

Utility of Trademark Protection for Indie Bands

Due to the technological evolution of recent years, it has become much easier for musicians to record and distribute their music without the traditionally necessary financial backing of a large music company. MySpace Music, an online community which allows musicians to create web pages to distribute their songs and market their acts, is one of the largest forums for both established and independent (“indie”) musicians to create an online presence and distribute their music. As of February 2007, there were over 1.4 million MySpace Music pages for musicians located across the United States.¹

Despite the proliferation of indie musicians, there has not been a boom in trademark registration of the musicians’ band names. In fact in 2007, the number of applications for trademark registration in all 45 categories of goods and services totaled only 298,796.² The vast difference between trademark application rates and the number of bands in the United States indicates that neither established or indie musicians are federally registering their band’s names as trademarks. This begs the issue: what impact, if any, does an indie band’s failure to federally register their marks have on trademark infringement suits?

This paper introduces a hypothetical indie band, sets out the basic principles of trademark law, addresses the steps an indie band can take to establish a federally protected or protectable trademark in the band’s name, evaluates the band’s likelihood of success in defending against

¹ Lawrence Rothfield et al., A Report on the Music Industry in Chicago, 39 (The University of Chicago, Cultural Policy Center 2006).

² United State Patent and Trademark Office, Performance and Accountability Report Fiscal Year 2007, 125 (<http://www.uspto.gov/web/offices/com/annual/2007/2007annualreport.pdf>). Statistics regarding the number of registrants in individual categories of goods and services are not available.

and bringing a trademark infringement suit and finally discusses any benefits conferred on the band by federally registering its name as a trademark.

I. The Magic Carpet Ride Story

In August 2007, five friends – Ben, Connie, Gary, William and Jessica – got together for drinks at their favorite watering hole in Chicago. Ben talked about forming a cover band³ and encouraged his friends to join him. They all agreed.

They got together the following night for a jam session and to decide what type of music they would like to play. The jam session went well; everyone’s musical styles blended into a new, exciting sound for the newly formed band. But the group hit a creative roadblock when trying to figure out what band they wanted to cover. While everyone was throwing out ideas, Gary suggested becoming a Disney cover band. He convinced the rest of his friends that there is an under-served section of the population who would pay big bucks to hear classic Disney tunes in a less than traditional style.

Next, the friends brainstormed potential band names. They decided they wanted to capture the Disney theme in the band name, but wanted to do so subtly. After an hour or so of kicking around ideas, the name finalists were: Magic Mirror, Poison Apple and Magic Carpet Ride. The group quickly agreed that Poison Apple was not a good name, but had difficulty deciding between Magic Mirror and Magic Carpet Ride. After a heated debate, Ben provided the tie-breaking vote in favor of Magic Carpet Ride (“the Band”).

Over the next few weeks, Gary reworked classic Disney songs for the Band’s album and first big show. During rehearsal one day, Connie informed the other Band members that she had casually mentioned Magic Carpet Ride to her uncle, a big-wig at Disney, and he told her they

³ A cover band is a band that mostly or exclusively plays new renditions of previously recorded songs. These songs are commonly referred to as “cover versions” or the band is said to have “covered” the previously recorded song.

should be careful because Disney is very aggressive when protecting the company's copyrights and trademarks. Her Uncle thought the Band was a great idea and had pulled some strings to secure both copyright and trademark licenses for the Band which prevented Disney from suing the Band.

Since the Band's first rehearsal, Ben was working hard behind the scenes to schedule gigs at local and regional establishments. He was able to book multiple shows in the Chicago area, a show in Ann Arbor, Michigan and another in Madison, Wisconsin in December of 2007. He also developed a web site for the Band which launched in December 2007, set up studio time to record an album and designed merchandise for the Band to sell online and at live shows.

During the short regional tour, the Band received positive media attention in local papers and began to develop a cult-like following online. With their increased recognition, Ben suggested expanding their regional tour into a national tour and scheduled shows all across the country. Ben was able to secure a show on March 15, 2008 in San Jose, California at the Concert Hall at San Jose State University, a school at which the Band had a large online following, and on May 4, 2008 at the Mercy Lounge, a prominent venue in Nashville, Tennessee.

