commonly derive "rules" of trademark law from agency decisions. Those treatises

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<sup>148</sup> *Visa Int'l Serv. Ass'n v. Life Code Sys., Inc.*, 220 U.S.P.Q. (BNA) 740 (TTAB 1983); *In re Cedar Point, Inc.*, 220 U.S.P.Q. (BNA) 533 (TTAB 1983); *Times Mirror Magazine, Inc. v. Sutcliffe*, 205 U.S.P.Q. (BNA) 656 (TTAB 1979); *Larry Harmon Pictures Corp. v. Bozo Texinos—A Mexican Cafe, Inc.*, 204 U.S.P.Q. (BNA) 430 (TTAB 1979); *Standard Pressed Steel Co. v. Midwest Chrome Process Co.*, 183 U.S.P.Q. (BNA) 758 (TTAB 1974); *Monorail Car Wash, Inc. v. McCoy*, 178 U.S.P.Q. (BNA) 434 (TTAB 1973).

<sup>149</sup> *See Selfway, Inc. v. Travelers Petroleum, Inc.* 579 F.2d 75 (C.C.P.A. 1978); *Old Swiss House, Inc. v. Anheuser-Busch, Inc.*, 569 F.2d 1130 (C.C.P.A. 1978); *In re Silenus Wines, Inc.*, 557 F.2d 806 (C.C.P.A. 1977); *Jim Dandy Co. v. Martha White Foods*, 458 F.2d 1397 (C.C.P.A. 1972); *In re Gastown, Inc.*, 326 F.2d 780 (C.C.P.A. 1964); *Montgomery Ward & Co. v. Sears, Roebuck & Co.*, 49 F.2d 842 (C.C.P.A. 1931).

<sup>150</sup> *See, e.g., Exxon Corp. v. Humble Exploration Co.*, 695 F.2d 96 (5th Cir. 1983); *see also* *Li'l Red Barn, Inc. v. Red Barn Sys., Inc.*, 322 F. Supp. 98, 104 (N.D. Ind. 1970) (relying upon and citing only that portion of the *Fort Howard* case that repeated the underlying Trademark Trial and Appeal Board decision). Another example is *Standard Pressed Steel Co. v. Midwest Chrome Process Co.*, 183 U.S.P.Q. (BNA) 758 (TTAB 1974), which did not turn on any technical characteristics of trademark, but instead was based upon the legal and policy considerations of the proper balance of our free enterprise system—exactly the matters that modern process-based theories of law supposedly consign to legislatures.

<sup>151</sup> *DeMert & Dougherty, Inc. v. Chesebrough-Pond's, Inc.*, 348 F. Supp. 1194, 1197 (N.D. Ill. 1972).

<sup>152</sup> *See, e.g., Blue Bell, Inc. v. Farah Mfg. Co.*, 508 F.2d 1260 (5th Cir. 1975).

are then used by appellate courts as authority.<sup>153</sup>

The freedom from constraint with which the administrative process tends to operate, the alliance of shared interests between the regulated and the regulators, the practical impact of agency decisions upon lower and appellate courts, and the way the hybrid nature of the agency effectively disarms the institutional competence gambit mean that the administrative parry is more than just jurisprudential theory.

#### IV. SELLING THE SALESMAN: THE IDEOLOGICAL ROLE OF LEGAL THEORIES

The administrative parry created a sufficiently large but secluded area in which law could be altered to fit the demands of established marketers without sacrificing the legitimizing ideological function of the legal system. The law repeated in treatises and applied in the courts remained outwardly the same<sup>154</sup>—consistent, certain, predictable—while doctrines such as token use, developed in response to demands of marketing expediency, contradicted those principles. The administrative parry allowed vast portions of the marketplace to be effectively deeded over to established marketers—and to “regulation” by the agency—without any need to comply with accepted legal process. In effect there are two legal universes: the administrative, where power is brokered, and the judicial, which maintains its legitimizing role through the rule of law.<sup>155</sup>

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<sup>153</sup> For example, the court in *Blue Bell, Inc. v. Jaymar-Ruby, Inc.*, 497 F.2d 433, 437 (2d Cir. 1974), calls Callmann's *Unfair Competition, Trademarks and Monopolies* one of the three “leading commentators.” But many of the current sections of Callmann's treatise which detail the contours of trademark use are literally studded with references to Patent and Trademark Office and Board decisions. See 3 R. CALLMANN, *supra* note 108, §§ 19.06-.07, 19.09. For some indication that these treatises are less than models of accuracy, see *supra* note 108.

<sup>154</sup> In fact, judicial trademark law, with the exception of maverick doctrines initiated within the administrative environment—such as token use—has continued in a formalistic manner. “The courts have applied the Lanham Act in an excessively formal manner, believing that linguistic categories dictate certain results.” McClure, *supra* note 23, at 341; see, e.g., *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4 (2d Cir. 1976).

