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LEGAL ISSUES

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Cases of Note — Polaroid, People & Rolex Go Down on the Mat with the Strength Element

by **Bruce Strauch** (The Citadel) <strauchk@earthlink.net>

Trademark - Doctrine of Laches - or - Fish Or Cut Bait

Polaroid Corp v. Polarad Electronics Corp, 287 F.2d 492 (2d Cir., 1961).

Polaroid Corp has owned the trademark **Polaroid** since 1935. Then along came **Polarad Electronics** in 1944. Polaroid sued to defend its trademark; Polarad in turn asked for an injunction denying Polaroid the use of that name in the fields of television and electronics. Polaroid lost, but Polarad didn't get its injunction either.

The word "Polaroid" is valid as a trademark as it is coined or inventive and doesn't thereby leach any words out of the English language which only Polaroid Corp could use. It could be lost should "Polaroid" come to be used as generic or descriptive. *Marks v. Polaroid Corp.*, D.C.D.Mass. 1955, 129 F.Supp. 243.

Remember how desperately Xerox fought to prevent us saying "make a xerox." And poor old Kleenex got caught in the same vise. You want your product name on everyone's tongue, but you can lose your mark.

Being blank ignorant of science, I first thought of Polaroid in association with film. As it turns out, the name applied to "sheet polarizing material" and products made out of it plus optical desk lamps and stereoscopic viewers.

Forced to go to *Webster's*, I found "polarization: the action or process of affecting radiation and esp. light so that the vibrations of the wave assume a definite form." And "Polaroid: trademark - used esp. for a light polarizing material used esp. in eyeglasses and lamps to prevent glare and in various optical devices."

Assuming we understand that — or if we don't that it doesn't particularly matter — we move on to industrial history.

Sinews of 1950s Consumerism

Polaroid grew big during WW II making electronic machine gun trainers and the Schmidt corrector plates, an optical lens used in television. The Land camera was devel-

oped in 1948. Dr. Land was the then President of Polaroid.

Beginning life as Polarad Television Corp and morphing into **Polarad Electronics**, the defendant sold microwave generating and receiving devices and television studio equipment. It claimed the name was derived from the first letters of the first and last names of the found, Paul Odessey and the first two letters of the first name of his friend and anticipated partner, Larry Jaffe. 'Rad' was tacked on to signify radio.

Calendar of Non-action

Polaroid learned of Polarad in 1945 and sent a lawyer around to their then two-room office to see how much business they were doing. Which was not much. Nothing grew out of this.

In 1950, Polaroid noticed a trade show where Polarad was showing television products. Still nothing happened.

In 1953, Polarad applied to register its trademark and Polaroid filed a notice of objection. This was overruled by the trademark officer.

Meanwhile, Polarad was growing to a work force of 530 and \$6 million in sales. It was spending advertising dollars to get its name out there in the buying public.

Polaroid finally sued in 1956. It admitted its business was mainly in optics and photography which Polarad did not pursue. And most of its customers were consumers. Polarad sold electronics equipment to a limited number of TV stations.

But there was that troublesome overlap of the Schmidt corrector plates used in some TV systems.

So What Protection for Polaroid vis-à-vis Goods It wasn't Presently Making?

The Appeals Court said these type cases were a real mess. It would have to consider the similarity of the marks, how close the

products were to each other, likelihood that **Polaroid** would bridge the gap and whether **Polarad** had designed its mark in good faith.

Both were in television in a way. Television is mostly electronics (Polarad), but it begins and ends with light waves (Polaroid). And some aspects of TV drew Dr. Land into polarization in the first place.

The Court chewed on this for a while, musing that Polaroid might have been entitled to some kind of injunctive relief. HOWEVER, Polaroid had diddled around. Under the law of equity, this is called laches — undue delay in asserting a legal right.

It comes from the French verb *lâcher* — to let go of or give up, to abandon.

What's Equity?