While in San Jose, Jessica read a review in the local paper of a recent play put on by The Magic Carpet Theatre Company, the San Jose State University Children's Theatre Group ("the Theatre Company"). The article praised the Theatre Company for taking a unique twist on the classic Disney story of Beauty and the Beast.⁴ After further investigation, Jessica grew concerned that the Theatre Company, founded in January 2008, did something that was quite similar to what the Band was doing: it put a new, unique spin on classic Disney. The Theatre Company uses a Disney story, characters and music, but changes the setting of the production to

⁴ Jessica Fromm, *Taking a magic carpet ride to true 'beauty'*, Spartan Daily, April 28, 2009, at Arts & Entertainment.

make it more relatable for today's theatrical audience.⁵ The Theatre Company puts on four productions a year, one of which is a musical. It does not sell recordings of the musical productions or any merchandise. After Jessica told the rest of the Band about the Theatre Company, they decided that when their fans in the San Jose area saw anything mentioning the Theatre Company the fans would think it was the Band, or a group related to the Band, performing.

Steppenwolf, a rock band popular in the late 1960s and 1970s, but which still performs today, is best known for its hit song "Born to Be Wild" which was prominently featured in the movie *Easy Rider*. Steppenwolf's second most popular song is "Magic Carpet Ride" which was originally released in 1968 on "The Second,"⁶ the band's second album. "The Second" was certified gold⁷ by the Recording Industry Association of America on February 12, 1969,⁸ and "Magic Carpet Ride" was certified gold as a single⁹ on March 25, 1969.¹⁰ "Magic Carpet Ride" has been used in a variety of films throughout the years, has been re-released on at least seven albums and was featured in a 2004 Chevrolet commercial.¹¹

While attending a show at Mercy Lounge in Nashville, John Kay, the lead singer of Steppenwolf, noticed a poster for an upcoming event featuring "Magic Carpet Ride." Kay was

⁵ *Supra* note 4.

⁶ Discography of Steppenwolf, <http://www.steppenwolf.com/s/w/discog.html>.

⁷ Gold certification requires 500,000 units of the album to be sold. Recording Industry Association of America Gold & Platinum Certification Criteria, http://www.riaa.com/goldandplatinum.php?content_selector=criteria.

⁸ Search of Recording Industry Association of America certified Database for "The Second" at <http://www.riaa.com/goldandplatinumdata.php?table=SEARCH>.

⁹ Gold certification requires 500,000 units containing no more than four songs to be sold. Recording Industry Association of America Gold & Platinum Certification Criteria, http://www.riaa.com/goldandplatinum.php?content_selector=criteria.

¹⁰ Search of Recording Industry Association of America certified Database for "Magic Carpet Ride" at <http://www.riaa.com/goldandplatinumdata.php?table=SEARCH>.

¹¹ Discography of Steppenwolf, http://en.wikipedia.org/wiki/Steppenwolf_discography; Steppenwolf, *The Second* (ABC Dunhill, 1968); Steppenwolf, *Steppenwolf: All Time Greatest Hits* (Geffen Records, 1999); Steppenwolf, *Steppenwolf: Gold* (ABC Dunhill, 1971); Steppenwolf, *20th Century Masters – The Millennium Collection: The Best of Steppenwolf* (Geffen Records, 1999); Steppenwolf, *Born to Be Wild – A Retrospective (1966-1990)* (Geffen Records, 1991); Various Artists, *Sahara (Music from and Inspired By the Motion Picture)* (Rykodisk Inc., 2005); Steppenwolf, *Steppenwolf Live* (ABC Dunhill, 1970).

immediately concerned that the Band had used Steppenwolf's second most popular song as its name. Kay called Steppenwolf's attorney and asked him to deal with the situation.

