

## COMMENT

### Reprotection for Formerly Generic Trademarks

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#### INTRODUCTION

Trademark rights are defined by public perception. If the public identifies a particular mark with a given firm, that mark is protectable; however, if the public understands the mark to refer to a class of products, the mark is “generic” and not protectable. The status of a mark is not fixed—a mark that has trademark significance in 2014 might become generic in 2015.<sup>1</sup> The loss of a mark can be a significant blow to the former owner, and it occurs frequently enough to have a name: genericide.<sup>2</sup>

Consider, for example, *Firefly Digital Inc v Google Inc*.<sup>3</sup> In 2002, Firefly started selling a website content management system “under the term ‘WEBSITE GADGET,’ and marketing and selling its add-on applications under the term ‘GADGET.’”<sup>4</sup> In 2009, Firefly registered “GADGET” with the US Patent and Trademark Office (PTO),<sup>5</sup> which constitutes prima facie evidence of the trademark’s validity and serves to identify Firefly.<sup>6</sup> Firefly sued Google in federal court in Louisiana, alleging that Google’s use of the term “gadget” in conjunction with its iGoogle product constituted trademark infringement.<sup>7</sup> Google raised a defense of

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<sup>1</sup> See, for example, *The Murphy Door Bed Co v Interior Sleep Systems, Inc*, 874 F2d 95, 97 (2d Cir 1989) (holding that “‘Murphy bed’ is a generic term, having been appropriated by the public to designate generally a type of bed”).

<sup>2</sup> See Part I.B.

<sup>3</sup> 817 F Supp 2d 846 (WD La 2011).

<sup>4</sup> Id at 852.

<sup>5</sup> Id at 853.

<sup>6</sup> See Lanham Act § 7(b), 15 USC § 1057(b). Generic marks cannot be registered. See J. Thomas McCarthy, 2 *McCarthy on Trademarks and Unfair Competition* § 12:57 at 12-220 to -221 (Thomson Reuters 4th ed 2014).

<sup>7</sup> *Firefly Digital*, 817 F Supp 2d at 854.

genericness and, relying on a consumer survey, proved that “gadget” no longer held trademark significance.<sup>8</sup> Google prevailed, and the mark was canceled.<sup>9</sup>

But if a term can move from trademarked to generic status, could it also shift back to protected status? At some time, the use of “gadgets” on websites may fall into disfavor.<sup>10</sup> Firefly might then want to restart its business, using a name with which it is familiar (like “gadget”). While it would be able to use the term, it might be unable to assert trademark protection in it ever again. In some courts, Firefly would be precluded from relitigating the issue of trademark significance.<sup>11</sup>

The courts of appeals that have attempted to make sense of the possibility of former trademarks regaining legal protection have not reached a consensus. Some, in contrast to the Fifth Circuit, have acknowledged the possibility that a formerly generic term might assume trademark significance.<sup>12</sup> However, many others have rejected all attempts at reprotection of a generic term, either through rote application of the “de facto secondary meaning doctrine” or under color of issue preclusion.<sup>13</sup>

This Comment argues that terms previously adjudicated to be generic ought to be eligible for reprotection upon a showing of competent evidence. Courts should use the changed-circumstances exception to issue preclusion to avoid a procedural bar to claims that have a chance of success. Finally, to protect defendants from burdensome litigation, courts should turn to the fee-shifting provision of § 35(a) of the Lanham Act—if a party brings a suit attempting to assert a right in a term adjudicated to be generic and loses, that party has sued based on something that it does not own, and the victorious defendant should be compensated for the costs of litigation.

This Comment proceeds as follows: Part I begins with background on how a trademark is obtained. It then discusses the process of genericide. Part II outlines the division between the courts of appeals that allow for the possibility that a mark might

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<sup>8</sup> Id at 859–60.

<sup>9</sup> Id at 867–68.

<sup>10</sup> For instance, iGoogle has since been deactivated. See *What Happened to iGoogle?* (Google, 2013), archived at <http://perma.cc/MEB4-DQAF>.

<sup>11</sup> See Part II.B.3.

<sup>12</sup> See Part II.A.

<sup>13</sup> See Part II.B. Issue preclusion is also frequently referred to as “collateral estoppel.” See Charles Alan Wright, et al, 18 *Federal Practice and Procedure: Jurisdiction and Related Matters* § 4402 at 7–20 (West 2014 Supp).

return to protected status and those that block reprotection claims. Part III argues that formerly generic terms should be eligible for reprotection and outlines a method by which courts might discourage potentially abusive litigation.

## I. PROTECTING AND LOSING A TRADEMARK

The owner of a trademark does not acquire protection simply by creating the mark. Rights are contingent on both use and the public's understanding. This Part examines the background rules that govern the protection of a mark as a trademark and the process by which a protected mark can lose its protected status.

### A. Obtaining and Protecting a Trademark

As defined by the Lanham Act, the federal trademark statute, a trademark is “any word, name, symbol, or device, or any combination thereof” that serves to “distinguish [a producer's] goods . . . from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.”<sup>14</sup> The property right conferred by ownership of a trademark is contingent on its use in commerce, meaning that trademarks are lost if branded products or services are not sold.<sup>15</sup>

Marks are often classified on a spectrum of strength. Generally, “[t]he stronger the mark, the more likely it is that encroachment on it will produce confusion.”<sup>16</sup> Strong protection is afforded to “fanciful,”<sup>17</sup> “arbitrary,”<sup>18</sup> and “suggestive”<sup>19</sup> marks.

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<sup>14</sup> Lanham Act § 45, 15 USC § 1127.

<sup>15</sup> See William M. Landes and Richard A. Posner, *The Economic Structure of Intellectual Property Law* 179 (Harvard 2003). See also *Union National Bank of Texas, Laredo, Texas v Union National Bank of Texas, Austin, Texas*, 909 F2d 839, 842 (5th Cir 1990) (“Ownership of trademarks is established by use, not by registration.”).

<sup>16</sup> *Champions Golf Club, Inc v The Champions Golf Club, Inc*, 78 F3d 1111, 1117 (6th Cir 1996).

<sup>17</sup> “A fanciful mark is a coined word or phrase, such as Kodak, invented solely to function as a trademark.” *Dreamwerks Production Group, Inc v SKG Studio*, 142 F3d 1127, 1130 n 7 (9th Cir 1998).

<sup>18</sup> “An arbitrary mark, such as Dutch Boy on a can of paint, uses common words in a fictitious and arbitrary manner to create a distinctive mark which identifies the source of the product.” *Id.*

<sup>19</sup> A suggestive mark is a sort of hybrid of arbitrary and descriptive marks. Suggestive marks “shed some light upon the characteristics of the goods, but so applied they involve an element of incongruity.” *General Shoe Corp v Rosen*, 111 F2d 95, 98 (4th Cir 1940). “For example, the mark BRILLIANT may be ‘descriptive’ on diamonds, ‘suggestive’ on furniture polish, and ‘arbitrary’ on canned applesauce.” McCarthy, 2 *McCarthy on Trademarks and Unfair Competition* § 11:64 at 11-201 (cited in note 6).

By contrast, protection is denied to generic marks. “A generic term is one that refers to the genus of which the particular product is a species.”<sup>20</sup> For example, “cola” has long been held to be a generic term.<sup>21</sup>

“Descriptive” marks occupy a middle position. “A mark is [ ] descriptive if it immediately conveys information concerning a quality or characteristic of the product or service.”<sup>22</sup> Courts explaining descriptive marks often use the example of All-Bran cereal—the name provides consumers with information about the product and is therefore descriptive.<sup>23</sup> As a baseline principle, descriptive marks are not protected.<sup>24</sup> However, they may attain protected status by taking on “secondary meaning.”<sup>25</sup> Secondary meaning is acquired through a shift in public perception: “If because of association with a particular product or firm over a period of time a word has come to stand in the minds of the public as a name or identification for that product or firm, the word is said to have acquired a secondary meaning.”<sup>26</sup> For example, the term “5-Hour Energy” describes the effects of an energy drink but has been held to have acquired secondary meaning.<sup>27</sup> Non-word marks may also gain protection on a showing of secondary meaning—the color pink, for example, is protected when applied to home insulation because of its close association with Owens-Corning.<sup>28</sup>

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<sup>20</sup> *Park 'N Fly, Inc v Dollar Park and Fly, Inc*, 469 US 189, 194 (1985). For other examples of generic terms, see McCarthy, 2 *McCarthy on Trademarks and Unfair Competition* § 12:18 at 12-66 to -84 (cited in note 6).

<sup>21</sup> See *Dranoff-Perlstein Associates v Sklar*, 967 F2d 852, 862 (3d Cir 1992).

<sup>22</sup> *In re MBNA Bank, NA*, 340 F3d 1328, 1332 (Fed Cir 2003) (explaining the thin line between descriptive and suggestive marks).

<sup>23</sup> See, for example, *Peaceable Planet, Inc v Ty, Inc*, 362 F3d 986, 988 (7th Cir 2004).

<sup>24</sup> In *Peaceable Planet*, which concerned Beanie Babies, Judge Richard Posner provided another example that explains the rationale for the default nonprotection of descriptive marks: “Had Peaceable Planet named its camel ‘Camel,’ that would be a descriptive mark in a relevant sense, because it would make it very difficult for Ty to market its own camel—it wouldn’t be satisfactory to have to call it ‘Dromedary’ or ‘Bactrian.’” *Id.*

<sup>25</sup> *Id.*

<sup>26</sup> *Safeway Stores, Inc v Safeway Properties, Inc*, 307 F2d 495, 499 (2d Cir 1962). See also McCarthy, 2 *McCarthy on Trademarks and Unfair Competition* § 15:8 at 15-20 to -24 (cited in note 6).

<sup>27</sup> *Innovation Ventures, LLC v N2G Distributing, Inc*, 779 F Supp 2d 671, 675–78 (ED Mich 2011).

<sup>28</sup> See *In re Owens-Corning Fiberglas Corp*, 774 F2d 1116, 1127–28 (Fed Cir 1985).

This Comment is chiefly concerned with whether a given term is generic, which is a binary question.<sup>29</sup> If generic, it is not protectable.<sup>30</sup> The question of distinctiveness—whether the mark is generic or protectable—is a question of fact.<sup>31</sup> Courts consider the “primary significance” of the term, asking “whether consumers think the term represents the generic name of the product . . . or a mark indicating merely one source of that product.”<sup>32</sup> If the answer is the name of a product class, protection is denied; if the answer is a particular producer, the mark remains valid.<sup>33</sup>

Trademark holders may register their marks.<sup>34</sup> If registered with the PTO, marks are protected against infringement by § 32 of the Lanham Act.<sup>35</sup> Generic marks are not eligible for registration, and marks are canceled if they become generic.<sup>36</sup> However, registration is not a necessary condition for relief since all terms with trademark significance are protected against misappropriation by competitors.<sup>37</sup> The holder of any trademark (registered or not) may vindicate its property right through litigation under § 43(a) of the Lanham Act.<sup>38</sup>

## B. Genericide: The Loss of Trademark Rights

Unlike patents and copyrights, trademarks are theoretically perpetual.<sup>39</sup> As long as the mark “is used to distinguish and

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<sup>29</sup> This Comment primarily concerns linguistic trademarks. However, trade dress, symbols, and even colors can also be protected as marks and become generic. See McCarthy, 2 *McCarthy on Trademarks and Unfair Competition* § 12:36.50 at 12-140 n 2 (cited in note 6).

<sup>30</sup> See Lanham Act § 14, 15 USC § 1064 (providing that a mark’s registration may be canceled if the mark becomes generic).

<sup>31</sup> See *Knights Armament Co v Optical Systems Technology, Inc.*, 654 F3d 1179, 1187 (11th Cir 2011).

<sup>32</sup> *E.T. Browne Drug Co v Cococare Products, Inc.*, 538 F3d 185, 192 (3d Cir 2008), quoting *Dranoff-Perlstein Associates*, 967 F2d at 859. This primary-significance test is also set out by statute. See Lanham Act § 14(3), 15 USC § 1064(3) (“The primary significance of the registered mark to the relevant public . . . shall be the test for determining whether the registered mark has become the generic name of goods or services on or in connection with which it has been used.”).

<sup>33</sup> *E.T. Browne Drug*, 538 F3d at 192.

<sup>34</sup> See Lanham Act §§ 1–22, 15 USC §§ 1051–72.

<sup>35</sup> Lanham Act § 32, 15 USC § 1114.

<sup>36</sup> Lanham Act § 14, 15 USC § 1064.

<sup>37</sup> Lanham Act § 43, 15 USC § 1125.

<sup>38</sup> Lanham Act § 43(a), 15 USC § 1125(a).