<sup>155</sup> In Hyde, *The Concept of Legitimation in the Sociology of Law*, 1983 Wis. L. Rev. 379, 414, the author vigorously contests this theory. But the most apt description of the development of the collapsed trademark use doctrine is contained in a footnote which describes one feature of Isaac Balbus's theory of legal legitimization: “In a later work, Balbus suggests that an order could cling to legitimacy, even while violating each of its own norms, so long as

According to McClure, legal realism was stopped dead in its tracks by the institutional competence gambit.<sup>156</sup> That gambit ensured that realism, with its recognition of actual economic facts, would not alter trademark law. But in trademark use, the Board's decisions can only be explained by neo-realist, or perhaps even nihilist<sup>157</sup> legal philosophies. As McClure noted, the Lanham Act essentially froze trademark law into a private orientation which favored protection and monopolization. Therefore, in those few areas where it did not fully favor private marketing interests, such as the failure to enact an intent-to-use statute, one might have expected either legal formalism or the institutional competence gambit to prevent any significant change in that direction. But, nevertheless, trademark use was radically altered, mostly due to the administrative parry.

Thus, it is not quite true that in trademark law "the legal realist revolution never arrived."<sup>158</sup> The story of trademark use is really the story of institutional competence unrealized. Its gambit was met by the administrative parry. That parry most effectively explains the strange saga of trademark use. It seems to teach that the Patent and Trademark Office is free to apply formalistic law, to adopt legal realism, or to break all the bounds of legal theory at its whim.<sup>159</sup> The Board decisions that have collapsed use in trade and use in commerce because of the economic needs of marketers are the most crass examples of legal realism at its worst.<sup>160</sup> But it is

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it succeeded in having individuals regard themselves as objects of fetishized legal relations, rather than as subjects who create and control the legal order." *Id.* at 414 n.113. Hyde's attack on legitimization theories is partially based on his objection to "collapsing the normative into the descriptive." *Id.* at 420. It is difficult, perhaps impossible, to avoid that collapse, however, when the subject, the legal system, uses that process to accomplish its resulting legitimization. Furthermore, the distinction between normative and descriptive may be attractive—it serves its own legitimizing goals—but it is probably more deceptive than real. See Davis, *supra* note 11.

<sup>156</sup> McClure, *supra* note 23, at 340, 342-43.

<sup>157</sup> See Tushnet, *Post-Realist Legal Scholarship*, 15 J. Soc'y PUB. TCHRS. L. 20, 22, 30 (1980); Tushnet, *Truth, Justice, and the American Way: An Interpretation of Public Law Scholarship in the Seventies*, 57 TEX. L. REV. 1307 (1979).

<sup>158</sup> McClure, *supra* note 23, at 340.

<sup>159</sup> Of course, while the Patent and Trademark Office has been wildly unrestrained, the courts have generally toed the party line of "reasoned elaboration." See *id.* at 342. But there is nothing in reasoned elaboration that prevents courts from adopting administrative decisions—in an elaborately reasoned way. Thus, unrestrained realism can masquerade within an institutionally competent role through the device of reasoned elaboration.

<sup>160</sup> See *supra* notes 121, 125 & 128 (discussing realism and other jurisprudential theories).

crucial to recognize that this degradation occurred predominantly within the administrative process.

One way the legal system effects legitimization is by using the language of the dominant political ideology, articulating formalistic doctrines in such a way that the ideological symbolism is preserved while the language is gutted of substance. The twin goals of legitimization and expedience are available because the enormous flexibility in the "rules" allows illegitimate demands to be met while the rule of law remains apparently secure.<sup>161</sup> This observation can proceed, however, too far. It is one thing to believe that words, even legal words, have little meaning. It is quite another to say that they have none—that every argument is just as easily "flipped" towards one as towards its opposite conclusion.<sup>162</sup> If any argument is possible, there would have been no need to retreat to the agency—no need for the administrative parry—to construct an altered trademark use rule. The inescapable point from a study of trademark use is that the administrative parry *was* useful—that it was an effective response to the gambit of institutional competence and to the *perceived* constraints of that theory.<sup>163</sup> Thus the admin-

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<sup>161</sup> See Davis, *supra* note 11.

<sup>162</sup> The argument that legal doctrines are easily "flipped" is now popular in Critical Legal Studies circles—or was at the time this article was written (without almost any doubt it is now passé)—and claims that legal distinctions are founded upon conceptions that logically lead to diametrically opposite conclusions—depending, perhaps, on how the question is posed or perceived. All legal rules therefore "logically" self-destruct because they have no real content. As with all things critical, the political conclusions of this theory are what matter. Without content, legal rules could have no autonomous, nor even semi-autonomous, role. There is no explicitly "flipping" literature yet—maybe no one has the nerve—but a few writers have used the theory to advantage. See Kennedy, *supra* note 27; see also *id.* at 1350 n.2 (citing articles).