II. What is a trademark?

The term trademark refers to “any word, name, symbol, or device, or any combination thereof used by a person ...to identify and distinguish his or her goods...from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.¹²” A service mark¹³ is “any word, name, symbol, or device, or any combination thereof used by a person... to identify and distinguish the services of one person...from the services of others and to indicate the source of the services, even if that source is unknown.¹⁴”

Trademarks provide consumers with a recognizable identifier that informs them of the source and quality of particular goods or services. This reduces consumer transaction costs by allowing consumers to identify products they like or dislike easily and provides shorthand information for whom to hold responsible if the quality of the goods is inconsistent.¹⁵

Trademarks also provide their owners with an incentive to produce goods of consistent quality, thus building and maintaining a strong consumer base.¹⁶ When a trademark owner successfully creates and maintains a trademark it provides an incentive for others to use the successful mark, or something similar to the mark, to trade on the reputation associated with the successful mark.

The main goal of trademark law is to prevent exploitation like this which creates in consumer confusion.

¹² 15 U.S.C. § 1127.

¹³ Throughout the paper, the term service mark is synonymous with the term trademark.

¹⁴ 15 U.S.C. § 1127.

¹⁵ *See Ty Inc. v. Perryman*, 306 F.3d 509, 510 (7th Cir. 2002) (Manufacturer of beanbag animals and holder of “Beanie Babies” trademark brought federal trademark infringement and anti-dilution suit against online seller of beanbag animals on a website called bargainbeanies.com. Held that use of bargainbeanies.com was not a violation of federal anti-dilution statute but that an injunction prohibiting use of “Beanie” or “Beanies” with beanbag animals not associated with plaintiff was appropriate.), *cert. denied*, 538 U.S. 971 (2003).

¹⁶ *See Ty*, 306 F.3d at 510.

In the United States, the major source of trademark protection is federal and is codified in 15 U.S.C. §§ 1051-1142, commonly known as the Lanham Act. The Lanham Act provides protection for three types of trademarks: registered marks that have been used in interstate commerce,¹⁷ unregistered marks that have been used in interstate commerce¹⁸ and registered marks that have not been used in interstate commerce but the owner of which has a bona fide intent to use in interstate commerce.¹⁹ In addition, each state provides trademark protection, both for registered marks and at common law.²⁰

III. Establishing A Federally Protectable Trademark

A party can establish a federally protectable trademark in three ways, it can file a use-based application under 15 U.S.C. § 1051(a), file an intent-to-use application under 15 U.S.C. § 1051(b) or without registering the mark use the mark in interstate commerce and then seek trademark protection under 15 U.S.C. § 1125.

A party registers a use-based trademark by filing an application for trademark registration with the United States Patent and Trademark Office upon use of the mark in commerce²¹ and paying the prescribed fee, currently between \$275 and \$375 per class of goods.²² Applications for use-based registration must also indicate the date of first use in commerce, the goods or services the mark was used in connection with and a drawing of the mark.²³

¹⁷ 15 U.S.C. § 1051(a).

¹⁸ 15 U.S.C. § 1125.

¹⁹ 15 U.S.C. § 1051(b).

²⁰ *See generally* 765 Ill. Comp. Stat. 1036/1-999. Illinois state trademark law is substantially consistent with the Lanham Act. The protection provided under 765 Ill. Comp. Stat. 1036/60 for infringement of a registered state trademark is equivalent to that provided to federally registered trademarks under 15 U.S.C. § 1114. Additionally, 765 Ill. Comp. Stat. 1036/65 provides dilution protection for famous marks in Illinois which is the same as provided to nationally famous marks in 15 U.S.C. § 1125(c). Under 765 Ill. Comp. Stat. 1036/80, the state recognizes the protectable rights of state common law trademarks, thus providing protection akin to that found in 15 U.S.C. § 1125(a).

²¹ All references to commerce in the Lanham Act refer to all commerce which may lawfully be regulated by Congress. 15 U.S.C. § 1127.

²² 37 C.F.R. § 2.6(a); 15 U.S.C. § 1051(a).

²³ 15 U.S.C. § 1051(a)(2).