<sup>39</sup> See Landes and Posner, *The Economic Structure of Intellectual Property Law* at 186 (cited in note 15). See also 17 USC §§ 302–05 (setting the copyright term); 35 USC §§ 154, 156, 173 (setting the term for utility patents, conditions for an extension, and the term for design patents, respectively).

identify,” it may be protected.<sup>40</sup> Professor William Landes and Judge Richard Posner note that this “makes economic sense.”<sup>41</sup> The full price of a product to a consumer is a function of the nominal (dollar) price and the cost of finding the product.<sup>42</sup> Landes and Posner suggest that trademarks reduce the latter, which they call “search costs.”<sup>43</sup> They explain: “[T]o make the producer of a good give up the name before he ceased selling the good would impose added search costs on consumers because the information embodied in the trademark would disappear.”<sup>44</sup> This result would leave firms with a choice: increase the total cost of goods to consumers or lower the nominal price (and therefore the firm’s profits) to compensate consumers (and maintain a stable all-in price).<sup>45</sup> As long as the trademark retains its source-identifying significance, it makes little sense to assign the mark an arbitrary end date.

The incentive that trademarks provide to “maintain [ ] goods and services at defined and persistent qualities” also continues to exist as long as the brand has value.<sup>46</sup> Were a brand to have an expiration date, a company might lower quality as the end date approaches in an attempt to strip every last bit of value from the mark. As such, theoretically perpetual rights are the best way to lower consumer costs and give producers an incentive to maintain constant quality.

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<sup>40</sup> *Kohler Co v Moen Inc*, 12 F3d 632, 637 (7th Cir 1993).

<sup>41</sup> Landes and Posner, *The Economic Structure of Intellectual Property Law* at 186 (cited in note 15).

<sup>42</sup> See id.

<sup>43</sup> William M. Landes and Richard A. Posner, *Trademark Law: An Economic Perspective*, 30 J L & Econ 265, 268–69 (1987). The conception of trademarks as indicating “the source and quality of products, thereby reducing the costs of searching for goods” has become the “dominant theoretical account” of trademark law. Mark P. McKenna, *A Consumer Decision-Making Theory of Trademark Law*, 98 Va L Rev 67, 73–81 (2012).

<sup>44</sup> Landes and Posner, *The Economic Structure of Intellectual Property Law* at 186 (cited in note 15).

<sup>45</sup> In this way, trademarks allow firms to charge higher nominal prices. For example, say Tide (a company with a strong trademark) can sell its detergent for \$5. Consumers know what they are getting when they buy Tide, so search costs are low—a look at the bottle and the name tells consumers what they need to know. A company with no trademark would have to provide more information about the product. This increases search costs. That company therefore cannot succeed in the market if it charges \$5: Tide’s all-in price to the consumer is  $(\$5 + X)$ , where  $X$  is the search cost, while the unbranded detergent costs  $(\$5 + \text{some multiple of } X)$ . The company selling unbranded detergent must lower its nominal price to present the same all-in price to the consumer.

<sup>46</sup> Ariel Katz, *Beyond Search Costs: The Linguistic and Trust Functions of Trademarks*, 2010 BYU L Rev 1555, 1559 (“[C]onsumers [ ] rely on [ ] trademarks as mental shortcuts when making purchasing decisions.”).

Because trademarks allow consumers to rely on a consistent level of quality and make it possible for producers to charge higher prices, firms have a strong incentive to prevent genericide.<sup>47</sup> Genericide can strip all value from a mark, leaving its former owner with nothing.<sup>48</sup> Even well-known terms might become generic—the term “yellow pages” was once granted trademark protection<sup>49</sup> but now plainly is the general term for any commercial phone directory.<sup>50</sup> Other formerly protected terms that are now generic include “shredded wheat,”<sup>51</sup> “shuttle”<sup>52</sup> (to describe an airline service), “super glue,”<sup>53</sup> and “yo-yo.”<sup>54</sup>

But genericide can be avoided.<sup>55</sup> For example, “[s]takeholders wishing to prevent their marks from falling into genericness should consistently use a generic signifier along with the mark.”<sup>56</sup> Perhaps the two most famous examples of companies that have used this tactic are “Sanka,” which saved its mark by promoting the term “decaf,” and “Xerox,” which protected its mark by popularizing the word “copier.”<sup>57</sup> As a practical matter, though, trademarks often suffer from their own

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<sup>47</sup> See Deven R. Desai and Sandra L. Rierison, *Confronting the Genericism Conundrum*, 28 Cardozo L Rev 1789, 1790 (2007). See also id at 1794 (“[T]rademarks are powerful tools in a company’s economic arsenal. Indeed, much of a company’s value and potential for long-term growth can be traced to its brand value.”).

<sup>48</sup> See id at 1797 (“Genericide poses the ultimate threat, as it can reduce the value of [a] billion-dollar mark to zero.”).

<sup>49</sup> *Southwestern Bell Telephone Co v Nationwide Independent Directory Service, Inc*, 371 F Supp 900, 909 (WD Ark 1974).

<sup>50</sup> See *AmCan Enterprises, Inc v Renzi*, 32 F3d 233, 234 (7th Cir 1994).

<sup>51</sup> *Kellogg Co v National Biscuit Co*, 305 US 111, 116–17 (1938).

<sup>52</sup> *Eastern Air Lines, Inc v New York Air Lines, Inc*, 559 F Supp 1270, 1274–76 (SDNY 1983).

<sup>53</sup> *Loctite Corp v National Starch and Chemical Corp*, 516 F Supp 190, 199–201 (SDNY 1981).

<sup>54</sup> *Donald F. Duncan, Inc v Royal Tops Manufacturing Co*, 343 F2d 655, 667 (7th Cir 1965).

<sup>55</sup> See, for example, Charles R. Taylor and Michael G. Walsh, *Legal Strategies for Protecting Brands from Genericide: Recent Trends in Evidence Weighted in Court Cases*, 21 J Pub Pol & Mktg 160, 161–62 (Spring 2002) (discussing advertising and consumer surveys as ways to avoid genericide).

<sup>56</sup> Timothy Denny Greene and Jeff Wilkerson, *Understanding Trademark Strength*, 16 Stan Tech L Rev 535, 575 (2013).

<sup>57</sup> See *Ty Inc v Softbelly’s, Inc*, 353 F3d 528, 532 (7th Cir 2003).

success. This is a long-recognized phenomenon,<sup>58</sup> and the Lanham Act explicitly acknowledges this possibility.<sup>59</sup>

## II. COURTS DISAGREE ABOUT THE POSSIBILITY OF REPROTECTION

Once a mark is relegated to generic status, must it stay that way? Courts disagree whether an earlier finding of genericness can be circumvented or whether relitigation is barred. Some courts have accepted the possibility that a term might return to trademark significance. The courts that hold otherwise do not agree as to why terms may not return to protection: some have dismissed reprotection as impossible, while others have used issue preclusion to avoid a direct ruling on the question. Were reprotection possible, the universe of marks currently consigned to generic status but not in meaningful use would be available for productive purposes. After providing background on the leading example of reprotection, this Part examines the respective positions taken by courts that allow reprotection, those that bar it, and the PTO.

### A. The “Singer” Cases

The paradigmatic example of a reclamation of a generic term is that of “Singer.”<sup>60</sup> The Singer Manufacturing Company, after losing the patent to its sewing machines, attempted to protect its dominant market position through trademark.<sup>61</sup> It brought suit against June, a rival sewing machine manufacturer, alleging that the Singer company “had an exclusive right to the word ‘Singer’ as a trade name and ‘designation’ for [ ] sewing machines.”<sup>62</sup> In an 1896 decision, the Supreme Court disagreed. It found “conclusive proof that, as a whole, the Singer machines represented a general class, and were known to the public under that comprehensive name and no other”—that is, the Court

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<sup>58</sup> See, for example, *Bayer Co v United Drug Co*, 272 F 505, 510 (SDNY 1921) (reasoning that consumers had come to recognize “aspirin” as a compound, rather than a brand, and denying trademark protection).

<sup>59</sup> See Lanham Act § 45, 15 USC § 1127 (defining a mark as “abandoned” when it “lose[s] its significance”).

<sup>60</sup> See McCarthy, 2 *McCarthy on Trademarks and Unfair Competition* § 12:31 at 12-126 to -127 (cited in note 6). See also Marc C. Levy, *From Genericism to Trademark Significance: Deconstructing the De Facto Secondary Meaning Doctrine*, 95 *Trademark Rptr* 1197, 1206 (2005).

<sup>61</sup> *Singer Manufacturing Co v June Manufacturing Co*, 163 US 169, 173–74 (1896).

<sup>62</sup> *Id.* at 170.



determined that “Singer” was the generic name for all sewing machines of a particular type.<sup>63</sup>

By 1953 the sewing machine market had changed. Singer brought suit against a small repair shop, claiming that the shop had infringed a trademark in the term “Singer.”<sup>64</sup> The Fifth Circuit, in *Singer Manufacturing Co v Briley*,<sup>65</sup> essentially affirmed the district court,<sup>66</sup> which had concluded that Singer had—“by the constant and exclusive use of the name ‘Singer’ in designating sewing machines and other articles manufactured and sold by it and in advertising the same continuously and widely—recaptured from the public domain the name ‘Singer.’”<sup>67</sup> This was no mistake—the district court explicitly acknowledged the earlier Supreme Court decision but found that Singer had done enough to change the public’s perception of its term.<sup>68</sup> The saga of “Singer,” then, demonstrates that it is possible for a mark to be reclaimed.

The *Singer* result is not wholly anomalous, though it is—so far—the only time that a US court of appeals has accepted a mark’s return to trademark significance.<sup>69</sup> The decision is also only questionably good law—its understanding of how meaning might shift has been implicitly repudiated by its own circuit.<sup>70</sup>

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<sup>63</sup> Id at 180.

<sup>64</sup> *Singer Manufacturing Co v Briley*, 207 F2d 519, 520 (5th Cir 1953) (“Briley”).

<sup>65</sup> 207 F2d 519 (5th Cir 1953).

<sup>66</sup> The Fifth Circuit agreed that Singer was entitled to relief, but the court was “not convinced” that the remedy granted by the district court would work. Id at 522. The Fifth Circuit therefore amended the decree to allow for the possibility of later modifications. Id.

<sup>67</sup> Id at 520 n 3.

<sup>68</sup> Id.

<sup>69</sup> The “Goodyear Rubber” mark may also have returned to trademark significance. See McCarthy, 2 *McCarthy on Trademarks and Unfair Competition* § 12:32 at 12-127 to -128 (cited in note 6). The term was adjudicated to be generic in 1888. See *Goodyear’s India Rubber Glove Manufacturing Co v Goodyear Rubber Co*, 128 US 598, 602 (1888). But see McCarthy, 2 *McCarthy on Trademarks and Unfair Competition* § 12:32 at 12-128 (cited in note 6) (stating that it is not clear whether the Supreme Court held the term to be descriptive or whether it held the term to be generic). A Minnesota district court found that the term had returned to trademark significance, though its decision rejected the prior adjudication of the term as descriptive as irrelevant to the case at hand. See *Goodyear Tire & Rubber Co v H. Rosenthal Co*, 246 F Supp 724, 728 (D Minn 1965). The Second Circuit, however, last judged the term to be generic. See *Rettinger v Federal Trade Commission*, 392 F2d 454, 454 n 2 (2d Cir 1968).

<sup>70</sup> See *Dixiepig Corp v Pig Stand Co*, 31 SW2d 325, 326 (Tex Civ App 1930). See also text accompanying notes 138–47.

## B. Courts Divide over Reprotection

Despite the *Singer* cases, the courts of appeals have failed to arrive at a consensus as to whether a formerly generic mark can be protected. Those courts that have addressed this issue appear to be split into three groups. Within the first group, which recognizes the possibility of reprotection, the cases can be further divided by outcome. The Federal Circuit has allowed for the relitigation of a (possibly) generic term as a component of a larger mark. A later district court decision returned the same term to trademark significance. Separately, the Eleventh and First Circuits have acknowledged the possibility that a term might be reprotected, but they have so far applied issue preclusion to block actual reprotection.

The other two groups take a less favorable view of reprotection. The second group of courts applies issue preclusion as an insurmountable bar to reprotection, though courts in this group may be motivated by another rationale—the de facto secondary meaning doctrine. The third group of courts expressly applies the de facto secondary meaning doctrine as an absolute bar to renewed trademark protection for formerly generic terms, symbols, and trade dress. This Section first provides background on issue preclusion and then explores the positions taken by these three groups of courts.

