as state courts. The Act is codified within the Economic Espionage Act mentioned in note 2.

4. Although trade secret law has been primarily within the control of each state, attempts have been made to achieve a level of uniformity. The most notable is the Uniform Trade Secret Act, which has been adopted in all but a few states.

Trademark

Trademark law in the United States is primarily governed by what is known as the Lanham Act, codified at 15 U.S.C. §1051. It allows for the registration of trademarks, service marks, and trade names, as well as several other categories. In order to qualify for protection, a mark must be or have become "distinctive." When a mark that was not originally distinctive has acquired distinctiveness, the process is referred to as having acquired "secondary meaning." In other words, the mark must have become associated with a particular producer or source. By demonstrating distinctiveness, and maintaining the registration, a trademark owner can enjoy protection continuously. Remedies for infringement include both money damages and injunctive relief.

In trademark litigation, a key question is often whether another company's use of the mark "is likely to cause confusion." The inquiry, thus, depends on how the public sees the situation. For example, would prospective buyers of LEXUS cars be confused and mistakenly believe that the producer of the LEXIS legal database was somehow involved? As the example suggests, trademark protection is not restricted to marks that are exactly alike. Names that are somewhat different may be restrained, if the public is likely to be confused by them.

The link between the product and the producer is crucial. When filing a trademark application, one must specify the area of business within which the mark is used. A claim that is too broad will be rejected by the trademark examiner. One that is too narrow may limit the company's ability to expand its business on the strength of its trademark. For example, Apple Records Co. (officially Applecorps, the firm founded by the Beatles) moved to block Apple Computer Co. from using the name once the latter used sound on its computers. The case ended in a settlement, widely believed to have included a payment to refrain from further action, and an agreement that the computer company would not use the name in the music business. The trademark once again turned into a dispute when the Apple Computer began its iTunes online music service. After paying what was said to be a $500 million settlement to Applecorps in 2007 for rights to the relevant trademarks for use in the music business, Apple Computer soon changed its name to Apple, Inc.

Even the design or shape of a product can be protected, but only if it is distinctive and not just functional. A particular section of the Lanham Act protects what is known as "trade dress." In the following case, the Supreme Court considered the extent of that protection.

Wal-Mart Stores v. Samara Bros.

529 U.S. 205 (2000)

Scalia, J.

In this case, we decide under what circumstances a product's design is distinctive, and therefore protectible, in an action for infringement of unregistered trade dress under § 43(a) of the Trademark Act of 1946 (Lanham Act).

Respondent Samara Brothers, Inc., designs and manufactures children's clothing. Its primary product is a line of spring/summer one-piece seersucker outfits decorated with appliques of hearts, flowers, fruits, and the like. A number of chain stores, including JCPenney, sell this line of clothing under contract with Samara.

Petitioner Wal-Mart Stores, Inc., is one of the Nation's best known retailers, selling among other things children's clothing. In 1995, Wal-Mart contracted with one of its suppliers, Judy-Philippine, Inc., to manufacture a line of children's outfits for sale in the 1996 spring/summer season. Wal-Mart sent Judy-Philippine photographs of a number of garments from Samara's line, on which Judy-Philippine's garments were to be based; Judy-Philippine duly copied, with only minor modifications, 16 of Samara's garments, many of which contained copyrighted elements. In 1996, Wal-Mart briskly sold the so-called knockoffs, generating more than $1.15 million in gross profits.

In June 1996, a buyer for JCPenney called a representative at Samara to complain that she had seen Samara garments on sale at Wal-Mart for a lower price than JCPenney was allowed to charge under its contract with Samara. The Samara representative told the buyer that Samara did not supply its clothing to Wal-Mart. Their suspicions aroused, however, Samara officials launched an investigation, which disclosed that Wal-Mart and several other major retailers — Kmart, Caldor, Hills, and Goody's — were selling the knockoffs of Samara's outfits produced by Judy-Philippine.