Prior to actual use of a mark, a party can file an intent-to-use trademark application under 15 U.S.C. § 1051(b). An intent-to-use trademark application allows a party to secure a registration date for its trademark on the date the intent-to-use application is filed instead of the actual date the mark is used in commerce. A party filing an intent-to-use application must have a bona fide intent to use the mark at the time of filing.²⁴ In other words, at the time of filing the party needs a firm intention to use the mark in the reasonably near future. Registration of a trademark under an intent-to-use application is contingent upon the applicant filing a verified statement of actual use of the mark in commerce in connection with the goods or services listed on the application.²⁵

Because trademarks are established through actual use of the mark, a party may also create a legally protectable trademark without registering it with the United States Patent and Trademark Office.²⁶ A party seeking to enforce trademark protection under 15 U.S.C. § 1125(a), can do so by suing another person who uses a mark in connection with goods or services and showing that use of the mark is likely to cause confusion or deception as to the origin or sponsorship of the goods or services.²⁷

The basis for receiving any type of trademark protection is the distinctiveness of the mark. A mark can be categorized as generic or merely descriptive, suggestive, arbitrary or fanciful.²⁸ A generic or merely descriptive marks cannot be trademarked under any circumstances because the mark's primary significance in a consumer's mind is the product itself, not the source of the product.²⁹ Suggestive marks require some imagination, thought or

²⁴ 15 U.S.C. § 1051(b)(3)(B).

²⁵ 15 U.S.C. § 1051(b)(1).

²⁶ See 15 U.S.C. § 1125(a).

²⁷ 15 U.S.C. § 1125(a)(1)(A).

²⁸ See *Miller Brewing Co. v. G. Heileman Brewing Co., Inc.*, 561 F.2d 75, 79 (7th Cir. 1977) (citing *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9-11 (2d Cir. 1976)) (Holder of trademark "lite" for low-calorie beer brought trademark infringement suit against another brewer. Held for defendant because "light" and its phonetic equivalent "lite" are descriptive and cannot be trademarks for beer.), *cert. denied*, 434 U.S. 1025 (1978).

²⁹ *William R. Warner & Co. v. Eli Lilly & Co.*, 265 U.S. 526, 528 (1924) (Pharmaceutical and chemical manufacturer brought trademark infringement and unfair competition suit against another pharmaceutical and

perception to reach a conclusion as to the nature of the goods.³⁰ Arbitrary marks are those that have no connection at all with the products but do have an existing definition.³¹ Fanciful marks, on the other hand, are reserved for names that are created just for use with a product.³² Marks that fall in the suggestive, arbitrary or fanciful categories are inherently distinctive and, upon use of the mark, are protectable trademarks.³³ A merely descriptive mark describes a characteristic or ingredient of an article and can be trademarked only when it acquires a “secondary meaning.”³⁴

Secondary meaning is an association in the minds of the consuming public between the name of the product and the particular producer.³⁵ Secondary meaning is determined based on the association in the minds of the consumer base of the party seeking trademark protection and need not be broadly recognized by the general public.³⁶ Secondary meaning is established through consumer surveys, consumer testimony, consumer affidavits, advertising that draws attention to the particular feature (i.e. color, shape, word, sound, etc.), advertising that develops and maintains the reputation of an organization, length and manner of the use of the mark and sales.³⁷

chemical manufacturer alleging that use of the name “Quin-Coco” in conjunction with compounds flavored or colored with chocolate infringed on the name “Coco-Quinine.” Held for defendant because “Coco-Quinine” and “Quin-Coco” were merely descriptive of the ingredients.).

³⁰ *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 11 (2d Cir. 1976) (Store owner sued competitor for federal trademark infringement of word “Safari” when used on garments and other articles. Held that “Safari” was generic when used in conjunction with specific types of clothing and either suggestive or merely descriptive when used in conjunction with other types of clothing.).

³¹ *Id.* n.12.

³² *Id.*

³³ *International Kennel Club of Chicago, Inc. v. Mighty Star, Inc.*, 846 F.2d 1079, 1085 (7th Cir. 1988) (International Kennel Club of Chicago, Inc., a corporation which sponsored dog shows, sued toy manufacturer for trademark infringement for use of “International Kennel Club” in conjunction with toy dogs not associated with or sponsored by corporation. Held for plaintiff because a likelihood of confusion existed as to the source of the goods.).

³⁴ *See Abercrombie*, 537 F.2d at 11.