### 1. Issue preclusion and the changed-circumstances exception.

In many instances, whether a mark can be reprotected turns on the preliminary inquiry whether the claim is blocked by issue preclusion. The doctrine of issue preclusion is premised on promoting the efficient use of judicial resources and predictability in case outcomes.<sup>71</sup> It accomplishes these goals by preventing the relitigation of factual issues that were already resolved by courts. Put broadly, “once an issue is actually and necessarily determined by a court of competent jurisdiction, that determination is conclusive in subsequent suits based on a different cause

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<sup>71</sup> See *Parklane Hosiery Co v Shore*, 439 US 322, 326 (1979) (“Collateral estoppel . . . has the dual purpose of protecting litigants from the burden of relitigating an identical issue with the same party . . . and of promoting judicial economy by preventing needless litigation.”).

of action involving a party to the prior litigation.”<sup>72</sup> Generally, for preclusion to apply:

- (1) [T]he issues in both proceedings must be identical, (2) the issue in the prior proceeding must have been actually litigated and actually decided, (3) there must have been a full and fair opportunity for litigation in the prior proceeding, and (4) the issue previously litigated must have been necessary to support a valid and final judgment on the merits.<sup>73</sup>

When these requirements are met, a defendant may rely on the previous determination of fact. In federal court, the defendant need not be the same party against whom the claim was made in the first instance—“courts have adopted a rule that nonmutual issue preclusion is permitted unless it would be unfair.”<sup>74</sup>

There are, however, limited exceptions to the doctrine of issue preclusion. The Supreme Court has held that issue preclusion may be avoided through the familiar doctrine of changed circumstances. Issue preclusion applies when “controlling facts and applicable legal rules remain unchanged,” but not when “the situation is vitally altered between the time of the first judgment and the second.”<sup>75</sup> It is true that the circumvention of issue preclusion must be limited—“[r]are would be the case in which counsel could not conjure up some factual element that had changed between adjudications.”<sup>76</sup> But significant factual or legal changes that take place over time can allow a party to avoid being held to a prior determination of fact.<sup>77</sup> When factual determinations are contextual—such as a finding that something had not occurred “to date”—courts have proven willing to circumvent issue preclusion.<sup>78</sup> As such, while issue preclusion is a barrier to subsequent litigation, it is not an absolute and unthinking bar. The next two sections consider the approaches of

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<sup>72</sup> *Montana v United States*, 440 US 147, 153 (1979).

<sup>73</sup> *Gelb v Royal Globe Insurance Co*, 798 F2d 38, 44 (2d Cir 1986).

<sup>74</sup> Wright, et al, 18A *Federal Practice and Procedure: Jurisdiction and Related Matters* § 4464 at 692–93 (cited in note 13).

<sup>75</sup> *Commissioner of Internal Revenue v Sunnen*, 333 US 591, 600 (1948).

<sup>76</sup> *Scooper Dooper, Inc v Kraftco Corp*, 494 F2d 840, 846 (3d Cir 1974).

<sup>77</sup> See *Spradling v City of Tulsa*, 198 F3d 1219, 1223 (10th Cir 2000).

<sup>78</sup> See, for example, *United States Gypsum Co v Indiana Gas Co*, 350 F3d 623, 630 (7th Cir 2003) (determining that a 1997 opinion that used “to date” could be reevaluated in 2003).

the two groups of courts that have examined the interaction between issue preclusion and the possibility of reprotection.

2. Courts that might allow reprotection in changed circumstances.

In three instances, federal courts of appeals have reasoned that it might be possible for a party asserting ownership in a trademark to avoid preclusion.<sup>79</sup> In one of these instances, a relatively limited finding by the court of appeals was applied and extended by a district court to grant reprotection. In the others, reprotection remained squarely a theoretical possibility. This Section describes those cases and then evaluates the guidance that they provide for future litigants hoping to reestablish legal protection for a formerly generic mark.

a) *The Federal Circuit's limited holding and its application.* The Federal Circuit has noted that preclusion might be circumvented when the formerly generic term is a component of another mark.<sup>80</sup> The term "opry," a folksy mispronunciation of "opera," has been in commercial use (in conjunction with "country music performances of various types") since at least 1927.<sup>81</sup> In 1982, WSM, the putative owner of the term, brought an action in the Western District of Missouri to enjoin Dennis Hilton, the operator of Country Shindig Opry, from using the term.<sup>82</sup> The suit backfired. By looking at what "buyers understand by the word for whose use the parties are contending"<sup>83</sup> and WSM's use of the mark,<sup>84</sup> the court determined that "'opry' is a generic word which connotes in the minds of the public a country music

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<sup>79</sup> Two other courts of appeals and a district court have hinted at this possibility but did not fully accept it. See *Harley-Davidson, Inc v Grottanelli*, 164 F3d 806, 811 (2d Cir 1999) (reasoning in dicta that "if a generic word could ever be infused with trademark significance, the word must have ceased to have current generic meaning"); *New Kids on the Block v New America Publishing, Inc*, 971 F2d 302, 306 n 4 (9th Cir 1992) ("An interesting question is whether a word, although once generic, may become protectable."); *Microsoft Corp v Lindows.com, Inc*, 2002 WL 31499324, \*14 (WD Wash) (allowing for the possibility that, at trial, Microsoft might be able to "reclaim[ ] [Windows] from the public domain"). However, the district court in *Microsoft* later took a contrary position in that same litigation. See *Microsoft Corporation v Lindows.com, Inc*, 2004 WL 329250, \*2 (WD Wash). See also Levy, 95 Trademark Rptr at 1218 (cited in note 60).

<sup>80</sup> See *Opryland USA Inc v Great American Music Show, Inc*, 970 F2d 847, 853 (Fed Cir 1992).

<sup>81</sup> *WSM, Inc v Hilton*, 545 F Supp 1212, 1215 (WD Mo 1982) ("Hilton").

<sup>82</sup> *Id* at 1213–14.

<sup>83</sup> *Id* at 1218, quoting *Bayer Co v United Drug Co*, 272 F 505, 509 (SDNY 1921).

<sup>84</sup> *Hilton*, 545 F Supp at 1218.

performance that includes dancing and comedy routines.”<sup>85</sup> On this basis, WSM’s mark for “opry” was canceled.<sup>86</sup> The Eighth Circuit affirmed.<sup>87</sup>

Eight years later, “opry” came up again in litigation, this time at the Federal Circuit. In *Opryland USA Inc v Great American Music Show, Inc.*,<sup>88</sup> the court took an appeal from the Trademark Trial and Appeal Board’s (“TTAB” or “the Board”) denial of cancellation of the term “The Carolina Opry.”<sup>89</sup> Among other issues, the court considered the Board’s application of preclusion.<sup>90</sup> The Federal Circuit declined to directly reach the issue of reprotection, reasoning that “[w]hether ‘opry’ has been recaptured as a trademark is not the subject of these opposition and cancellation proceedings, which deal with the registrability of the CAROLINA OPRY marks.”<sup>91</sup> But the court continued: “Opryland is not estopped from showing the public perception of ‘opry’, as a significant component of the marks at issue. The Board erred in holding that Opryland could not present evidence of the present public perception of the term ‘opry.’”<sup>92</sup> The Federal Circuit’s finding, then, was limited. By recognizing that “opry” might have trademark significance as part of a larger phrase, the court accepted the possibility that generic words can shift in meaning and that issue preclusion might be avoided. But the court’s opinion is narrow insofar as it did not rule on whether “opry” might be protected on its own, or even whether circumstances had changed to allow for that possibility to be litigated.

The District Court for the Middle District of Tennessee, which accepts the possibility that formerly generic terms might take on trademark significance,<sup>93</sup> has taken this ruling further. In litigation between Gaylord Entertainment Company, which claimed to own the mark at issue, and Gilmore Entertainment Group, which was using the terms “The Carolina Opry” and

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<sup>85</sup> Id.

<sup>86</sup> Id at 1219.

<sup>87</sup> *WSM, Inc v Hilton*, 724 F2d 1320, 1329 (8th Cir 1984).

<sup>88</sup> 970 F2d 847 (Fed Cir 1992).

<sup>89</sup> Id at 849.

<sup>90</sup> See id at 853.

<sup>91</sup> Id.

<sup>92</sup> *Opryland USA*, 970 F2d at 853.

<sup>93</sup> See *Gaylord Entertainment Co v Gilmore Entertainment Group*, 187 F Supp 2d 926, 937 (MD Tenn 2001).

“Opry” in commerce,<sup>94</sup> the court held that “opry” is a protected term.<sup>95</sup>

The court returned “opry” to trademark significance in two rulings: first, it addressed a summary judgment motion, and then it issued final judgment. Gilmore had moved for summary judgment, arguing that “opry” was a generic term<sup>96</sup> and that a finding of genericness was mandated by issue preclusion.<sup>97</sup>

The court justified its decision to avoid the application of preclusion on two grounds. First, it rejected the applicability of *WSM, Inc v Hilton*.<sup>98</sup> The court pointed to an earlier case, *WSM, Inc v Bailey*,<sup>99</sup> which the district court read as standing for the proposition “that ‘Opry’ was *not* a generic term.”<sup>100</sup> Because the Middle District of Tennessee decided that case, the court reasoned that it was “required to follow its own precedent.”<sup>101</sup> As such, it ignored *Hilton* and determined that “Gaylord is not collaterally estopped from litigating the primary significance to the relevant public of the term ‘Opry’ today.”<sup>102</sup>

Second, the court used the changed-circumstances exception to avoid preclusion. In doing so, the court read the Federal Circuit opinion in *Opryland USA* as holding “that Gaylord was not collaterally estopped from litigating the generic nature of ‘Opry’ due to potential changed circumstances.”<sup>103</sup> By downplaying the “as a significant component of the marks in issue” language from *Opryland USA*,<sup>104</sup> the Middle District of Tennessee was able to draw on the *Opryland USA* decision to support its use of the changed-circumstances exception.<sup>105</sup>

In issuing its final judgment, the Middle District of Tennessee stated its conclusion directly: “The OPRY mark is well known and famous, and serves to identify Gaylord as the sole source of the goods and services sold in connection with the

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<sup>94</sup> Id at 930.

<sup>95</sup> *Gaylord Entertainment Co v Gilmore Entertainment Group, LLC*, No 3-99-0629, slip op at 1 (MD Tenn Oct 21, 2002).

<sup>96</sup> *Gaylord Entertainment Co*, 187 F Supp 2d at 936.

<sup>97</sup> Id.

<sup>98</sup> 724 F2d 1320 (8th Cir 1984). See also text accompanying notes 81–87.

<sup>99</sup> 297 F Supp 870 (MD Tenn 1969) (“Bailey”).

<sup>100</sup> *Gaylord Entertainment Co*, 187 F Supp 2d at 941.

<sup>101</sup> Id.

<sup>102</sup> Id at 942.

<sup>103</sup> Id at 939.

<sup>104</sup> *Opryland USA*, 970 F2d at 853.

<sup>105</sup> See *Gaylord Entertainment Group*, 187 F Supp 2d at 942, citing *Opryland USA*, 970 F2d at 853.

OPRY mark.”<sup>106</sup> As such, Gaylord is now the owner of the “opry” mark and has the federal registration to prove it.<sup>107</sup>

*b) Circuits that have accepted the theoretical possibility, but not the practical occurrence, of reprotection.* Other courts of appeals have recognized that it might be possible to reprotect a mark that is not part of a larger term or phrase. However, these courts have accepted only the theoretical possibility of reprotection. The most recent court to consider this possibility was the Eleventh Circuit in *Miller’s Ale House, Inc v Boynton Carolina Ale House, LLC*.<sup>108</sup> Miller’s Ale House—or rather its predecessor, Ale House Management—first attempted to assert trademark protection in the unregistered term “ale house,” arguing that the term was not generic when applied to “institutions that serve both food and beer.”<sup>109</sup> The Fourth Circuit blocked this claim, adjudicating “ale house” to be generic.<sup>110</sup>

Miller’s was undeterred by the rejection of its mark. A decade later, Miller’s attempted to assert a trademark for “ale house,” this time in a different circuit.<sup>111</sup> Looking back to the Fourth Circuit decision, the Eleventh Circuit considered the application of issue preclusion.<sup>112</sup> Given the weakness of the evidence that Miller’s presented in the case at bar—declarations from two customers, some employee statements, and advertising expenditures—the court found that “Miller’s evidence fails to indicate any change at all in the public perception of the term ‘ale house.’”<sup>113</sup> In its decision, the court explained its rationale for allowing the presentation of evidence: because “[c]ertain issues in trademark law are more likely than others to be altered across time,” “[f]act-intensive issues such as . . . secondary meaning may entail a wholly different inquiry.”<sup>114</sup> The court further clarified that preclusion is not an absolute bar, and that “it must be theoretically possible, where circumstances warrant,” for a party to reassert rights in a mark.<sup>115</sup>

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<sup>106</sup> *Gaylord Entertainment Co*, slip op at 1.

<sup>107</sup> *Gaylord Entertainment Co*, Trademark No 3,858,951 (registered Oct 12, 2010).

<sup>108</sup> 702 F3d 1312 (11th Cir 2012).

<sup>109</sup> *Ale House Management, Inc v Raleigh Ale House, Inc*, 205 F3d 137, 140–41 (4th Cir 2000).

<sup>110</sup> *Id* at 141.

<sup>111</sup> *Miller’s Ale House*, 702 F3d at 1315.

<sup>112</sup> See *id* at 1317–21.

<sup>113</sup> *Id* at 1321.

<sup>114</sup> *Id* at 1319.

<sup>115</sup> *Miller’s Ale House*, 702 F3d at 1320.