After sending cease-and-desist letters, Samara brought this action in the United States District Court for the Southern District of New York against Wal-Mart, Judy-Philippine, Kmart, Caldor, Hills, and Goody's for copyright infringement under federal law, consumer fraud and unfair competition under New York law, and — most relevant for our purposes — infringement of unregistered trade dress under § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a). All of the defendants except Wal-Mart settled before trial. After a weeklong trial, the jury found in favor of Samara on all of its claims.

The Lanham Act provides for the registration of trademarks, which it defines in § 45 to include "any word, name, symbol, or device, or any combination thereof [used or intended to be used] to identify and distinguish [a producer's] goods . . . from those manufactured or sold by others and to indicate the source of the goods. . . ."

In addition to protecting registered marks, the Lanham Act, in § 43(a), gives a producer a cause of action for the use by any person of "any word, term, name, symbol, or device, or any combination thereof . . . which . . . is likely to cause

confusion . . . as to the origin, sponsorship, or approval of his or her goods. . . ." It is the latter provision that is at issue in this case.

The breadth of the definition of marks registrable under § 2, and of the confusion-producing elements recited as actionable by § 43(a), has been held to embrace not just word marks, such as "Nike" and symbol marks, such as Nike's "swoosh" symbol, but also "trade dress" — a category that originally included only the packaging, or "dressing," of a product, but in recent years has been expanded by many Courts of Appeals to encompass the design of a product.

The text of § 43(a) provides little guidance as to the circumstances under which unregistered trade dress may be protected. It does require that a producer show that the allegedly infringing feature is not "functional," and is likely to cause confusion with the product for which protection is sought.

In evaluating the distinctiveness of a mark under § 2 (and therefore, by analogy, under § 43(a)), courts have held that a mark can be distinctive in one of two ways. First, a mark is inherently distinctive if "[its] intrinsic nature serves to identify a particular source." Second, a mark has acquired distinctiveness, even if it is not inherently distinctive, if it has developed secondary meaning, which occurs when, "in the minds of the public, the primary significance of a [mark] is to identify the source of the product rather than the product itself."

It seems to us that design, like color, is not inherently distinctive. Consumers are aware of the reality that, almost invariably, even the most unusual of product designs — such as a cocktail shaker shaped like a penguin — is intended not to identify the source, but to render the product itself more useful or more appealing. The fact that product design almost invariably serves purposes other than source identification not only renders inherent distinctiveness problematic; it also renders application of an inherent-distinctiveness principle more harmful to other consumer interests. Consumers should not be deprived of the benefits of competition with regard to the utilitarian and esthetic purposes that product design ordinarily serves by a rule of law that facilitates plausible threats of suit against new entrants based upon alleged inherent distinctiveness.

To the extent there are close cases, we believe that courts should err on the side of caution and classify ambiguous trade dress as product design, thereby requiring secondary meaning. The very closeness will suggest the existence of relatively small utility in adopting an inherent-distinctiveness principle, and relatively great consumer benefit in requiring a demonstration of secondary meaning.

We hold that, in an action for infringement of unregistered trade dress under § 43(a) of the Lanham Act, a product's design is distinctive, and therefore protectible, only upon a showing of secondary meaning.

* * *

Another feature of the Lanham Act is protecting owners of trademarks from what is called "dilution" of the mark. Dilution involves a competing mark that does not

confuse consumers about the ownership, but which tends to diminish the power of the original trademark. In the following case, the Supreme Court considered what kind of proof of dilution is necessary.

Moseley v. V Secret Catalogue

537 U.S. 418 (2003)

Stevens, J.

In 1995 Congress amended § 43 of the Trademark Act of 1946, 15 U.S.C. § 1125, to provide a remedy for the "dilution of famous marks." That amendment, known as the Federal Trademark Dilution Act (FTDA), describes the factors that determine whether a mark is "distinctive and famous," and defines the term "dilution" as "the lessening of the capacity of a famous mark to identify and distinguish goods or services." The question we granted *certiorari* to decide is whether objective proof of actual injury to the economic value of a famous mark (as opposed to a presumption of harm arising from a subjective "likelihood of dilution" standard) is a requisite for relief under the FTDA.