³⁵ *Vaughan Mfg. Co. v. Brikam Intern., Inc.*, 814 F.2d 346, 349 (7th Cir. 1987) (Manufacturer of folding picnic table sued competitor for unfair trade competition by appropriation of the company’s trade dress. Held for plaintiff because manufacturer was able to prove the trade dress had acquired secondary meaning and the trade dress was non-functional.).

³⁶ *International Kennel Club*, 846 F.2d at 1086.

³⁷ *Id.*

IV. The Band's Trademark in "Magic Carpet Ride"

The Band could have filed for a use-based federal trademark after their shows in Chicago, Illinois, Ann Arbor, Michigan and Madison, Wisconsin. At that time, the mark had been used in interstate commerce in connection with goods and services.³⁸ For the majority of the paper, it is assumed that the Band did not apply for or receive any federally registered trademarks.³⁹

Because the Band does not have a federally registered trademark, it can only seek protection for its mark under 15 U.S.C. § 1125 or under state law.⁴⁰ Trademark rights are acquired by appropriation and use, not by registration.⁴¹ The party asserting trademark protection under 15 U.S.C. § 1125 must establish that at the time of the alleged infringement the mark was being used in connection with trade or business.⁴²

A band name, just like any other word or phrase, is eligible for trademark protection when it is distinctive.⁴³ As a preliminary matter, the category of distinctiveness that the mark falls into must be established.⁴⁴ The phrase "Magic Carpet Ride" is a relatively common phrase which has no particular connection to a band or the merchandise to which a band applies the

³⁸ 15 U.S.C. § 1051.

³⁹ *But see* discussion *infra* Part V.II.

⁴⁰ Because of the substantial similarity between the Lanham Act and Illinois state trademark law, only federal claims will be addressed. *See supra* note 20.

⁴¹ *Heinemann v. General Motors Corp.*, 342 F.Supp. 203, 206 (N.D. Ill., 1972), *aff'd*, 478 F.2d 1405 (7th Cir. 1973) (Owner of modified automobile called "The Judge" brought trademark infringement suit for federally registered trademark, state registered trademark and state common-law trademark against manufacturer of new automobile subsequently named "The Judge." Held for defendant on cross motions for summary judgment because defendant adopted the name "The Judge" without knowledge of plaintiff's use of "The Judge.").

⁴² *See Id.*

⁴³ *See Sullivan v. CBS Corp.*, 385 F.3d 772, 776 (7th Cir. 2004) (Owner of trademark for band "survivor" alleged trademark infringement, common law dilution, unfair competition and deceptive trade practices against television company for use of "survivor" in relation to reality-based television show. Held in favor of defendant because plaintiff failed to show likelihood of confusion.).

⁴⁴ *See supra* Part III.

mark.⁴⁵ “Magic Carpet Ride” is not descriptive of a band or the merchandise to which a band applies the mark and therefore, should be categorized as arbitrary.⁴⁶ Because arbitrary marks qualify for protection upon use in interstate commerce in connection with goods or services, the Band has a federally protectable trademark in “Magic Carpet Ride” after playing shows and selling merchandise in Chicago, Illinois, Ann Arbor, Michigan and Madison, Wisconsin in December 2007.

V. Hypothetical One: Steppenwolf Sues Magic Carpet Ride

Following his conversation with John Kay, Steppenwolf’s attorney sent Magic Carpet Ride a cease and desist letter⁴⁷ which the band ignored. A month or so later, Steppenwolf sued Magic Carpet Ride in federal district court seeking a permanent injunction against the Band to prevent the Band from using “Magic Carpet Ride” as a name because it infringes on Steppenwolf’s trademark in “Magic Carpet Ride.” In its complaint, Steppenwolf alleged false designation of origin under 15 U.S.C. 1125, trademark dilution by tarnishment under 15 U.S.C. 1125(c), and trademark dilution by blurring under 15 U.S.C. 1125(c).

A. Steppenwolf’s Trademark in “Magic Carpet Ride”

To succeed in its lawsuit against the Band, Steppenwolf needed to establish that it holds a federal trademark in the song title “Magic Carpet Ride” and that it has priority in the mark because of actual use of the mark before the Band.⁴⁸ Single use titles, such as song titles, are

⁴⁵ See *International Kennel Club*, 846 F.2d at 1085; *Sullivan*, 385 F.3d at 776 (determining the word “survivor” was an arbitrary mark under *Abercrombie* categories of distinctiveness when used as a band name because the mark had no relation to a band).