The First Circuit has also left the door open for relitigation of a determination that a mark is generic. The court did so in litigation concerning the term “Lite” in reference to beer. In 1977, the Seventh Circuit held that, since the properly spelled adjective “light” was generic, the word “lite” was generic as well.<sup>116</sup> Miller Brewing then litigated the same issue before the First Circuit in 1981. On the face of the decision, the First Circuit’s ruling in *Miller Brewing Co v Falstaff Brewing Corp*<sup>117</sup> appears to fall squarely in line with courts that bar reProtection. The court explained that “[u]nder no circumstances is a generic term susceptible of *de jure* protection under § 43(a) of the Lanham Act, 15 USC § 1125(a) or under the law of unfair competition.”<sup>118</sup> The court continued, quoting Judge Henry Friendly and taking an apparently hard line against the possibility of reProtection:

No matter how much money and effort the user of a generic term has poured into promoting the sale of its merchandise and what success it has achieved in securing public identification, it cannot deprive competing manufacturers of the product of the right to call an article by its name.<sup>119</sup>

But *Falstaff* left the door open for the possible reProtection of a generic term. First, the First Circuit “assume[d] that a judgment determining a state of facts existing in the 1970’s may not preclude a fresh determination of a state of facts existing in the 1980’s.”<sup>120</sup> Then, by reference to the *Singer* cases, the court acknowledged the possibility that a term might cease to have generic meaning.<sup>121</sup> The new meaning could then be recognized in subsequent litigation holding the term to be protected. Essentially, the *Falstaff* court’s position can be summed up as follows: no one may appropriate a *currently generic* term for his or her own exclusive use. However, if a term is no longer generic, factual reconsideration may allow for trademark protection.

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<sup>116</sup> *Miller Brewing Co v G. Heileman Brewing Co*, 561 F2d 75, 80–81 (7th Cir 1977). See also text accompanying notes 129–33.

<sup>117</sup> 655 F2d 5 (1st Cir 1981).

<sup>118</sup> *Id* at 7.

<sup>119</sup> *Id* at 8, quoting *Abercrombie & Fitch Co v Hunting World, Inc*, 537 F2d 4, 9 (2d Cir 1976).

<sup>120</sup> *Falstaff*, 655 F2d at 9.

<sup>121</sup> See *id*. That a term might cease to have generic meaning “in current usage” is confirmed by the court’s consideration of Miller Brewing’s evidence. Although Miller Brewing was able to demonstrate that “the public perception of Miller as the source of ‘LITE’ has increased and become *dominant* in the public mind,” no reProtection was allowed. *Id*.



c) *Guidance for future litigants.* While *Miller's Ale House*, *Opryland USA*, and *Falstaff* appear to stand for the principle that trademarks might be reclaimed from generic status, the cases provides little guidance to future litigants hoping to reassert rights in a mark. In *Opryland USA*, the Federal Circuit allowed for the reconsideration of the generic status of a term, but only as a component of a mark that had not previously been adjudicated to be generic.<sup>122</sup> As such, an attempt to reprotect a mark on its own is clearly distinguishable, and *Opryland USA* provides at best limited support. The applicability of *Miller's Ale House* and *Falstaff* to future cases is similarly limited. Both opinions disposed of the issue of reprotection relatively quickly, and so the courts' respective analyses provide future litigants with little direction on how to assert such a claim.<sup>123</sup>

These three courts have further contributed to the confusion surrounding the possibility of reprotection by providing limited guidance as to what evidence might be sufficient to warrant reprotection. The Federal Circuit was the least helpful: it simply declined to set a standard.<sup>124</sup> The Eleventh Circuit was slightly more helpful. While it noted that "[t]here is no clear standard for [this] situation," it did provide a word of caution: "Were changed perception sufficient to warrant the elevation of a . . . generic term to trademark status, such change would have to be radical."<sup>125</sup> The First Circuit also limited the possibility of reclamation to a very rare situation:

Where a generic association of a word or term has become obsolete and is discoverable only by resort to historical sources or dictionaries compiled on historical principles to preserve from oblivion obsolete words, then, from the viewpoint of trademark and like law, the word or term is no longer a generic word.<sup>126</sup>

This standard is so high as to be practically insurmountable.<sup>127</sup> It is also incompatible with the Fifth Circuit's ruling in *Briley*, in

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<sup>122</sup> See *Opryland USA*, 970 F2d at 853.

<sup>123</sup> See *Central Green Co v United States*, 531 US 425, 431 (2001) ("[D]icta may be followed if sufficiently persuasive but are not binding.") (quotation marks omitted).

<sup>124</sup> See *Opryland USA*, 970 F2d at 853 (explaining that whether the mark remained generic was "not the subject" of the proceedings).

<sup>125</sup> *Miller's Ale House*, 702 F3d at 1320.

<sup>126</sup> *Falstaff*, 655 F2d at 8 n 2.

<sup>127</sup> See Levy, 95 Trademark Rptr at 1197–98 (cited in note 60) ("[S]uch a capture of a trademark is not possible unless the mark at issue had started out as a trademark.").

which the “Singer” mark remained as both the company’s name and part of the company’s marketing throughout an intervening period of genericness.<sup>128</sup> Furthermore, the First Circuit’s standard is self-defeating. If a party wants to reclaim a mark, it stands to reason that the mark is not in “oblivion” and thus is not subject to protection under this definition.

If the standards for protecting a formerly generic mark are either extremely vague or so demanding as to be impossible to meet, when might a party be able to assert a reProtection right at all? It is unclear whether any of these courts of appeals will ever actually allow for reProtection in practice. Still, the fact that these courts have acknowledged the possibility of protection for formerly generic terms is a step toward allowing it.

3. Courts that view issue preclusion as a complete bar to reProtection.

Not all courts agree that the changed-circumstances exception is available in the trademark context. Some courts use the language of issue preclusion to erect a *per se* bar to reProtection. But because issue preclusion must be able to account for factual variation, it is possible that another legal doctrine can best explain these decisions.

The Seventh Circuit has adopted the *per se* bar to reProtection under the guise of issue preclusion. First, in *Miller Brewing Co v G. Heileman Brewing Co*,<sup>129</sup> the earlier case involving light beer, the court considered whether “a misspelled version of the word ‘light’ can become a trademark for a ‘less filling, low-calorie beer.’”<sup>130</sup> The misspelling did not help Miller Brewing—the court considered “light” in connection with beer, determined that the term was generic, and applied that genericness to the misspelling.<sup>131</sup>

Two years later, Miller Brewing tried again to convince the Seventh Circuit that it had a right to “lite.”<sup>132</sup> Finding that the conditions required to establish issue preclusion were present, the court barred the suit and set out a position on the interaction between genericness and issue preclusion:

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<sup>128</sup> *Briley*, 207 F2d at 520 n 2.

<sup>129</sup> 561 F2d 75 (7th Cir 1977).

<sup>130</sup> *Id* at 77.

<sup>131</sup> *Id* at 80–81.

<sup>132</sup> *Miller Brewing Co v Joseph Schlitz Brewing Co*, 605 F2d 990, 991 (7th Cir 1979).

For purposes of the law of collateral estoppel, [the *G. Heileman Brewing*] decision was a final determination that ‘LITE’ is generic and therefore not entitled to trademark protection. That determination is an insuperable obstacle to Miller’s claims based on its ownership of trademark rights in ‘LITE’ in that case, and all other cases.<sup>133</sup>

The court was almost certainly right about the status, at the time, of the term “lite”—it would have been impossible for Miller Brewing to reclaim the generic term, which was in wide use, just two years after the same court had adjudged it to be generic.

What is important, though, is the court’s “insuperable obstacle . . . [in] all other cases” language.<sup>134</sup> It casts genericism as a factual finding that cannot be changed no matter what evidence of usage is presented.<sup>135</sup> However, the court was confronting essentially the same circumstances as the First Circuit had faced in *Falstaff*—the status of the term “lite” in the late 1970s. While both courts were likely right about the applicability of issue preclusion to the cases at hand, why is it that a determination of preclusion might be avoided in one circuit but not another? It appears that the Seventh Circuit’s conception of issue preclusion, as applied to formerly generic trademarks, does not include an exception for changed factual circumstances. While it nominally applies preclusion, then, the Seventh Circuit might be relying on another legal doctrine.

The Fifth Circuit has also held that a mark, once generic, cannot shed that status and become protected. The court took this position—without even acknowledging the *Singer* cases—in *Texas Pig Stands, Inc v Hard Rock Cafe International, Inc*,<sup>136</sup> which involved a dispute over the use of the words “pig sandwich.”<sup>137</sup> *Texas Pig Stands* was not the first time that those words had been the subject of trademark litigation. Approximately sixty years prior, the corporate predecessor of Texas Pig Stands brought suit in Texas state court against a competitor for using the term.<sup>138</sup> In 1930, the Court of Civil Appeals of Texas issued a conflicted decision: it held that “[t]he words ‘pig

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<sup>133</sup> Id at 996 (citations omitted).

<sup>134</sup> Id.

<sup>135</sup> Here, the court was comfortable enough in its application of issue preclusion that it disregarded a consumer survey. See id at 995.

<sup>136</sup> 951 F2d 684 (5th Cir 1992).

<sup>137</sup> Id at 687. Interestingly, the “pig sandwich” mark was registered. Id.

<sup>138</sup> *Dixiepig Corp*, 31 SW2d at 326.

sandwiches' are purely common English words, generic, denoting no fact of ownership or common source by which it can be identified by dealings or associations,"<sup>139</sup> but also that the term was unprotectable as "essentially descriptive" and without secondary meaning.<sup>140</sup> This contradiction is important—unlike generic terms, it is clear that descriptive terms might later shift in meaning and take on trademark significance.<sup>141</sup>

The Texas state court's confusing opinion in 1930 led the Fifth Circuit to decline to apply issue preclusion in *Texas Pig Stands*.<sup>142</sup> Reasoning backward from the facts before it, the Fifth Circuit recognized that a factual change in the meaning of "pig sandwich" might have occurred, and it therefore viewed the term as descriptive.<sup>143</sup> Had the Court of Civil Appeals of Texas been clearer, though, the Fifth Circuit might have reached a different conclusion. Indeed, the Fifth Circuit wrote that a determination that the term "pig sandwiches" was generic in 1930, "if standing alone, would collaterally estop all litigation in [the] case."<sup>144</sup> The court reached this conclusion because it understood a finding of genericness to be a factual determination that is impossible to change.<sup>145</sup> Like the Seventh Circuit, then, the Fifth Circuit claims to rely on the doctrine of issue preclusion while drawing conclusions that are inconsistent with that doctrine. Therefore, it seems that some other legal principle does the actual work of barring reprotection. It is that possible driver of these decisions to which this Section now turns.

#### 4. The de facto secondary meaning doctrine as a barrier to reprotection.

Other courts bar reprotection without using issue preclusion. These courts apply the de facto secondary meaning doctrine as an absolute barrier.<sup>146</sup> The name of the doctrine itself makes little sense—it is apparently a holdover from other areas

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<sup>139</sup> Id at 328.

<sup>140</sup> Id at 327–28.

<sup>141</sup> See text accompanying notes 22–28.

<sup>142</sup> See *Hard Rock Cafe*, 951 F2d at 691.

<sup>143</sup> See id. This reasoning highlights the practical impact of a finding that a term is descriptive rather than generic in addition to the fundamental problem with allowing descriptive, but not generic, terms to take on secondary meaning.

<sup>144</sup> Id.

<sup>145</sup> See id.

<sup>146</sup> For useful background on the doctrine, see Desai and Rierson, 28 Cardozo L Rev at 1844–46 (cited in note 47).

of trademark law—but courts use it to justify the decision to “disregard [ ] evidence that a designation has some trademark significance.”<sup>147</sup>

Generally, the de facto secondary meaning doctrine mandates that “the repeated use of ordinary words functioning within the heartland of their ordinary meaning, and not distinctively, cannot give [a producer] a proprietary right over those words.”<sup>148</sup> But, confusingly, not all courts mean the same thing when they invoke the de facto secondary meaning doctrine. Professor J. Thomas McCarthy recognizes two interpretations of the doctrine: a “regular strength” version and a “super strength” version.<sup>149</sup>

The regular-strength framing makes sense and is consistent with the fundamental principles of trademark law. Under this conception of the doctrine, “evidence that only a minority of persons use [a] term to identify and distinguish one source” does not create a trademark.<sup>150</sup> Essentially, this branch of the doctrine holds that, if a term has not taken on primary significance through majority usage, it is not a trademark.<sup>151</sup>

The super-strength version is both more problematic and more common. In this framing, once a mark has become generic, “then it must always thereafter remain a generic name, regardless of changes in customer perception.”<sup>152</sup> Even total association between a mark and a producer in the public’s view would not support trademark protection.<sup>153</sup> This position has been adopted by the Second,<sup>154</sup> Third,<sup>155</sup> Fourth,<sup>156</sup> Ninth,<sup>157</sup> and DC Circuits.<sup>158</sup>

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<sup>147</sup> McCarthy, 2 *McCarthy on Trademarks and Unfair Competition* § 12:47 at 12-186 (cited in note 6).

<sup>148</sup> *America Online, Inc v AT&T Corp*, 243 F3d 812, 822 (4th Cir 2001).