Back in the bad olde days of Medieval Merrye England, there was only one remedy at common law — money damages. So if you grazed your cows in my pasture, I had to wait til they were full and then sue for the damage they caused. And you could bring them back time and again and I'd have to sue repeatedly.

Or I could kill you, which was why there was a lot of rough-neck behavior back then.

Or, I could go to the king for help because he still had power then and the British tabloid press hadn't been invented to hold him up to constant ridicule. Since the king was busy hunting or carousing, he appointed a minister to listen to all these pleas for boons. And he would order you to get your cows back where they belonged. You were enjoined. Hence the term 'injunction.' The minister's chamber was called the Court of Equity.

Equity of course means fairness. Implying the Courts of Law weren't fair. But I can't explain that one.

The kind of business law texts I teach out of always say that Equity "relies on maxims." Which makes it sound like the

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Court of Clichés or something. In fact, those maxims are just common sense applied to difficult situations. Although it does sometimes read like Poor Richard's Almanac.

"Here, as often, equity does not seek for general principles, but weighs the opposed interests in the scales of conscience and fair dealing." *Polaroid* at 498.

The Doctrine of Laches

When parties know the facts yet fail to press their claims, both are barred. i.e., get on with things and let's get them settled.

Polaroid counter-clichéd, arguing that "mere delay" doesn't matter unless it's gone on for a long, long time — "so long ... as to defeat the right itself." *Menendez v. Holt*, 1888, 128 U.S. 514, 523, 9 S.Ct. 143, 145, 32 L.Ed. 526.

... however long that is.

By doing nothing about your infringement, I imply acquiescence.

The Court said if **Polarad** had really invaded **Polaroid's** market, then each sale is an individual wrong. And that would allow Polaroid longer to react.

The reasoning for this is not made clear. But, presumably, the property right in a trademark is so fundamental that it should not easily be lost. And if you keep zinging me with individual wrongs, the balance of equity tilts strongly in my favor.

Here, the only reason for Polaroid to react was because it might want to seize the market for later operating in television, or to make sure **Polarad** didn't sully the name of **Polaroid** in some way through shabby business practices.

So Polaroid had to act quickly.

The reasoning being that they're both independent businesses. And Polarad might be putting a lot of time and money into developing television products. So Polaroid

needed to get busy thinking about how deeply it wanted to get into TV and warn Polarad off.

"[I]t cannot be equitable for a well-informed merchant with knowledge of a claimed invasion of right, to wait to see how successful his competitor will be and then destroy with the aid of a court decree, much

that the competitor has striven for and accomplished — especially in a case where the most that can be said is that the trade-mark infringement is a genuinely debatable question." *Valvoline Oil Co. v. Havoline Oil Co.*, D.C.S.D.N.Y.1913, 211 F. 189, 195.

Or as you and I might say, a stitch in time saves nine. And the early bird gets the worm.

Trademark - Secondary Meaning - or Battle of the Pablum Titans

Time, Inc. v. Petersen Publishing Company LLC, 173 F.3d 113 (1999).

And now in our gripping sequence of cases, we find that the 2d Cir Ct of Appeals begins to refer to "the Polaroid test."

Woo! Exciting vel non?

Which is legalese for "Exciting or what?"

The Shallowest Generation

Petersen began *Teen* magazine in 1957; **Time** started *People* in 1974. By 1997, each was independently working on new magazines and each wanted the name *Teen People*.

And there the history of Baby Boomer reading matter. First all those 1950s articles on Tuesday Weld and Troy Donahue. Then the fifteen minutes of fame phenomena of the 1970s — such a cultural signifier that Jeff Goldblum in The Big Chill is a writer for People. And now we swing around and try to merge the two for the Boomer offspring.

Whew! Talk about aggressive journalism.

And we have this great quote from the Court: "We need not concern ourselves over whether this desire to use the same name was driven by mutual admiration, or simply a shared lack of creativity." *Time* at 116.

Which is as witty as jurisprudence gets.

Anyhow, word leaked, and they raced

for the courthouse. **Time** arrived first and (breathlessly) asked for an injunction to keep **Petersen** from getting its hands on *Teen People*. Time argued an infringement of *People*; Petersen of *Teen*.