⁴⁶ An example of a generic mark for a band or band merchandise is “Musicians” because it is the product or service itself. An example of a merely descriptive mark for a band or band merchandise is “Three Guys & Two Girls Who Sing” because it describes the characteristics of a particular band. An example of a suggestive mark for a band or band merchandise would be “Performing Monkeys” because it requires some imagination to determine the nature of the goods or services offered. An example of a fanciful mark for a band or band merchandise would be “ScTpT” because it was created for use with the goods or services.

⁴⁷ A cease and desist letter is a notice sent to an allegedly infringing person which identifies the allegedly infringing activity and demands that the activity cease. Black’s Law Dictionary 237 (8th ed. 2004).

⁴⁸ 15 U.S.C. § 1125(a).

protectable as trademarks under 15 U.S.C. § 1125 only upon acquiring secondary meaning.⁴⁹

Therefore, Steppenwolf needed to establish “Magic Carpet Ride” has acquired secondary meaning when used in connection with bands and band merchandise.

When determining if Steppenwolf has established secondary meaning the relevant members of the public are classic rock fans, Steppenwolf’s consumer base.⁵⁰ At trial, Steppenwolf was able to provide the court with affidavits and surveys of classic rock fans indicating that seventy-two percent who see the phrase “Magic Carpet Ride” associate it with the band Steppenwolf. Though Steppenwolf’s song “Magic Carpet Ride” has been covered by a variety of artists, used in various films and even in a Chevrolet commercial, the phrase “Magic Carpet Ride” is still distinctive of Steppenwolf. Because there was no dispute that Steppenwolf’s use in commerce of “Magic Carpet Ride” predates the use by the Band beginning in December 2007,⁵¹ Steppenwolf was able to establish a federally protectable trademark in “Magic Carpet Ride.”

B. Steppenwolf’s Claims Against the Band

Because Steppenwolf established ownership of a valid trademark in “Magic Carpet Ride” and that the trademark was established prior to the Band’s use of the mark, the inquiry turned to whether the Band’s use of “Magic Carpet Ride” was likely to cause confusion among consumers or dilute the trademark as alleged by Steppenwolf.

⁴⁹ EMI Catalogue Partnership v. Hill, Holliday, Connors, Cosmopolos Inc., 228 F.3d 56, 63 (2d Cir. 2000) (Holder of rights to song “Sing, Sing, Sing (With a Swing)” sued advertising agency and golf equipment manufacturer for unfair competition for using phrase “Swing Swing Swing” and music of same style in a television commercial. Held that musical compositions are not protected as a separate trademark under Lanham Act but an issue of fact existed as to whether “Swing Swing Swing” was descriptive and whether manufacturer acted in good faith); *see supra* Part III. Litigation addressing trademarkability of song titles has rarely taken place in the Seventh Circuit; therefore, deference is paid to Second Circuit holdings unless a relevant Seventh Circuit case exists.

⁵⁰ *See International Kennel Club*, 846 F.2d at 1086.

⁵¹ Steppenwolf has been touring and producing albums and merchandise on a regular or somewhat regular basis since 1968. John Kay and Steppenwolf – Biography, <http://www.steppenwolf.com/s/w/bio.html?id=SwdHuLkU>.

1. Allegation of False Designation of Origin

In its complaint, Steppenwolf alleged false designation of origin against the Band for the Band's use of "Magic Carpet Ride" in conjunction with live musical performances and on the Band's merchandise. False designation of origin is a type of claim for direct infringement brought under 15 U.S.C. § 1125(a) which, in addition to proof of ownership of a valid trademark,⁵² requires proof that the alleged infringing trademark is likely to cause confusion among consumers "as to the origin, sponsorship, or approval" of the goods or services the trademark is used in conjunction with.⁵³