<sup>149</sup> McCarthy, 2 *McCarthy on Trademarks and Unfair Competition* § 12:47 at 12-187 (cited in note 6).

<sup>150</sup> *Id.*

<sup>151</sup> See *Roselux Chemical Co v Parsons Ammonia Co*, 299 F2d 855, 863 (CCPA 1962) (“To show that a common descriptive name has acquired a de facto secondary meaning, in the sense that some or even many people have come to associate it with a particular producer, is not in itself enough to show that it has become entitled to registration as a trademark.”).

<sup>152</sup> McCarthy, 2 *McCarthy on Trademarks and Unfair Competition* § 12:47 at 12-190 (cited in note 6).

<sup>153</sup> See *Canfield Co v Honickman*, 808 F2d 291, 297 (3d Cir 1986) (explaining that even “complete success . . . in securing public identification” will not make a mark protectable once it is declared generic).

<sup>154</sup> See *Abercrombie & Fitch*, 537 F2d at 9 (stating that no producer can “deprive competing manufacturers of the product of the right to call an article by its name”).

<sup>155</sup> See, for example, *Canfield*, 808 F2d at 297.

<sup>156</sup> See, for example, *America Online*, 243 F3d at 822.

The First Circuit has also hinted at this understanding of the de facto secondary meaning doctrine, but in a way that is not entirely inconsistent with *Falstaff*.<sup>159</sup>

The super-strength version of the doctrine is problematic insofar as it does not recognize that a generic term that takes on producer-identifying primary significance no longer functions as a generic term. No one is being “deprive[d] . . . of the right to call an article by its name”<sup>160</sup>—the word in question is no longer the name of the article but instead is the name of an article made by a particular producer.

While the Fifth and Seventh Circuits nominally apply preclusion, it is the impulse behind the super-strength version of the de facto secondary meaning doctrine that likely animates those circuits’ opinions and truly poses the bar to reProtection. If the doctrine of issue preclusion includes an “out” for those cases in which relying on an outdated factual determination would simply be incorrect—that is, when circumstances have truly changed—it cannot be the case that a prior determination is “insuperable.”<sup>161</sup> The Seventh Circuit’s statement that the initial assessment of the fact is “insuperable,”<sup>162</sup> and the Fifth Circuit’s statement that a formerly generic mark can “never attain trademark protection,”<sup>163</sup> are effectively applications of the de facto secondary meaning doctrine. Once this point is assumed, the application of preclusion makes more sense: instead of being theoretically unavailable, the changed-circumstances exception is just practically impossible to take advantage of. As such, the end result is no different whether achieved under color of preclusion or the de facto secondary meaning doctrine, but the underlying logic of the de facto secondary meaning doctrine truly does the work.

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<sup>157</sup> See *Surgicenters of America, Inc v Medical Dental Surgeries, Co*, 601 F2d 1011, 1014 (9th Cir 1979) (“[A generic term] cannot become a trademark under any circumstances.”).

<sup>158</sup> See *Blinded Veterans Association v Blinded American Veterans Foundation*, 872 F2d 1035, 1045 n 22 (DC Cir 1989).

<sup>159</sup> See note 121 and accompanying text.

<sup>160</sup> *Abercrombie & Fitch*, 537 F2d at 9.

<sup>161</sup> See *Scooper Dooper*, 494 F2d at 846 (“It is well settled that changed factual circumstances can operate to preclude the application of collateral estoppel.”). See also text accompanying notes 79–87.

<sup>162</sup> *Joseph Schlitz Brewing*, 605 F2d at 996.

<sup>163</sup> *Hard Rock Cafe*, 951 F2d at 691.

### C. Reprotection at the PTO

While courts have not completely embraced reprotection, the PTO allows the registration of formerly generic marks.<sup>164</sup> The PTO is the federal government's expert body on patent and trademark issues.<sup>165</sup> The TTAB is the venue within the PTO that "acts as an administrative appellate body reviewing final decisions of a Trademark Examiner as to registration,"<sup>166</sup> though appeal may be taken from a TTAB decision to the Federal Circuit. Alternatively, a civil action may be filed in a US district court.<sup>167</sup> As such, TTAB decisions provide a window into the way that the PTO approaches the doctrine of issue preclusion and the doctrine's application to marks previously adjudicated to be generic.

The Board takes a relatively permissive position toward the preclusion of subsequent applications for trademark protection:

[T]here is nothing to preclude an applicant from attempting a second time in an ex parte proceeding to register a particular mark if conditions and circumstances have changed since the rendering of the adverse final decision in the first application. The question generally in the second proceeding is whether changes in facts and circumstances do exist and, if so, whether they can support the registration sought.<sup>168</sup>

The Board's approach is more than theoretical. In 2008, it considered a second application for a trademark in the term "hotels.com" (made, unsurprisingly, by the company Hotels.com). Even though much of the evidence in the second proceeding was the same as that presented in the first, Hotels.com brought forward a new public-understanding survey.<sup>169</sup> This "constitute[d] a

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<sup>164</sup> See Levy, 95 Trademark Rptr at 1208 (cited in note 60).

<sup>165</sup> See *Material Supply International, Inc v Sunmatch Industrial Co*, 146 F3d 983, 990 (DC Cir 1998) (noting that courts defer to TTAB findings of fact because of its "expertise in handling trademark cases").

<sup>166</sup> J. Thomas McCarthy, 3 *McCarthy on Trademarks and Unfair Competition* § 21:1 at 21-2 to -3 (Thomson Reuters 4th ed 2014). After a filing for registration is made, the application is considered by an examining attorney at the PTO; if that application is refused, the applicant may appeal to the TTAB. See Lanham Act § 20, 15 USC § 1070. See also *Trademark Process* (US Patent and Trademark Office), archived at <http://perma.cc/BXQ4-VYF9>. Applications may also be opposed at the PTO by those who believe that they will be harmed by registration. See Lanham Act § 13, 15 USC § 1063. Finally, parties may petition the PTO for the cancellation of a registered mark. See Lanham Act § 14, 15 USC § 1064. In these cases, the TTAB is directly responsible for determining "the respective rights of registration." Lanham Act § 17(a), 15 USC § 1067(a).

<sup>167</sup> See Lanham Act § 21, 15 USC § 1071.

<sup>168</sup> *In re Honeywell Inc*, 8 USPQ2d 1600, 1601-02 (TTAB 1988).

<sup>169</sup> *In re Hotels.com*, 87 USPQ2d 1100, 1102 (TTAB 2008).

change in facts sufficient to avoid application of the doctrine of *res judicata*.<sup>170</sup> Ultimately, the Board again denied registration,<sup>171</sup> but its willingness to reexamine the issue evidences an understanding that words can shift in significance and that trademark law ought to account for this fact.

In other cases, the Board has applied the *de facto* secondary meaning doctrine to bar the registration of terms previously adjudicated as generic.<sup>172</sup> However, McCarthy suggests that the Board's approach to *de facto* secondary meaning is not the unthinking bar to reprotection that it is in some courts.<sup>173</sup> McCarthy suggests that the Board uses the *de facto* secondary meaning doctrine not as an absolute barrier, but as shorthand to reject claims when only "a few customers view the designation as a trademark."<sup>174</sup> Essentially, the Board has stated that *de facto* secondary meaning exists when a mark has not actually achieved the primary significance required for trademark protection. This application of the regular-strength *de facto* secondary meaning doctrine is not inconsistent with the principle that marks can shift in meaning over time.<sup>175</sup> The Board understands that the significance of marks can change and that they might accordingly achieve protectable status upon a finding of sufficient factual change.

### III. ISSUE PRECLUSION SHOULD NOT BAR THE PROTECTION OF FORMERLY GENERIC TERMS

Despite the muddled body of law surrounding formerly generic marks, courts should be receptive to the possibility of reprotection. While reprotection might not be appropriate very often, allowing for relitigation of generic status would be broadly beneficial. For example, it is possible that America Online ("AOL"), in an attempt to reboot its e-mail service, would begin

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<sup>170</sup> *Id.* at 1103.

<sup>171</sup> *Id.* at 1110.

<sup>172</sup> See, for example, *Continental Airlines, Inc. v. United Air Lines, Inc.*, 53 USPQ2d 1385, 1395 (TTAB 1999) ("Even if one has achieved *de facto* acquired distinctiveness in a generic term through promotion and advertising, the generic term is still not entitled to protection.").

<sup>173</sup> See McCarthy, 2 *McCarthy on Trademarks and Unfair Competition* § 12:47 at 12-186 to -199 (cited in note 6) (comparing the Board's application of what is termed "the 'regular strength' version of *de facto* secondary meaning" with "the 'super-strength' version of *de facto* secondary meaning").

<sup>174</sup> *Id.* at § 12:47 at 12-189.

<sup>175</sup> See text accompanying notes 148-51.



an advertising campaign hoping to capitalize on nostalgia for its “You have mail” (or “You’ve got mail”) slogan. While AOL would be within its rights to do that, so would every other firm—the phrase has been held to be generic.<sup>176</sup> Forcing the term to stay generic has little value: it is unlikely that, after many years of this advertising campaign, anyone would associate the phrase with any company other than AOL. Why should an adjudication from 2001 prevent the company from extracting the full value of a term that it popularized?

Courts should use the changed-circumstances exception to issue preclusion to allow—when appropriate—for reassessment of terms previously determined to be generic. Though this works against the finality rationale underpinning issue preclusion, courts can ameliorate this concern by using the fee-shifting provision in § 35(a) of the Lanham Act.

#### A. The Social Benefits of Reclamation

One commentator put the question bluntly: “What interest is served by such a rule denying trademark protection to words that are not generic now, but were generic in the distant past?”<sup>177</sup> Whatever that interest may be, it is far outweighed by the potential gains from permitting reprotection. Allowing for the possibility of reprotection yields substantial economic benefits and does not undermine the linguistic justifications for genericism.

##### 1. The economic benefits of reprotection.

The fundamental economic rationale for the denial of trademark protection for generic marks is that allowing protection would grant one producer a de facto monopoly, imposing costs on all other market participants. While this is undoubtedly reason enough to deny protection to marks as they become generic, the rationale does not hold up in the context of marks that are no longer generic.<sup>178</sup>

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<sup>176</sup> See *America Online, Inc v AT&T Corp*, 243 F3d 812, 823 (4th Cir 2001) (holding that the term “You have mail” is generic because it “has been and continues to be used by AOL and by others to alert online subscribers that there is [ ] e-mail in their electronic mailboxes”).

<sup>177</sup> Levy, 95 Trademark Rptr at 1213 (cited in note 60).

<sup>178</sup> See Vanessa Bowman Pierce, *If It Walks Like a Duck and Quacks Like a Duck, Shouldn't It Be a Duck? How a “Functional” Approach Ameliorates the Discontinuity between the “Primary Significance” Tests for Genericness and Secondary Meaning*, 37 NM L

Professor Landes and Judge Posner describe the problem: a producer able to trademark a currently generic term “would reduce the amount of [words in common with other producers that describe features of the product generally] available to competitors,” allowing the producer to “earn rents because of the added costs to his rivals of periphrasis” and imposing deadweight loss on the market.<sup>179</sup> The added costs to competitors arise because, if “competitors cannot legally designate their product by the term that most consumers call it, other strategies must be developed to overcome this impediment and to convince customers that these competing brands are also the ‘real thing.’”<sup>180</sup> For example, it would be far more difficult for Napoleon to compete if only Weber could call its product a “grill.” The deadweight loss might be mitigated somewhat through licensing but, as Landes and Posner suggest, this would merely “transform a social cost into a transfer payment to the firm appropriating the generic term” and would not eliminate all loss—“there would be costs of negotiating and enforcing the trademark licenses and of obtaining generic trademarks . . . in the first place.”<sup>181</sup> Allowing protection of currently generic terms might also decrease innovation by incentivizing rent-seeking behavior.<sup>182</sup>

The economic rationale behind reducing marks to generic status does not hold when considering their reProtection in appropriate circumstances. The fact that the party asserting protection in a term is able to meet the requisite burden of proof—whatever that may be—demonstrates that the term is not generating value as a signifier of a whole class of goods for the consuming public. Instead, it is a signifier of a particular producer. Declining to protect a formerly generic term may even be affirmatively harmful, because “erroneously failing to protect [a] word when it . . . serves as a source-identifying mark might be very costly if consumers end up confused about a competing

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Rev 147, 178 (2007) (“If consumers recognize that a term from the public domain identifies and distinguishes goods and indicates source, then it is a trademark—period.”).

<sup>179</sup> Landes and Posner, *The Economic Structure of Intellectual Property Law* at 191 (cited in note 15).

<sup>180</sup> Ralph H. Folsom and Larry L. Teply, *Trademarked Generic Words*, 89 Yale L J 1323, 1344 (1980). For an example, see William M. Landes, *Posner on Beanie Babies*, 74 U Chi L Rev 1761, 1763 (2007) (explaining that the resale market for Beanie Babies would be harmed if sellers could not use the term “Beanies” to describe what they are selling).