Lanham Act

Under the Lanham Act you are forbidden to use any "registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods," in a fashion likely to cause confusion. 15 U.S.C. § 1114(1)(a).

Time had to show a valid registered mark and the likelihood of confusion. *Arrow Fastener Co. v. Stanley Works*, 59 F.3d 384, 390 (2d Cir. 1995).

Marks should be inherently distinctive like the fabulous *Against the Grain* mark with its tree of the knowledge of good and evil scholarly journals, none of which would give you a clue as to the contents of the award-winning trade journal. 15 U.S.C. § 1052(e). When it's "merely descriptive," it needs a secondary meaning to be protected. The goods and the name must have become synonymous in the marketplace. § 1052(f).

The question of misleading consumers is a standard requiring "numerous and ordinary prudent purchasers" being bamboozled. *Gruner + Jahr USA Publishing v. Meredith Corp.*, 991 F.2d 1072, 1077 (2d Cir. 1993).

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physicians, people whose physicians are well-meaning but devastatingly uninformed, people whose physicians actively turn a blind eye and are a real danger to the patient's health — in fact, I would lay odds that there will be dozens of people reading this review who suffer from fibromyalgia and/or chronic myofascial pain. Maybe you are the one who will recognize your condition for the first time. Maybe you will find hope for your pain, fatigue, and a host of other symptoms. Maybe you will discover you are in the

same boat with me. I have fibromyalgia.

I've been diagnosed for years, and still I find this book refreshingly informative. I intend to spend more time with it, delving deeper into the medical explanations and using the text as a resource to determine if I (and my health care provider) are best addressing my needs in light of recent research. I am going to take this copy with me to my next appointment. My physician and I will have a lot to talk about regarding the chronic myofascial pain content. I wonder if I will end up educating him.

This book is not for a patient seeking a fast cure because there are no cures. What

will you get between the pages? Understanding. Treatment options. Hope. Tools. In educating yourself, you will regain a measure of power over what you thought was a helpless situation.

The authors make valiant attempts to bring the medical information down to a more user-friendly level. Still, the reader will have to accept the content is somewhat technical in nature. It is not a quick read; it is a worthy read.

Perhaps you could inscribe your library copy when it arrives. "To you, dear suffering, searching soul. I wish you peace and healing. With love, your Librarian."

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There is an *Against the Grain* surf shop here in Charleston, but so far no one has dropped by ATG World Headquarters asking for a long board.

The Polaroid Test

Factors involved in likelihood of confusion:

(1) strength of the mark; (2) degree of similarity between two marks; (3) proximity of the products; (4) likelihood that prior owner will 'bridge the gap'; (5) actual confusion; (6) defendant's good faith in adopting its mark; (7) quality of defendant's product; (8) sophistication of the buyers.

The only issue on appeal was the Judge's jury charge as to (1).

Strength of the Mark

Strength is the power to identify the source of the product. See *Streetwise Maps, Inc. v. Vandam, Inc.* 159 F.3d 739, 743 (2d Cir. 1998). Which really just takes you right back to the inherent distinctiveness question. And the strongest ones are fanciful or arbitrary which we sure don't have here.

Next in line of power are suggestive marks. Here you have to think a bit to figure out the nature of the goods. *Abercrombie & Fitch Co. v. Hunting World, Inc.* 537 F.2d 4, 11 (2d Cir. 1976).

Under the old Common Law, marks that are merely descriptive were not accorded protection. As trademark law developed, these were given protection if they had achieved secondary meaning. *id.* at 9.

If, however, you've managed to snake through a registration of a descriptive mark, it cannot be challenged on

the theory of no secondary meaning. See 15 U.S.C. §§ 1065, 1115(b).

Although why these should have gotten registered as to *Teen* or *People* is not answered. There's something the case is not telling us about those words being in stylized form at the time of the original registration. See *Gruner + Jahr*, 991 F.2d at 1075.