Likelihood of confusion is found when prospective purchasers of the goods or services of the alleged infringer are likely to be confused as to the origin of the goods or services.⁵⁴ In assessing the likelihood of trademark confusion, the Seventh Circuit has identified seven relevant factors: (1) the similarity of the marks; (2) the similarity of the goods or services; (3) the area and manner of concurrent use; (4) the degree of care likely to be used by consumers; (5) the strength of the plaintiff's mark; (6) whether any actual confusion exists; and (7) the defendant's intent to palm off its goods as those of the plaintiff.⁵⁵ None of the seven factors alone are dispositive and the weight accorded to each factor is determined on a case by case basis.⁵⁶

The first factor weighs in favor of the Band and the second in favor of Steppenwolf. The marks used by Steppenwolf and the Band are identical, but when Steppenwolf uses "Magic

⁵² See discussion *supra* Part V.A.

⁵³ CAE, Inc. v. Clean Air Engineering, Inc., 267 F.3d 660, 674 (7th Cir. 2001) (Trademark holder in "CAE" sued company for trademark infringement for use of "CAE" as company initials. Held for plaintiff because a likelihood of confusion as to the source of goods and services existed if both companies used "CAE."); 15 U.S.C. § 1125(a)(1)(A) (1988).

⁵⁴ *International Kennel Club*, 846 F.2d at 1087 (quoting *American International Group, Inc. v. London American International Corp., Ltd.*, 664 F.2d 348, 351 (2d Cir.1981)).

⁵⁵ *Smith Fiberglass Products, Inc. v. Ameron, Inc.*, 7 F.3d 1327, 1329 (7th Cir. 1993) (Trademark holder in helical crossover pattern for nonconductive fiberglass pipes sued manufacturer of conductive fiberglass pipes for federal trademark infringement and false designation of origin. Held for defendant because little likelihood of confusion as to source of the pipes existed.).

⁵⁶ *Id.*

Carpet Ride” it is generally accompanied by the Steppenwolf mark itself. In *Miller Brewing Co. v. G. Heileman Brewing Co., Inc.*, the court found use of a strong brand name, such as Anheuser-Busch or Miller, in conjunction with confusingly similar marks such as “lite” or “light” prevented consumer confusion between the marks.⁵⁷ Use of a strong brand name, such as Steppenwolf, allows consumers to immediately identify the goods or services bearing the “Magic Carpet Ride” mark as Steppenwolf’s instead of those of the Band.⁵⁸ This prevents confusion between the source of the goods, even though the marks are identical. Both Steppenwolf and the Band use “Magic Carpet Ride” on identical goods and services because they perform music publicly and use the mark on albums and merchandise. The alleged infringing good or service need not be in direct competition with a trademark holder’s goods or services to find that a likelihood of confusion exists.⁵⁹ So even if it was determined that the goods or services provided by Steppenwolf and the Band are not identical because the two groups’ music is targeted at different audiences this factor would still favor Steppenwolf.

Both Steppenwolf and the Band use the mark on a national scale, tipping the scales for the third factor in favor of Steppenwolf. Both artists sell their albums and merchandise online and thus are competing in a common marketplace. In addition, both bands sell merchandise and albums at live shows. Unlike the online market, the groups’ live show markets remain independent of one another because the two bands have not played a show together.

Consumers are likely to use great care when purchasing concert tickets or band merchandise because fans are enthusiastic about their musical choices and oftentimes closely follow their favorite band’s tour schedule; therefore, the fourth factor weighs in favor of the

⁵⁷ See *G. Heileman Brewing Co.*, 676 F. Supp. at 1470 (1987) (holding “the use of a strong house mark virtually precludes confusion between similar marks”).

⁵⁸ *Id.*

⁵⁹ *International Kennel Club*, 846 F.2d at 1089.

Band. Individuals who enjoy a specific band are likely to investigate, even if only minimally, to determine what specific bands are performing at a live show thus preventing confusion between the Band and Steppenwolf. Generally band merchandise is offered for sale through the specific band's website, so consumer confusion as to the source of the goods purchased online is unlikely.