<sup>181</sup> Landes and Posner, *The Economic Structure of Intellectual Property Law* at 191 (cited in note 15).

<sup>182</sup> See *id.*

firm's product."<sup>183</sup> Consider the *Singer* cases: when the primary significance of the mark was the entire class of sewing machines, the public derived the greatest utility from denying protection. But years later, when the term had fallen into disuse, and alternate terms were used to signify a class of sewing machines, the public was able to benefit from the reprotection of the term. Singer reclaimed its term by investing in advertising, thereby demonstrating to the public that its name was a brand.<sup>184</sup> Reprotection therefore decreased search costs, because consumers could rely on the brand name and quickly make an association between the term "Singer" and a set level of quality. Only de jure reprotection can fully achieve this goal—without it, other producers could call their machines "Singers" and appropriate some of the value of the mark. Singer might still choose to invest in advertising but would certainly invest less than if full reprotection were possible. The ability to bring a lawsuit against trademark infringement, then, is important in fully incentivizing search-cost-reducing conduct.

Keeping open the possibility of reprotection might also create better incentives for firms with trademarks by reducing the cost of genericide. Trademarks are valuable assets—for some firms, a trademark is the most valuable asset that the company owns.<sup>185</sup> Landes and Posner note that "[g]eneric status is achieved gradually."<sup>186</sup> Between the introduction of a fanciful mark, for example, and its ultimate—though by no means certain—slide into generic status, "[t]here will be an interval duration during which some consumers will still think of the trademarked name as the name of a particular brand though others are already thinking of it as the name of the product."<sup>187</sup> During this period, a firm might believe that the public understands its mark to refer to the firm itself but have well-founded concerns that a jury might conclude otherwise. This phenomenon is currently occurring with the word "google." It obviously refers to the

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<sup>183</sup> Robert G. Bone, *Enforcement Costs and Trademark Puzzles*, 90 Va L Rev 2099, 2124 (2004).

<sup>184</sup> See *Briley*, 207 F2d at 520 n 3.

<sup>185</sup> See text accompanying notes 49–54. For an example, see *Google Successfully Defends Its Most Valuable Asset in Court* (Forbes, Sept 15, 2014), archived at <http://perma.cc/95GS-BNKZ> (stating that the "Google" trademark—valued at \$113 billion—is "[a]lmost certainly . . . Google's single most valuable asset").

<sup>186</sup> Landes and Posner, *The Economic Structure of Intellectual Property Law* at 195 (cited in note 15).

<sup>187</sup> *Id.*

name of a search engine but can also refer to the act of searching the Internet.<sup>188</sup> Google is apparently already concerned that it might lose its mark to genericness,<sup>189</sup> and it is possible that, at some point, the company will.

The incentive to pursue litigation in this circumstance might vary: a firm would likely sue for large-scale infringement, but a smaller-scale violation of a trademark right might be allowed to persist for fear of losing an asset forever.<sup>190</sup> Consider the trade name litigation in *Closed Loop Marketing, Inc v Closed Loop Marketing, LLC*.<sup>191</sup> The plaintiff began to use the name “Closed Loop Marketing” in 2001, while the defendant entered the market and began to use the same name in 2003.<sup>192</sup> The plaintiff brought suit for infringement, and the name was adjudicated to be generic.<sup>193</sup> Even if the plaintiff brought the suit expecting to lose the rights to the name, the wholesale appropriation of a firm’s name is a major harm, and an attempt must be made to rectify it. However, in a less harmful case, in which the likelihood of confusion is lower—for example, involving the name “Closed Loop Jewelry”—the firm might not have brought the suit, as the risk that the name would be adjudicated to be generic might outweigh the expected gains from litigation. This disincentive to bring suit is costly. It robs marks of their ability to signify the source of a good, increasing search costs for consumers and necessitating a decrease in price to offset the increased search costs.<sup>194</sup> The disincentive would be lessened if a determination that a mark was generic were reversible, as firms in the marginal case would see greater expected value in asserting their trademark rights in the first instance.

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<sup>188</sup> See Collins English Dictionary at “google”, archived at <http://perma.cc/8PYV-4AA2>.

<sup>189</sup> Google has already undertaken some of the steps that firms use to stave off genericide. For example, Google encourages the use of generic signifiers—like “Google search”—every time its name is used and asks people not to use the name as a verb. See *Rules for Proper Usage* (Google), archived at <http://perma.cc/9EHQ-4RKQ>.

<sup>190</sup> Professors Ralph Folsom and Larry Teply note the problem: “An individual competitor or the firm that controls the mark may be unwilling to expend substantial resources on litigation that, if successful, would make the trademarked word equally available to all competitors in the market.” Folsom and Teply, 89 Yale L J at 1338 (cited in note 180).

<sup>191</sup> 589 F Supp 2d 1211 (ED Cal 2008).

<sup>192</sup> Id at 1214–15.

<sup>193</sup> Id at 1220.

<sup>194</sup> See Landes and Posner, *The Economic Structure of Intellectual Property Law* at 167–68 (cited in note 15). See also note 44 and accompanying text.

The reverse of this problem also exists: in *Microsoft Corp v Lindows.com, Inc.*<sup>195</sup> Microsoft brought suit under the Lanham Act based on the apparent similarity between “Windows,” which was a registered trademark, and “Lindows,” the name of a Linux operating system.<sup>196</sup> The court rejected Microsoft’s application for a preliminary injunction on the ground that Microsoft failed to show that it was likely to succeed on the merits. The court saw “roughly equal bodies of evidentiary support” on both sides of the genericness issue.<sup>197</sup> In the face of possible evidence that “Windows” had been generic in the 1980s, Microsoft also asked for a ruling as to whether it could attempt to prove that the term was no longer generic.<sup>198</sup> The court applied the super-strength de facto secondary meaning doctrine to reject this possibility, stating that “if the WINDOWS trademark was generic in 1985, then it cannot be valid,” even if it had since taken on primary significance.<sup>199</sup> In the face of these rulings, Microsoft settled—by paying \$20 million in exchange for an agreement that Lindows would change its name—rather than face the possibility of a determination that “Windows” is generic.<sup>200</sup> While Microsoft may still have settled the suit in the absence of the ruling that genericness was permanent, it likely would have settled for less—the possibility of reprotection would have expanded the set of Microsoft’s possible favorable outcomes and thus reduced the amount that it was willing to pay to avoid litigation.

Barring the protection of formerly generic trademarks that have achieved source-identifying significance also imposes the inverse of the problem that Landes and Posner identified concerning genericide—there may be a period in which the primary significance of the mark is, in fact, a producer, but the mark is still deemed generic.<sup>201</sup> That producer will be disincentivized from further investment in the term because it would be limited in its ability to internalize the benefits. In the case of AOL and

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<sup>195</sup> 2002 WL 31499324 (WD Wash).

<sup>196</sup> Id at \*5–7.

<sup>197</sup> Id at \*16.

<sup>198</sup> Microsoft Corporation’s Motion to Determine and Certify Controlling Question of Law Pursuant to 28 U.S.C. § 1929(B), *Microsoft Corp v Lindows.com, Inc.*, No C01-2115C (WD Wash filed Jan 15, 2004) (“Microsoft Motion”).

<sup>199</sup> Levy, 95 Trademark Rptr at 1218 (cited in note 60), citing *Microsoft Corp v Lindows.com, Inc.*, 2004 WL 329250 (WD Wash).

<sup>200</sup> See *Software: Lindows and Microsoft Settle Suit* (NY Times, July 20, 2004), archived at <http://perma.cc/F7WG-56GT>.

<sup>201</sup> See Landes and Posner, *The Economic Structure of Intellectual Property Law* at 195 (cited in note 15).

“You have mail,” for example, the company might invest a suboptimal amount in the marketing opportunity for fear of being unable to exclude free riders. To be sure, firms already have incentives to invest in generic terms—the side benefits often outweigh the risks of nonprotection—but promoting further investment in the term encourages the use of a former mark that otherwise lies fallow.<sup>202</sup>

2. Reprotection is consistent with the linguistic justification for trademark.

The creation of trademarks (and the subsequent slide of terms to generic classification) has linguistic benefits. As Professors Deven Desai and Sandra Riererson note:

[W]e may find a trademarked word so pervasive and useful that we begin to use it in noncommercial contexts and indeed not as a trademark at all. We may incorporate a trademarked term into our everyday language . . . as a way to convey more than the trademark meaning of the term.<sup>203</sup>

Allowing reprotection is consistent with this linguistic justification. A firm that has committed its resources to pulling a mark back from generic status has, in effect, imbued meaning into a word that was otherwise not being used. However, if the word were in common usage, only a herculean effort would make recapture even close to possible, and it is likely that any such effort would fail. As is true in a case of first protection, “[t]he existence of an alternative generic signifier is *necessary* for a mark to be[come] protectable”—without it, the primary significance of the term will still be the generic product-class identification.<sup>204</sup> Society will likely have already benefitted from this phenomenon once, through the popularization of another term: firms often (sometimes successfully) use alternative signifiers to stave off genericide.<sup>205</sup> For example, when Xerox used “copier” to save its trademark, society benefitted: it gained a word to describe a product and retained the cost-lowering benefits of the “Xerox”

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<sup>202</sup> See Folsom and Teply, 89 Yale L J at 1337 (cited in note 180) (describing the incentives to “select a generic word as [a] trademark”). It is likely that only the former owner of a trademark will attempt to recapture it—any residual goodwill will be associated with the first producer, so it will be difficult for a second firm to create an association with the mark.

<sup>203</sup> Desai and Riererson, 28 Cardozo L Rev at 1802 (cited in note 47).

<sup>204</sup> Greene and Wilkerson, 16 Stan Tech L Rev at 575 (cited in note 56).

<sup>205</sup> See *id.*

trademark.<sup>206</sup> Reprotection can allow a firm to add value to a term not in common usage without depriving society of a name to refer to a class of goods.

## B. Changed Circumstances

Given the broad benefits of reprotection, courts ought to reduce the procedural hurdles that parties seeking reprotection face. If a litigant can present evidence demonstrating that the significance of a mark is not identifying a class of goods but instead a particular producer, a previous holding of genericness should not bar litigation.

### 1. Courts should be willing to consider changed circumstances.

As noted in Part II.B.1, a changed-circumstances exception to issue preclusion exists to allow for reassessment after major shifts in underlying facts. A showing that a mark once held to be generic no longer has generic meaning, but instead holds producer-identifying significance, is a change to the “controlling facts.”<sup>207</sup> The denial of protection that stems from a finding of genericness is fundamentally a factual inquiry, and if a party is able to show that the answer to the question of primary significance (or any other evidentiary threshold)<sup>208</sup> has changed, the party must be given an opportunity to demonstrate the changed consumer association to a jury.<sup>209</sup> The Eleventh, First, and Federal Circuits have acknowledged as much when addressing the possibility that a mark might be reprotected. For example, the Eleventh Circuit’s willingness to hear evidence on the status of the term “ale house” indicates that the governing fact—the status of the mark in the mind of the public—might change.<sup>210</sup>

Courts acknowledge that issue preclusion might be avoided in other areas of trademark law. In the context of descriptive terms, courts accept that secondary meaning might change over time. For example, in the Fifth Circuit case *Test Masters Educational Services, Inc v Singh*,<sup>211</sup> the court declined to set “precise

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<sup>206</sup> See *Ty Inc v Softbelly’s, Inc*, 353 F3d 528, 532 (7th Cir 2003).

<sup>207</sup> *Scooper Dooper*, 494 F2d at 846.

<sup>208</sup> See text accompanying notes 230–33.

<sup>209</sup> For an example of insignificant factual variation, see *Ramallo Brothers Printing, Inc v El Dia, Inc*, 490 F3d 86, 90–91 (1st Cir 2007).

<sup>210</sup> See *Boynton Carolina Ale House*, 702 F3d at 1320–21.

<sup>211</sup> 428 F3d 559 (5th Cir 2005).

time contours for the re-litigation of secondary meaning” but acknowledged that it might be relitigated upon sufficient factual change.<sup>212</sup> The Eighth Circuit has held that a factual change that occurs over a shorter time frame—the acquisition of incontestable status<sup>213</sup>—is sufficient to render the “application of collateral estoppel [ ] . . . inappropriate.”<sup>214</sup> If other shifts in factual determinations can be sufficient to avoid preclusion, courts should treat genericism the same way.

Finally, the fact that the PTO accepts the registration of marks previously denied as generic is strong evidence that preclusion ought to be avoided in appropriate situations.<sup>215</sup> The PTO understands that words do not have constant meaning—they shift with consumer usage patterns, trends, and market developments.<sup>216</sup> It makes little sense to maintain a hard-line rule against re-protection of a term when the PTO—a specialized body tasked with the assessment of marks—understands that the significance of terms can and does change over time.

