

# Descriptive marks allow competitive use



By Bart  
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In one of its few decisions dealing with trademark law, the U.S. Supreme Court confirmed in early December that competitors are free to use descriptive terms to describe their products—even if using the descriptive term could cause some confusion in the marketplace. This is an important decision

because it may ultimately limit the strength afforded trademarks made of descriptive terms and give greater support to competitive use of such terms.

One of the difficult choices that product manufacturers and marketers face is how descriptive a trademark should be for a product. Should a company use descriptive terms to identify their products? Or, if a competitor owns a trademark for a descriptive term, can they use the same or a similar term in connection with their own product, or do they risk litigation?

Let's first understand what's meant by a descriptive term. Under U.S. trademark law, a descriptive term is one that immediately tells the consumer a characteristic of the product or service. For example, "speedy" or "express" for a delivery service or "tasty" or "sweet" for a food product immediately tells you something about the product or service. The trademark laws state that you cannot protect a descriptive term unless the mark has acquired secondary meaning, which means that it has become so well-known to the relevant consuming public that the public associates the descriptive term with the

## MARKETING AND THE LAW

source of the goods or service. This does not mean that a person needs to know that Frito-Lay makes Ruffles potato chips, but, when people think of Ruffles, they think of a potato chip that comes from a particular source, rather than a type of potato chip or a characteristic of a potato chip.

Owning a trademark gives the owner the exclusive right to use the trademark in connection with specific goods and services, as well as the potential right to exclude others from using the same trademark and similar trademarks in connection with identical or related goods or services. The legal test is whether a competitor's use of a particular term causes a "likelihood of confusion" between the two marks used in association with the two separate products or services.

But there is a clash between society's and competitor's needs to use certain words and phrases to describe their products and services and a trademark owner's right to protect its investment and goodwill developed through marketing, promotion and protection of a trademark. Ultimately, just because someone owns a trademark to use a descriptive term, that does not preempt all use of the term. For example, the makers of SweetTarts candy could not stop Ocean Spray from using "sweet-tart" to describe the taste

of its cranberry juice, and the owner of the Sealed With A Kiss trademark for lip gloss could not stop the use of "Seal it with a Kiss" in connection with an in-store promotion for lip-stick. Such uses may be considered "fair uses" of trademarks.

Over the years, courts have struggled with whether a "fair use" defense can apply if the defendant's alleged fair use causes a likelihood of confusion or even actual confusion in the marketplace. Some courts have found that in order to establish fair use, a defendant needs to prove that no likelihood of confusion occurs as a result of the fair use, while others felt that likelihood of confusion was irrelevant.

The Supreme Court found that likelihood of confusion may be relevant, but that the person relying on "fair use" need not prove that likelihood of confusion occurs. The case involved the use of the term "microcolor" in connection with permanent body markers. One company owned a U.S. trademark registration for Micro Colors in white letters separated by a

green bar within a black square. The defendant used "microcolor" in large, stylized typeface on an advertising brochure.

Unfortunately, the Supreme Court did not decide whether the use of "microcolor" in this instance was infringing or fair use. The Court was primarily concerned with whether the possibility of consumer confusion is compatible with fair use. The Court found

See LAZAR / Page 10



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## LAZAR / From page 6

## Well-known phrases cause confusion

that they were and put the risk of confusion on the trademark owner, stating that the trademark owner accepted the risk when it decided to identify its product with a mark that uses a well-known descriptive phrase. The Court found that the trademark laws should not be meant to deprive commercial speakers of the ordinary utility of descriptive words.

While the Supreme Court's legal determination is clear, it is not surprising that marketers are confused when lawyers talk about the use of descriptive terms and phrases. The

protection and use of descriptive terms and phrases are risky propositions. Be aware of the risks when choosing words or phrases to name a product. These terms may help to market a product, but trademark law may not give you a monopoly on the use of these words. The Supreme Court is telling you that your choice of a descriptive trademark may ultimately allow descriptive uses by your competitors even if they may cause some confusion in the marketplace. Also, if you are using words or phrases to describe your own product, you may have a greater ability to do

so (with certain restrictions) even if the words or phrases are similar to an existing trademark, and even if your use may cause some confusion. ■

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## NATION ● Flying made easier

## Delta makes changes for frequent fliers

Struggling Atlanta-based Delta Air Lines Inc. announced a raft of changes to its frequent flier program in mid-December, ranging from making it easier to get upgrades to simplifying fees, in hopes of winning back customers angered by previous changes to the program.

The overhaul followed a campaign by some of Delta's highest level frequent fliers, who launched a Web site in protest of changes in 2002 to the SkyMiles program, as well as other policies, at the nation's No. 3 airline.

The movement led by the airline's Platinum Medallion-level frequent fliers included ads in *USA Today*, a roving billboard outside a stockholders' meeting and a negotiating session with Delta executives.

Delta, which came close to filing for bankruptcy before winning \$1 billion in concessions from pilots in November, expressed optimism the moves would benefit customers.

"Before making these changes, we listened closely to customers and employees and focused our attention on areas with the most customer value," says Paul Matsen, Delta's chief marketing officer.

Chief executive Gerald Grinstein said Wednesday during a speech in New York that Delta has to do a better job giving customers what they want—low prices. He said the warehouse club Costco has done a good job of delivering high-quality goods at the lowest possible price.

"One of the goals we have is to gain that trust," Grinstein says. "From our passengers' perspective, we would fail that test."

Starting Jan. 1, SkyMiles members will earn one Medallion mile for every mile flown, while first-class fliers will get 1.5 Medallion miles for every mile flown. Two years ago, when the airline previously reworked the program, SkyMiles members earned half a Medallion mile for every mile flown, but first-class fliers received 2 Medallion miles for every mile flown.

The changes should make it easier to upgrade tickets to business or first class. The airline says it's also making the formulas used to calculate elite SkyMiles membership easier to understand.

SkyMiles members must fly at least 25,000 Medallion miles each year to qualify for the upgrades.

Additionally, the fee structure for special services is being simplified. For example, all customers will only pay \$50 for ticket changes instead of \$100.

Delta for years attracted customers with its SkyMiles program, which rewarded frequent flyers with upgraded seats and free flights. But in 2002, Delta reworked the terms of SkyMiles, asserting the changes benefited its premium customers and generated additional revenue—close to \$40 million in 2003. Delta also said that fewer than 2% of SkyMiles members were affected.

The 2002 overhaul also came as Delta was still reeling from the Sept. 11, 2001, attacks, which hurt air travel worldwide, and forced the airline to find new sources of revenue. Delta has lost more than \$6 billion since 2001.

In November, Delta avoided bankruptcy when its pilots agreed to the concessions. But some analysts say the deal, along with new financing from some creditors, only gives Delta about 12 months of breathing room.

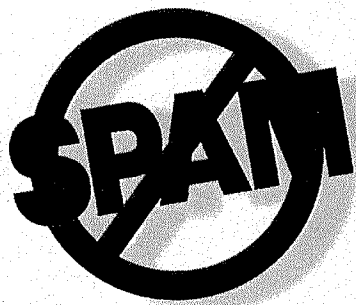
They say the airline still needs to increase its revenue and execute its broad turnaround plan. ■

—By Harry R. Weber for *The Associated Press*

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