A difficulty of using *Death of a Salesman* as a demonstrative vehicle is that the play is premised on contradictions that remain unresolved, much like the underlying contradictions of trademark law; one might say that *Salesman* can be flipped as well one way as the other. "No wonder *Death of a Salesman* cannot make up its mind . . . Miller is a playwright who wants morality without bothering to speak of a good in the light of which morality would make sense." Driver, *supra* note 1, at 51-52. Without deciding whether human beings should be subject to the exploitation of free competition and without deciding upon a good by which morality or legality can be judged, it is hopeless to attempt to draw a line between good exploitation and bad. This is the realist dilemma. See *supra* note 125.

<sup>163</sup> I emphasize the word "perceived" because whatever constraints the law imposes may be simply a matter of (false?) perceptions, although I am not sure that that does not make them limits nonetheless. Though this comes perilously close to a form of neo-institutional competence, others have made similar observations. They have simply avoided exploring, so far, the dynamics of such a theory.

istrative parry has been an effective partner to formalism, the parry offering new areas of freedom when the limits of formalism's flexibility were reached.

In other words, it is the administrative parry itself that bears effective testimony to the claim that there is something to the notion that legal forms and substance have, at least in the context of a given time and place, a meaning to which "attention must be paid."<sup>164</sup> The administrative parry created a separate legal domain where doctrine could bend to the will of the powerful, while preserving the legitimizing influence of a separate judicial world where principle and certainty seem to survive. The creation of the other world would have been unnecessary if it were not so important to preserve a judicial one which still could sport the trappings of a legitimizing rule of law.

And now we return to Willy Loman one last time. Willy, you see, was first deceived, then killed. All Willy wanted was to be successful, and in many ways he was. There were, sadly, two sets of rules. The rules that Willy followed were the rules that all Salesmen are given; they are, in fact, our rules.<sup>165</sup> Those rules say that to be well

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I assume that the only grounds for distinguishing between courts, legislatures and administrative agencies as lawmakers are (i) that the false consciousness of the public requires it or (ii) that the decision maker has a quite specific theory about how his or her particular institutional situation should modify his or her pursuit of political objectives.

Kennedy, *supra* note 11, at 564-65. Although Kennedy has "nothing to say" about this possibility, *id.* at 564, it seems ripe, perhaps crucial, for further study.

<sup>164</sup> *Death of a Salesman*, *supra* note 1, at 162.

Linda: . . . I don't say he's a great man. Willy Loman never made a lot of money. His name was never in the paper. He's not the finest character that ever lived. But he's a human being, and a terrible thing is happening to him. So attention must be paid. He's not to be allowed to fall into his grave like an old dog. Attention, attention must be finally paid to such a person.

*Id.*

<sup>165</sup>

Between 1868 and 1929 [Horatio] Alger's books sold ten million copies, and the people who did not read the books could hardly have been able to escape the aura of the name. With the boom of the 1920s authors like Babson and Marsden and Bruce Barton kept the success doctrine before the eyes of the public. Whether they advocated success as the reward of virtue or as the result of strength or as the consequent of personality, their position was essentially the same. The secret lies inside the individual character. The emphasis can shift from one personal quality to another, but there is never any doubt where the quality is found. Moreover, if Christianity can be defined by business concepts, "virtues" can easily be reduced to "personality." The "miracles" of Jesus, according to Barton, reside in his personal magnetism. . . . This



liked is the road to success. Willy followed it to his end. Nobody told Willy that the game was fixed—but it was. It was in Howard's interest, and in the interest of his father before him, to encourage Willy to be well liked. But Howard would have been a fool, I suppose, to tell Willy that there were other things, more important things, in life.

The world of people, the world of "massive dreams and little cruelties,"<sup>166</sup> the Brooklyns of our existence, became far more impoverished without the magnetic Willy Loman who, no matter how misdirected, was *very* well liked. Only in a market economy where all is translated into dollars and cents could a person as alive as Willy Loman reason that he was worth less with every breath he took.<sup>167</sup> But the world of the Salesman continued. Dead wood is just that—in law and in the market.

The market economy is no fool. There are two sets of rules. The rules we believe in reflect our hopes about right and wrong, about equality and justice, about freedom and, perhaps, about property. Most of us believe in these things and in a legal system that fashions rules pinned to those hopes. It would be foolish to tell us, I suppose, that in response to each progressively developed legal theory there is a response, a gambit, and then a parry—there is always a different, unseen set of rules—that allows the other things, the more important things, the things that in the end lead to our doom, to mock the rules in which we have been led to believe so desperately.

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myth, deep-seated in the American consciousness, provides the raw material for *Death of a Salesman*.

T. PORTER, *supra* note 1, at 131.

<sup>166</sup> *Death of a Salesman*, *supra* note 1, at 131.

<sup>167</sup> Willy killed himself so that his family might have the insurance money. He saw himself as nothing more than one element in a purchase and sale, which is not surprising since he was, after all, a Salesman. The reduction of Willy from a person to a cipher of the market economy is perhaps the dominant theme of the play: "He is a product of a producer-consumer society in which the go-between is a pivotal figure. [B]efore he can sell anything and if he can sell nothing else, he must sell himself, his own personality." T. PORTER, *supra* note 1, at 133-34.