The changed-circumstances exception need not apply to all cases; it can still function as a screen for the weakest attempts at demonstrating that a mark is no longer generic. For example, even though its decision ultimately relied on the de facto secondary meaning doctrine, the Seventh Circuit was likely correct in applying preclusion in *Miller Brewing Co v Joseph Schlitz Brewing Co*.<sup>217</sup> It is hard to believe that, in the two years between the determination that “light” was generic and the *Joseph Schlitz Brewing* litigation, the term shifted in primary significance.<sup>218</sup> Additionally, qualifying for the changed-circumstances exception does not necessarily mean that the term is no longer

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<sup>212</sup> Id at 573–75.

<sup>213</sup> Registered trademarks achieve incontestable status—which confers a number of benefits—after “continuous use for five consecutive years subsequent to the date of [ ] registration.” Lanham Act § 15, 15 USC § 1065.

<sup>214</sup> *B & B Hardware, Inc v Hargis Industries, Inc*, 569 F3d 383, 388 (8th Cir 2009).

<sup>215</sup> See, for example, *In re La Salsa Holding Co*, 1998 WL 80130, \*3 (TTAB) (denying a trademark in “Fresh Mexican Grill” as generic but allowing reapplication with a disclaimer).

<sup>216</sup> The federal trademark statute is premised on the notion that words may shift in meaning to become generic over time. See Lanham Act § 14(3), 15 USC § 1064(3) (providing that a registered mark may be canceled if it “becomes the generic name for the goods or services, or a portion thereof, for which it is registered”). As Judge Giles Rich put it: “Rights in this field do not stay put. They are like ocean beaches; they shift around. Public behavior may affect them.” Giles Rich, *Trademark Problems as I See Them—Judiciary*, 52 Trademark Rptr 1183, 1185 (1962).

<sup>217</sup> 605 F2d 990, 991 (7th Cir 1979).

<sup>218</sup> See id.



generic. Consider *In re Hotels.com LP*.<sup>219</sup> The TTAB moved past the preclusion barrier, considered the evidence, and maintained its holding that the term in question was generic.<sup>220</sup> As such, simply allowing an issue to proceed to trial does not automatically mean that the mark has assumed trademark significance.

Still, courts should take a relatively liberal approach to avoiding the application of changed circumstances: new evidence that is directly probative of consumer understanding (like a survey) or shifts in market structure that might easily change how consumers understand a word should be a sufficient basis to find changed circumstances and avoid preclusion. For example, the District Court for the District of Rhode Island, in *Miller Brewing Co v Falstaff Brewing Corp*,<sup>221</sup> took a functional approach: it saw dramatic changes in the structure of the market (the light-beer market was just starting to develop and was expanding rapidly) and concluded that earlier decisions were inapplicable.<sup>222</sup> The evidence presented in response to the motion for summary judgment in *Gaylord Entertainment v Gilmore Entertainment Group*<sup>223</sup> is also a good guide to what is sufficient to find changed circumstances. The court did not explicitly rely on the evidence of primary significance, but it should have (and the evidence may have informed its finding of changed circumstances anyway).<sup>224</sup> The survey evidence presented should have been enough to show changed circumstances: the evidence indicated a 60 percent association between “1-800-THE-OPRY” and Gaylord’s business among country music listeners, the relevant market.<sup>225</sup> The court should have taken a liberal approach by accepting this evidence without delving into the suitability of the survey methods.

The TTAB also takes a relatively permissive approach in allowing for the reexamination of an attempted registration previously denied as generic. In *In re Hotels.com*, the presence of new survey evidence, which qualified as changed circumstances, was enough to avoid issue preclusion.<sup>226</sup> But the TTAB did not look at the survey’s methodology before finding changed circumstances;

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<sup>219</sup> 87 USPQ2d 1100 (TTAB 2008).

<sup>220</sup> See *id.* at 1110.

<sup>221</sup> 503 F Supp 896 (D RI 1980), *revd*, 655 F2d 5 (1st Cir 1981).

<sup>222</sup> See *Falstaff Brewing Corp*, 503 F Supp at 909–12.

<sup>223</sup> 187 F Supp 2d 926 (MD Tenn 2001).

<sup>224</sup> See *id.* at 941.

<sup>225</sup> *Id.* at 943.

<sup>226</sup> See *In re Hotels.com*, 87 USPQ2d at 1102–03.

in fact, it noted “deficiencies” after it avoided issue preclusion.<sup>227</sup> Similarly, in *In re Johanna Farms, Inc.*,<sup>228</sup> the TTAB reexamined a mark previously adjudicated to be generic when it was presented with new survey evidence.<sup>229</sup>

2. Courts should abandon inordinate proof barriers to reproof.

Although the Eleventh and First Circuits have left open the possibility that formerly generic signifiers might regain protection, the standards of proof that they set are nearly insurmountable. The Eleventh Circuit requires “radical” change,<sup>230</sup> while the First Circuit reasons that a mark can regain protection only after it becomes obsolete.<sup>231</sup> But because reproof produces a number of benefits, courts should work to make it possible. As one commentator notes: “If it only takes 51% of the consuming public to make a company lose a trademark, why should it take more than 51% of the consuming public . . . to get it back?”<sup>232</sup> The Lanham Act includes the primary-significance test as the statutory line-drawing mechanism in determining whether a mark is generic.<sup>233</sup> It is consistent with the fundamental structure of trademark law, then, to use that test as the dividing line in all instances.

The super-strength de facto secondary meaning doctrine should also be discarded. The doctrine acknowledges that facts can change and that marks adjudicated to be generic can take on trademark significance—if they could not, courts would not need this doctrine to serve as a barrier. To even be subject to rejection because it has only de facto secondary meaning (under the super-strength version of the doctrine), a mark must undergo two steps: First, it must be—either by genericide or by virtue of never having been protected—generic. Second, the mark must take on primary significance; however, the super-strength version of the de facto secondary meaning doctrine still stands as a rote bar to registration of precisely those marks for which

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<sup>227</sup> Id at 1100.

<sup>228</sup> 8 USPQ2d 1408 (TTAB 1988).

<sup>229</sup> See id at 1412–13.

<sup>230</sup> *Boynton Carolina Ale House*, 702 F3d at 1320.

<sup>231</sup> *Falstaff*, 655 F2d at 7 n 2.

<sup>232</sup> Levy, 95 Trademark Rptr at 1215 (cited in note 60). For a detailed discussion of standards of proof in the reproof context, see id at 1212–16.

<sup>233</sup> See Lanham Act § 14(3), 15 USC § 1064(3).

“exclusive use of a generic term [by a producer] causes customers to associate the term with that specific source.”<sup>234</sup> While a descriptive term would be protectable, the doctrine provides that a formerly generic term is not.

The doctrine persists as a denial of protection, grounded in the idea that, regardless of “how much money and effort the user of a generic term has poured into promoting the sale of its merchandise and what success it has achieved in securing public identification, it cannot deprive competing manufacturers of the product of the right to call an article by its name.”<sup>235</sup> But as one commentator correctly argues, the super-strength de facto secondary meaning doctrine “is unsound and at odds with fundamental principles of trademark law. . . . Once a mark has acquired sufficient secondary meaning such that its primary significance is to identify a producer, that mark is no longer generic. It has become a mark.”<sup>236</sup> Courts should not rely on the automatic bar provided by the doctrine when facts have changed—rather, they should give full consideration to the factual circumstances that they face.

### C. Protecting Defendants

It is true that issue preclusion serves to prevent litigants from relitigating in the hope of attaining a different result. Cutting away the doctrine’s protection without providing a replacement would destabilize trademark law, because users of generic terms would more frequently be subject to challenge. Professor McCarthy, a supporter of allowing trademark status to return to “formerly generic names,” suggests that courts “are fearful that opening the door even a crack will allow spurious claims of trademark status for generic names based on shaky and unreliable evidence of customer perception.”<sup>237</sup> Weakening the bar provided by issue preclusion might also create a problem of offensive litigation: large firms might file suits asserting rights in marks that they no longer own against smaller market entrants, hoping to use the costs of litigation as a way of restraining

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<sup>234</sup> *Boston Duck Tours, LP v Super Duck Tours, LLC*, 531 F3d 1, 21 (1st Cir 2008).

<sup>235</sup> *Abercrombie & Fitch Co v Hunting World, Inc*, 537 F2d 4, 9 (2d Cir 1976).

<sup>236</sup> Levy, 95 Trademark Rptr at 1198 (cited in note 60).

<sup>237</sup> McCarthy, 2 *McCarthy on Trademarks and Unfair Competition* § 12:47 at 12-194 to -195 (cited in note 6).

competition.<sup>238</sup> However, through the fee-shifting provision of § 35(a) of the Lanham Act, these problems can be minimized.

1. Using fee-shifting to protect defendants.

Allowing litigants to escape issue preclusion would pose a finality issue: a business will never be able to *completely* rely on a prior determination of a trademark's generic status. It is valuable for firms to be able to look to past adjudications of the status of a term and rely on the court's determination—otherwise, a transaction cost is imposed on new entrants and on the judicial system, which must bear the expense of repeated litigation. But this potential problem can be limited by employing the one-way-fee-shifting provision of the Lanham Act, imposing the expense of a losing attempt to assert a right to a mark previously adjudicated as generic on the party bringing the suit. This would deter specious claims by increasing the expected cost of litigation and encourage defendants to fully litigate claims that they might otherwise settle (through the corresponding reduction in expected litigation costs).

Section 35(a) of the Lanham Act provides that “[t]he court in exceptional cases may award reasonable attorney fees to the prevailing party.”<sup>239</sup> Use of this provision would encourage parties to bring suit asserting protection in a generic mark only in meritorious cases. It is true that large firms would still have some incentive to bring litigation aimed at driving competitors from the market. But the prospect of paying double the normal cost of a lawsuit would decrease this incentive, even if it would not wholly eliminate it. The unpredictability of cost in the first place would also decrease the incentive to sue. Predictable legal costs are valuable from a decisionmaking perspective, so anything that increases risk—as one-way fee-shifting does—would decrease the incentive to bring a lawsuit.<sup>240</sup>

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<sup>238</sup> See *Nightingale Home Healthcare, Inc v Anodyne Therapy, LLC*, 626 F3d 958, 962–63 (7th Cir 2010) (discussing strategic trademark litigation).

<sup>239</sup> Lanham Act § 35(a), 15 USC § 1117(a). Fee-shifting is available to both prevailing plaintiffs and prevailing defendants. See *Nightingale Home Healthcare*, 626 F3d at 963–64 (setting out a fee-shifting standard for both plaintiffs and defendants as victors).

<sup>240</sup> See Mark Liang and Brian Berliner, *Fee Shifting in Patent Litigation*, 18 Va J L & Tech 59, 95–100 (2013) (modeling how “pro-defendant, one-way fee shifting discourages the filing of litigation versus the American [no fee shifting] and British [two-way fee shifting] Rules”). Mark Liang and Brian Berliner modeled litigation in the patent context, but their results are directly applicable to trademark litigation.

Courts of appeals are hardly in agreement as to what actually constitutes an “exceptional case.”<sup>241</sup> But division between the circuits should not serve as a bar to the provision of attorneys’ fees—under any interpretation, fees should be available against a plaintiff that loses in an attempt to claim a still-generic mark. For example, the circuits are split as to whether bad faith is a necessary condition to the award of fees.<sup>242</sup> In the circuits that do not require bad faith, fees are generally awarded in accordance with broad equitable principles.<sup>243</sup> One consideration is whether a party has made a “groundless” or “unreasonable” claim.<sup>244</sup> In *Secalt S.A. v Wuxi Shenxi Construction Machinery Co.*,<sup>245</sup> the Ninth Circuit affirmed a holding that a suit was unreasonable because the plaintiffs could not provide “any evidence to support their assertion that the trade dress was not functional.”<sup>246</sup> Given the parallels between functionality and genericness, this is akin to a plaintiff coming to court with no evidence that the mark at issue is not generic. As a determination that the mark was generic would already exist in a case for reprotection, courts could easily expand this principle to cover situations in which plaintiffs bring insufficient evidence—defined as any quantity that does not support a finding of protection. It is apparent that a losing attempt to reassert trademark protection in a term lacks merit, particularly because the party began the lawsuit in full view of a determination that it had no right to the mark to begin with.

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<sup>241</sup> See generally Richard J. Leighton, *Awarding Attorneys’ Fees in “Exceptional” Lanham Act Cases: A “Jumble” of “Murky” Law*, 102 Trademark Rptr 849 (2012).

<sup>242</sup> See id at 866–76 (surveying the circuit split).

<sup>243</sup> See id at 872–75 (providing an overview of the courts that take this approach).

<sup>244</sup> *Ji v Bose Corp.*, 626 F3d 116, 129 (1st Cir 2010) (approving the district court’s reference to “groundless arguments” as a reason to award fees); *Retail Services Inc v Freebies Publishing*, 364 F3d 535, 550 (4th Cir 2004) (listing “groundless arguments” as among the “pertinent considerations for judging a plaintiff’s . . . conduct”); *Eagles, Ltd v American Eagle Foundation*, 356 F3d 724, 729 (6th Cir 2004) (“The test requires an objective inquiry into whether the suit was unfounded when it was brought and a subjective inquiry into the plaintiff’s conduct during litigation.”); *Earthquake Sound Corp v Bumper Industries*, 352 F3d 1210, 1218 (9th Cir 2003) (“The issue is not necessarily one of bad faith: willful or deliberate infringement will suffice.”); *National Association of Professional Baseball Leagues, Inc v Very Minor Leagues, Inc*, 223 F3d 1143, 1147 (10th Cir 2000) (describing its test as being “essentially consistent” with other circuits that look for groundless claims); *Hartman v Hallmark Cards, Inc*, 833 F2d 117, 123 (8th Cir 1987) (“Bad faith is not a prerequisite to a Lanham Act fee award.”).