But it still comes down to an infringement test of likelihood of confusion. See *American Footwear Corp. v. General Footwear Co.*, 609 F.2d 655, 664 (2d Cir. 1979). Which takes us to the issue of the jury charge.

Trial Court Jury Charge as to Secondary Meaning

The Trial Court judge had instructed the jury that the sales success of *Teen* could help show a secondary meaning as well as the length of time the mark was exclusively used by Petersen.

But since Petersen had adopted a new logo in 1997, the Judge was in effect telling the jury to ignore 40 years of continuous use. Or so Petersen argued.

But, as per Appeals Court, trademark in stylized *Teen* is distinct from trademark in the word itself. And Petersen could only acquire rights in the new stylized *Teen* from 1997. While the Judge had properly instructed them that Petersen had been accruing rights in the word "Teen" from the beginning.

Assuming the jury could understand that. Or that we can.

At any rate, Time won, and our children can now savor the cross-generational mélange of *Teen People*. I can guarantee you I won't be reading stories of the Backstreet Boys while standing in line at the grocery store. I'll have my nose stuck in the *National Enquirer*. I demand substance for my brief Boomer attention span.

Trademark - Trademark Dilution - or Are We Confused Yet?

Rolex Watch U.S.A., Inc. v. Jones, 2000 WL 1528263 (S.D.N.Y. 2000).

Rolex is the owner of various registered marks including ROLEX, DATEJUST, and OYSTER PERPETUAL and of POLO BY RALPH LAUREN and all the Polo marks.

Rufus Todd Jones operates websites that sell watches bearing the Rolex marks (which he calls replicas) and short-sleeved shirts marked Polo. Rolex sued Jones who represented himself pro se which is to say he sent in a letter stating his position and then never showed up otherwise. Plus he never opposed Rolex's motion for Summary Judgment. Which is why this is in the District Court.

The issue was likelihood of confusion. Were "numerous ordinary prudent purchasers ... likely to be misled or confused" by Jones' mark. *Cadbury Beverages Inc. v. Cott Corp.*, 73 F.3d 474, 477-78 (2d Cir. 1996). And you need "a probability of confusion, not a mere possibility." *Streetwise Maps Inc. v. Vandam, Inc.*, 159 F.3d 739, 743 (2d Cir. 1998).

And they cite the above-mentioned hoary old Polaroid Test and further say no one of the factors is dispositive. *Morningside Group Ltd.*, 182 F.3d 133, 139 (2d Cir. 1999). And you don't just count up the number of factors and the greatest wins. You focus on likelihood of consumer confusion. *Paddington Corp. v. Attiki Importers & Distrib., Inc.*, 996 F.2d 577, 584 (2d Cir. 1993).

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Rolex carried all the factors of the Polaroid test. Since the marks were registered, there's a presumption of arbitrary or suggestive or to have acquired secondary meaning. *See Arrow Fastener Co., Inc. v. Stanley Works*, 59 F.3d 384, 393 n. 6 (2d Cir. 1995). And Rolex advertised heavily and kept the quality of its product first rate. All that adds to strength.

Jones used the Rolex and Polo marks and sold in the same markets. There is a big history of counterfeit Rolexes causing confusion.

Indeed, many people I know go out to bars wearing fake Rolexes with no purpose other than to create confusion. And to find true love at closing time.

God-awful Bad Faith

True, Jones' website says his are replicas, and that "[by] purchasing one of these replicas, the buy [sic] agrees not to sell or represent them as genuine."

You can see the bar scene. "Sorry, li'l dah'lin. I'm bound by contract to confess this here's a fake piece of crap and I don't have two nickels to rub together. All that aside, I got a pow'ful need for your love."

Yes, that confession will not happen. So, we've got the old post-sale confusion which is just as bad under the Lanham Act as point-of-sale confusion. *Nabisco Inc. v. PF Brands Inc.*, 191 F.3d 208, 218 (2d Cir. 1999).