Petitioners, Victor and Cathy Moseley, own and operate a retail store named "Victor's Little Secret" in a strip mall in Elizabethtown, Kentucky. They have no employees. Respondents are affiliated corporations that own the VICTORIA'S SECRET trademark and operate over 750 Victoria's Secret stores, two of which are in Louisville, Kentucky, a short drive from Elizabethtown. In 1998 they spent over $55 million advertising "the VICTORIA'S SECRET brand—one of moderately priced, high quality, attractively designed lingerie sold in a store setting designed to look like a wom[a]n's bedroom." They distribute 400 million copies of the Victoria's Secret catalog each year, including 39,000 in Elizabethtown. In 1998 their sales exceeded $1.5 billion.

In the February 12, 1998, edition of a weekly publication distributed to residents of the military installation at Fort Knox, Kentucky, petitioners advertised the "GRAND OPENING Just in time for Valentine's Day!" of their store "VICTOR'S SECRET" in nearby Elizabethtown. The ad featured "Intimate Lingerie for every woman"; "Romantic Lighting"; "Lycra Dresses"; "Pagers"; and "Adult Novelties/Gifts." An army colonel, who saw the ad and was offended by what he perceived to be an attempt to use a reputable company's trademark to promote the sale of "unwholesome, tawdry merchandise," sent a copy to respondents. Their counsel then wrote to petitioners stating that their choice of the name "Victor's Secret" for a store selling lingerie was likely to cause confusion with the well-known VICTORIA'S SECRET mark and, in addition, was likely to "dilute the distinctiveness" of the mark. They requested the immediate discontinuance of the use of the name "and any variations thereof." In response, petitioners changed the name of their store to "Victor's Little Secret." Because that change did not satisfy respondents, they promptly filed this action in Federal District Court.

The record in this case establishes that an army officer who saw the advertisement of the opening of a store named "Victor's Secret" did make the mental association with "Victoria's Secret," but it also shows that he did not therefore form any different impression of the store that his wife and daughter had patronized. There is a complete absence of evidence of any lessening of the capacity of the VICTORIA'S SECRET mark to identify and distinguish goods or services sold in Victoria's Secret stores or advertised in its catalogs. The officer was offended by the ad, but it did not change his conception of Victoria's Secret. His offense was directed entirely at petitioners, not at respondents. Moreover, the expert retained by respondents had nothing to say about the impact of petitioners' name on the strength of respondents' mark.

Noting that consumer surveys and other means of demonstrating actual dilution are expensive and often unreliable, respondents argue that evidence of an actual "lessening of the capacity of a famous mark to identify and distinguish goods or services," may be difficult to obtain. It may well be, however, that direct evidence of dilution such as consumer surveys will not be necessary if actual dilution can reliably be proved through circumstantial evidence — the obvious case is one where the junior and senior marks are identical. Whatever difficulties of proof may be entailed, they are not an acceptable reason for dispensing with proof of an essential element of a statutory violation. The evidence in the present record is not sufficient to support the summary judgment on the dilution count. The judgment is therefore reversed, and the case is remanded for further proceedings consistent with this opinion.

* * *

Topics for Further Discussion

1. Following the *Moseley* decision, Congress passed the Trademark Dilution Revision Act of 2006. Section 1125(c)(1) of the Act authorizes courts to enjoin the use of any mark that is likely to cause dilution by blurring or dilution by tarnishment of a famous mark. It permits the owner of a famous mark to obtain injunctive relief against anyone commencing use of the mark *after* it has become famous when such use is likely to cause dilution by blurring or tarnishment. The District Court on remand issued an injunction under the Act against the use of the names "Victor's Little Secret" and "Victor's Secret." The basis of the District Court's ruling was that the sex-related nature of the shop disparaged and tended to reduce the positive associations and the "selling power" of the "Victoria's Secret" mark, thereby harming the reputation of the famous mark. The opinion of the District Court was affirmed by the Sixth Circuit Court of Appeals in *V Secret Catalogue, Inc. et al. v. Moseley, et al.*, 605 F.3d 382 (6th Cir. 2010). The shop changed the name to "Cathy's Little Secret." *Cf. Jack Daniel's Properties v. VIP Products*, 599 U.S. __ (2023).