<sup>245</sup> 668 F3d 677 (9th Cir 2012).

<sup>246</sup> Id at 687.

Some courts require even less. In construing the Lanham Act's fee-shifting provision, the DC Circuit has treated those cases that are "uncommon [and] not run-of-the-mine" as "exceptional."<sup>247</sup> It is certainly the case that an attempt to reestablish the protected status of a trademark is not common, and it would not likely be attempted frequently. The DC Circuit, among other courts, has also recognized that "economic coercion" can support the discretionary award of fees.<sup>248</sup> While the DC Circuit considered abusive forum selection to be "economic coercion," the principle behind its decision holds in the spurious-reprotection context: if the plaintiff makes choices in litigation with the aim of compelling a result because its opponent cannot afford another outcome, an award of fees is warranted.<sup>249</sup> This principle applies with equal force in the context of reprotection, and fees should be available.

In circuits in which bad faith is required,<sup>250</sup> courts look at similar considerations but require "a high degree of culpability."<sup>251</sup> Viewed against a baseline of no litigation, a meritless claim of right in a generic term needlessly increases attorneys' fees. If the plaintiff loses, the court effectively has determined that the plaintiff sued based on a right that it did not have. The existing adjudication that the mark at issue is generic is—unless the plaintiff can rebut it—ex ante evidence that the plaintiff has no cognizable right.<sup>252</sup> On this basis, courts should use their discretion to find that the plaintiff proceeded in bad faith. This would have the effect of deterring competition-suppressing litigation.

Awarding fees against a plaintiff that pursues unsuccessful reprotection litigation is also consistent with the purpose of the Lanham Act's fee-shifting provision: "Awarding attorney's fees to a prevailing defendant is meant to 'provide protection against unfounded suits brought by trademark owners for harassment

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<sup>247</sup> *Noxell Corp v Firehouse No 1 Bar-B-Que Restaurant*, 771 F2d 521, 526 (DC Cir 1985).

<sup>248</sup> *Id* at 526–27. See also, for example, *Ale House Management*, 205 F3d at 144.

<sup>249</sup> *Noxell*, 771 F2d at 526–27.

<sup>250</sup> See Leighton, 102 Trademark Rptr at 869–72 (cited in note 241) (surveying the circuits that require some showing of bad faith).

<sup>251</sup> *Texas Pig Stands*, 951 F2d at 697.

<sup>252</sup> See *Tire Kingdom, Inc v Morgan Tire & Auto, Inc*, 253 F3d 1332, 1336 (11th Cir 2001) (finding bad faith in part because the plaintiff was in possession of evidence that undermined its case yet did not turn over that evidence to the defendant until one month before trial).

and the like.”<sup>253</sup> Courts should consider an unsuccessful attempt at reprotection to be unfounded even if the plaintiff has some evidence to support its claim, because such evidence was brought in the face of a prior judicial adjudication that the mark was not protected.

If the plaintiff wins, it is not necessary to use § 35(a) to shift fees in the opposite direction (onto defendants)—the second user of the mark will be subject to the remedies set out in § 35. The Lanham Act grants the power to award both damages and injunctions.<sup>254</sup> To avoid surprise, and in keeping with the equitable principles set out in the legislative history of the statute,<sup>255</sup> courts might allow damages only if the mark has been reregistered. A user who has reprotected a mark but who has not reregistered it could be allowed injunctive relief, but not monetary recovery.<sup>256</sup> This would have two benefits. First, firms would be incentivized to initially reassert their mark to an examining attorney at the PTO. Second, firms using a term in commerce would be able to rely on the fact that potential losses would be limited. To be sure, firms will incur a cost if they are forced to stop using a particular term. But this cost is small and will be uniform throughout the market—all firms will have to use a new generic signifier (because the firm that reprotects a mark will want to ensure that it does not lose the mark again). As such, any competitive harm will be minimal.

## 2. The remaining issue of weaponization.

While one-way fee-shifting will eliminate many of the issues raised by the circumvention of issue preclusion, it might not solve the problem of weaponization. The abuse of intellectual property rights is a problem in copyright<sup>257</sup> and patent law,<sup>258</sup> so

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<sup>253</sup> *Eagles, Ltd.*, 356 F3d at 729, quoting S Rep No 93-1400 (1974), reprinted in 1974 USCCAN 7132, 7136.

<sup>254</sup> See Lanham Act §§ 42, 43(a), 15 USC §§ 1116, 1117(a).

<sup>255</sup> See *TE-TA-MA Truth Foundation-Family of URI, Inc v The World Church of the Creator*, 392 F3d 248, 260–61 (7th Cir 2004) (reviewing the legislative history of the Lanham Act).

<sup>256</sup> See Mark P. McKenna, *Back to the Future: Rediscovering Equitable Discretion in Trademark Cases*, 14 Lewis & Clark L Rev 537, 547–50 (2010) (arguing that courts can use tailored injunctions to account for the interests of the minority of consumers who do not understand the primary significance of a term and potentially “remedy any confusion suffered” by this minority).

<sup>257</sup> See generally, for example, Lydia Pallas Loren, *Deterring Abuse of the Copyright Takedown Regime by Taking Misrepresentation Claims Seriously*, 46 Wake Forest L Rev 745 (2011) (considering abusive use of the notice-and-takedown provisions of the Digital

it stands to reason that the clarification of a right creates a potential for offensive litigation in the trademark context as well. In this revised trademark regime, a large firm might make a claim of infringement, premised on reProtection, against a competitor in an attempt to financially burden that competitor's use of a generic term. But several factors—beyond the normal backstop of FRCP 11<sup>259</sup>—combine to minimize this problem.

The incentive to bring abusive litigation will be decreased by the fact that only a formal adjudication that the mark is no longer generic can return the term to protected status. While a firm might be able to drive a smaller competitor into a settlement and a name change, a settlement will not create a property right that the large firm can enforce against all competitors.<sup>260</sup> And because the plaintiff will not begin the suit with a clearly defined property right, it is likely that, instead of the defendant paying the plaintiff (as would be expected in a typical patent, trademark, or copyright settlement), settlements will take the same form as the *Lindows* settlement: with the plaintiff paying the defendant.<sup>261</sup> A series of lawsuits and settlements aimed at essentially buying back a trademark would be an inefficient way to clear the market of competition—it might work if one other firm were using the generic signifier that the large firm hopes to adopt, but in a multiproducer market, substantial effort and expense would be required. A firm that actually hopes to own the mark will likely wait until it has a meaningful chance of success.

As noted above, allowing for a changed-circumstances exception to issue preclusion does not mean that the doctrine would never apply.<sup>262</sup> Consider the term “ale house.” When Miller's brought suit the second time, it was clear that the term

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Millennium Copyright Act). See also Cattleya M. Concepcion, Note, *Beyond the Lens of Lenz: Looking to Protect Fair Use during the Safe Harbor Process under the DMCA*, 18 Geo Mason L Rev 219, 231–33 (2010) (detailing the problem of abusive takedown notices).

<sup>258</sup> See Linda P. Nussbaum and John D. Radice, *Where Do We Go Now? The Hatch-Waxman Act Twenty-Five Years Later: Successes, Failures, and Prescriptions for the Future*, 41 Rutgers L J 229, 237–39 (2009) (detailing abuses of the Hatch-Waxman Act). See also generally Emily H. Chen, *Making Abusers Pay: Deterring Patent Litigation by Shifting Attorneys' Fees*, 28 Berkeley Tech L J 351 (2013) (proposing a one-way-fee-shifting system for abusive patent suits); James Bessen, Jennifer Ford, and Michael J. Meurer, *The Private and Social Costs of Patent Trolls*, 34 Reg 26 (Winter 2011–2012).

<sup>259</sup> See FRCP 11(b)–(c) (authorizing sanctions against a party that files a groundless “pleading, written motion, or other paper”).

<sup>260</sup> See *Software: Lindows and Microsoft Settle Suit* (cited in note 200).

<sup>261</sup> See *id.*

<sup>262</sup> See Part III.B.1.



was still generic—and it is hard to imagine that the term could ever escape generic status.<sup>263</sup> The court's application of preclusion was thus entirely appropriate. Future courts should take the same approach. When the evidence presented does not show that the significance of the mark has changed—as in *Miller's Ale House*, in which the plaintiff presented two customer statements and a few employee declarations<sup>264</sup>—courts should not hesitate to apply issue preclusion in response to a motion for summary judgment.

It is true that the cost of proceeding to summary judgment can be onerous.<sup>265</sup> While the costs would be recoverable through the fee-shifting provision discussed above, the out-of-pocket expense may be too great for a small party to bear. But when a party attempts to reclaim a generic mark, the burden at summary judgment falls on that party to bring competent evidence showing that the mark is not generic.<sup>266</sup> The party making purportedly generic use has no obligation to show that the mark remains generic, and the mere fact that a plaintiff has enough new evidence to avoid the changed-circumstances preclusion barrier does not guarantee victory at summary judgment. If the plaintiff cannot show change, the only costs that the party making generic use of the term will incur are the costs of discovery and of preparing and filing a summary judgment motion under Rule 56.<sup>267</sup> On the whole, then, the cost of litigating the case to summary judgment—when preclusion might be applied—will be minimal in the context of an abusive action.<sup>268</sup> If the party

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<sup>263</sup> See text accompanying notes 111–15.

<sup>264</sup> *Miller's Ale House*, 702 F3d at 1320–22.

<sup>265</sup> See Martha Neil, *Litigation Too Costly, E-Discovery a 'Morass,' Trial Lawyers Say*, ABA J L News Now (ABA J, Sept 9, 2008), archived at <http://perma.cc/JW5P-FAXL>.

<sup>266</sup> See *Celotex Corp v Catrett*, 477 US 317, 331 (1986) (Brennan dissenting) (“The burden of production imposed by Rule 56 requires the moving party to make a prima facie showing that it is entitled to summary judgment.”).

<sup>267</sup> See FRCP 56(c)(1)(B).

<sup>268</sup> It is true that if the costs of proceeding to summary judgment are small, the deterrent effect provided by fee-shifting will also be small. But in all cases, fee-shifting will increase the expected cost of a suit, diminishing the incentive to bring it. Without fee-shifting, the expected cost to the plaintiff would be:  $(y \times \text{value of winning}) - ((1 - y) \times \text{plaintiff's cost of losing})$ , where  $y$  is the percentage chance of victory. With fee-shifting, the expected cost moves to  $(y \times \text{value of winning}) - ((1 - y) \times (\text{plaintiff's cost of losing} + \text{defendant's litigation expenses}))$ . In any given case, the addition of the defendant's litigation expenses lowers the total expected value of the lawsuit. Attorneys Mark Liang and Brian Berliner present a more sophisticated model of litigation incentives in a one-way-fee-shifting system. See Liang and Berliner, 18 Va J L & Tech at 96–99 (cited in note 240).

bringing suit can come up with competent survey evidence to support its point—which is likely not difficult—the defendant has the option to commission its own survey (a short-term expense that may be alleviated in part by fee-shifting). And if, viewing the evidence in the light most favorable to the nonmoving party, the plaintiff's survey does appear to show that the term is not generic, the possibility that the term has actually been reclaimed is worth the expense to the defendant of going to trial.

Only the truly contested cases, then, will require the full expense of trial. It is possible that, in some cases, a small firm with a meritorious defense will be forced to abandon litigation (or accept an unfavorable settlement) for want of financing. That a party might not be able to fully finance its litigation is a risk inherent in the American legal system—a system that forces even victorious parties to pay their own expenses necessarily burdens those with few resources.<sup>269</sup> But because of the nature of the evidentiary burdens at the summary judgment stage and the disincentive provided by the fee-shifting provisions, nonmeritorious cases are unlikely. Weighed against the broad social benefits that will accrue from allowing the possibility of reProtection, this is a cost worth bearing.

#### CONCLUSION

A finding of genericness ought not to be the final word in the life of a mark. If a generic term falls into disuse and primary significance can be reestablished, society benefits from the term's reProtection as a trademark. In such a case, issue preclusion ought not to be a bar to reProtection. Proper incentives and a reduction of abusive litigation can instead be achieved through the use of one-way fee-shifting. Through this mechanism, society can take advantage of the stock of disused formerly generic terms without risking anticompetitive behavior by dominant market players.

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<sup>269</sup> See, for example, Leah Chan Grinvald, *Shaming Trademark Bullies*, 2011 Wis L Rev 625, 642–53 (describing the problem of “trademark bullying” and its effects on small firms).