Trademark Dilution

The Federal Trademark Dilution Act of 1995 permits an injunction if another person's use of the mark "causes dilution of the distinctive quality of the mark." 15 U.S.C. § 1125(c)(1).

"Blurring" occurs when Jones uses or modifies the Rolex trademark on his goods "raising the possibility that the mark will lose its ability to serve as a unique identifier" of the Rolex product. *Federal Express Corporation v. Federal Espresso, Inc.* 201 F.3d 168, 175 (2d Cir. 2000).

Which is a pretty cute move by the espresso seller, even if an infringement.

And, of course, there are a bunch of elements: (1) senior mark must be famous; (2) must be distinctive; (3) junior use must be a commercial use in commerce; (4) must begin after senior mark has become famous; (5) must cause dilution of the distinctive quality of the senior mark. *Nabisco Inc. v. PF Brands, Inc.*, 191 F.3d 208, 215 (2d Cir. 1999).

And Jones rang the bell on each and every one.

And Rolex can take a breather until the next fraud comes along.

Legally Speaking — Fair Use and The Common Law of Copyrights

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To paraphrase Shakespeare, "He who steals my purse steals trash, but he who steals my good words makes me poor indeed."¹ The Federal Copyright Statute, state statutes, and the common law protect the use of an individual's words. Authors, publishers, and librarians need to be aware of some significant differences between the Federal copyright statute and the common law of copyrights. This article will discuss the Fair Use of materials that have not been formally copyrighted under the Federal copyright statute, but which qualify for copyright protection under state common law. These materials include ideas, conversations, letters, unpublished manuscripts, lectures and lecture notes, etc. In my column in the next issue of *Against the Grain*, I will delve more deeply into the copyright laws pertaining to unpublished manuscripts, lectures and lecture notes.

There is no Federal common law of copyrights; instead, common law copyright is a function of state laws and can therefore vary from state to state. This discussion of common law copyright will cover some basic principles in a general way rather than dealing with the laws of specific states. However, most of the principles that I will discuss exist in the majority of jurisdictions.

The Relationship between State Common Law and the Federal Copyright Statute:

Has State Law been Pre-empted?

One issue that needs to be addressed in dealing with copyright is the relationship between the statutory law and the common law. Sometimes when a Federal statute is passed, the Federal laws occupy the field so completely that the states lose the ability to create law in that area. This is called Federal pre-emption. A recent example of an area in which the Federal law has pre-empted the states is the area of security for passenger airports and passenger airlines. The states no longer have the ability to create security laws for airports; the Federal government now enacts all airport security laws.

Most scholars do not believe that the

Federal statute has totally pre-empted state copyright law.² According to Section 103(b) of the Copyright Act: "Nothing in this title annuls or limits any rights or remedies under the common law or statutes of any State with respect to subject matter that does not come within the subject matter of copyright as specified by Sections 102 and 103, including works of authorship not fixed in any tangible medium of statement."³ The same section of the Federal copyright statute goes on to say that common law and state copyright law apply to: "activities violating legal or equitable rights that are not equivalent to any of the exclusive rights within the general scope of copyright as specified by Section 106."⁴ The prevailing interpretation of Section 103(b) has been that Congress did not totally preempt common law copyrights, and that the rights granted by the common law can coexist with the rights granted by the statute.⁵

Common Law Copyright and the Fair Use Doctrine

Although the copyright laws prohibit the reproduction of copyrighted works, there is a provision for limited copying known as "Fair Use." Fair Use allows us to make reproductions for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research. This applies to both published and unpublished works under the Federal copyright statute.⁶

Fair Use is a defense that can be used when an individual has been accused of copyright infringement. Because the Fair Use doctrine is based on the Federal copyright statute rather than on common law,⁷ there have been several cases which indicate that there is no such thing as Fair Use under the common law. These cases suggest that the Fair Use only applies to the Federal copyright statute.

In the debate over common law Fair Use, the case that is most often cited is *Stanley v. CBS*.⁸ The *Stanley* case involved the idea for a radio show that was submitted to the net-

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