2. Federal law is not the only theory upon which plaintiffs may sue. In particular, state unfair competition law may protect against claimed "passing off" of products. Unfair competition is another area for which a Restatement has been written. The

First, the product or service in question must be one not readily identifiable without use of the trademark; second, only so much of the mark or marks may be used as is reasonably necessary to identify the product or service; and third, the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.

Just as it is virtually impossible to refer to the New Kids on the Block, the Chicago Bulls, Volkswagens, or the Boston Marathon without using the trademarked names, so too is it virtually impossible to refer to the Beach Boys without using the trademark, and Jardine therefore meets the first requirement. Also, BRI does not allege that Jardine uses any distinctive logo "or anything else that isn't needed" to identify the Beach Boys, and Jardine therefore satisfies the second requirement.

Jardine fails, however, to meet the third requirement. Jardine's promotional materials display "The Beach Boys" more prominently and boldly than "Family and Friends," suggesting sponsorship by the Beach Boys. Also, there is evidence that Jardine uses "The Beach Boys" trademark to suggest that his band is in fact sponsored by the Beach Boys. Finally, Jardine's use of the trademark caused actual consumer confusion, as both event organizers that booked Jardine's band and people who attended Jardine's shows submitted declarations expressing confusion about who was performing.

We therefore affirm the district court's grant of summary judgment in favor of BRI on BRI's trademark infringement claim.

* * *

Topics for Further Discussion

1. What does "The Beach Boys" mean legally? What does "The Beach Boys" mean artistically? Does the public play any role in making these determinations?

2. Litigation concerning The Beach Boys continued over a number of years. Eventually, the members/directors reportedly reached an amicable settlement.

* * *

Many countries have laws preventing registration of trademarks that may be offensive. (The nature of offensiveness differs from country to country.) The U.S. did too. The government contended the registration was a kind of government speech, which the government itself could restrict. The Supreme Court disagreed.

Matal v. Tam

137 S. Ct. 1744 (2017)

Alito, J.

This case concerns a dance-rock band's application for federal trademark registration of the band's name, "The Slants." "Slants" is a derogatory term for persons of Asian descent, and members of the band are Asian-Americans. But the band

members believe that by taking that slur as the name of their group, they will help to "reclaim" the term and drain its denigrating force.

The Patent and Trademark Office (PTO) denied the application based on a provision of federal law prohibiting the registration of trademarks that may "disparage . . . or bring . . . into contemp[t] or disrepute" any "persons, living or dead." 15 U.S.C. 1052(a). We now hold that this provision offends a bedrock First Amendment: Speech may not be banned on the ground that it expresses ideas that offend.

At issue here is the content of trademarks that are registered by the PTO, an arm of the Federal Government. The Federal Government does not dream up these marks, and it does not edit marks submitted for registration. Except as required by the statute involved here, an examiner may not reject a mark based on the viewpoint that it appears to express. Thus, unless that section is thought to apply, an examiner does not inquire whether any viewpoint conveyed by a mark is consistent with Government policy or whether any such viewpoint is consistent with that expressed by other marks already on the principal register. Instead, if the mark meets the Lanham Act's viewpoint-neutral requirements, registration is mandatory.

In light of all this, it is far-fetched to suggest that the content of a registered mark is government speech. Trademarks have not traditionally been used to convey a Government message.

Companies spend huge amounts to create and publicize trademarks that convey a message. It is true that the necessary brevity of trademarks limits what they can say. But powerful messages can sometimes be conveyed in just a few words.

Trademarks are private, not government, speech.

Key Terms and Concepts

Confidential Relationship
Downloading
Fair Use
File Sharing
Patent Claim
Prior Art
Public Domain
Secondary Meaning
Trade Dress
Trademark Dilution