The fifth factor, strength of the mark, does not weigh in favor of either party. Strength of a trademark refers to the distinctiveness of the mark, i.e. the ability of the mark to identify the source of the goods or services sold.⁶⁰ Though Steppenwolf's trademark in "Magic Carpet Ride" is distinctive, it is not a mark that is extremely well known. The strength of Steppenwolf's trademark in "Magic Carpet Ride" is equated to the mark's level of distinctiveness. That means Steppenwolf's trademark in "Magic Carpet Ride," which has acquired distinctiveness but not inherent distinctiveness, has a midlevel strength. If the mark were very strong – like Pepsi, Ford or Kodak – this factor would turn in favor of Steppenwolf and if the mark were very weak – like "Never Closed" for a convenience store that is open 24-hours a day or Computer Zone for a computer store – this factor would turn in favor of the Band.

The sixth factor, actual confusion, also weighs in favor of the Band. Customer confusion can occur at different times. It can occur prior to purchase of the good or service, at the time the good or service is purchased, or after the good or service is purchased.⁶¹ Initial-interest confusion occurs when a consumer is lured to a product by its similarity to a known mark, even though the consumer realizes the true identity and origin of the product before consummating a

⁶⁰ *Eli Lilly & Co. v. Natural Answers, Inc.*, 233 F.3d 456, 464 (7th Cir. 2000) (Pharmaceutical drug manufacturer and holder of "Prozac" trademark sued "Herbrozac" herbal dietary supplement manufacturer alleging trademark infringement and dilution. Held for plaintiff because a likelihood of confusion as to source of the good existed and because plaintiff was able to prove a mere likelihood of dilution existed.).

⁶¹ *Dorr-Oliver, Inc. v. Fluid-Quip, Inc.*, 94 F.3d 376, 381-82 (7th Cir. 1996) (Manufacturer of corn starch washer shaped as a shell sued competitor alleging trade dress infringement. Held for defendant because no likelihood of confusion between the washers existed.).

purchase.⁶² Point-of-sale confusion occurs when a consumer actually believe s/he is buying another product or service.⁶³ Post-sale confusion occurs when someone other than the consumer believes the product or service is another company's product or service.⁶⁴

Steppenwolf provided the court with only speculative conjectures of confusion and not any proof of actual harm. Steppenwolf's argument that confusion will occur prior to purchase and at the time of purchase is not supported with any evidence. Steppenwolf speculates that when some consumers see the name "Magic Carpet Ride" they will initially think Steppenwolf is performing and, even if they realize it is a different band performing, the consumer's initial interest in the performance will be due to their association between "Magic Carpet Ride" and Steppenwolf. Steppenwolf also speculates that some consumers will be confused when they arrive at a performance or purchase merchandise because they will think they are attending a Steppenwolf performance or purchasing Steppenwolf merchandise. It is highly unlikely that such confusion will occur. Once at the live performance, the identities of the band members will be clear because they will be performing on stage and the different musical styles of each group can be heard.

The seventh factor also weighs in favor of the Band. Steppenwolf did not provided any evidence that the Band adopted "Magic Carpet Ride" in an attempt to palm off their goods and services as Steppenwolf's goods and services. In fact, the evidence submitted by the Band tends to show that the members adopted "Magic Carpet Ride" as a name solely to invoke the musical inspiration behind the group.

⁶² *Dorr-Oliver, Inc.*, 94 F.3d at 382.

⁶³ *Id.*

⁶⁴ *Id.* An example of post-sale confusion is when a person buys a Tiffany-style, stained glass lamp but a visitor to the person's home believes the lamp is an antique and was actually designed by Louis Comfort Tiffany.

Because the most the likelihood of confusion factors weigh in favor of the Band, no likelihood of confusion was found to exist between the Band's use of "Magic Carpet Ride" and Steppenwolf's use of "Magic Carpet Ride." Therefore, Steppenwolf's claim for false designation of origin under 15 U.S.C. § 1125(a) failed.

2. **Allegations of Dilution**

In addition to bringing a claim against the Band for false designation of origin, Steppenwolf also alleged the Band diluted its mark by blurring and tarnishment, as set forth in 15 U.S.C. § 1125(c). Dilution is the association of a trademark with multiple sources which harms the distinctiveness of the trademark by increasing consumer search costs, by damaging the reputation of the mark and/or by allowing the second user to trade on consumer recognition of the mark.⁶⁵ Section 1125(c) allows a trademark holder to protect its mark from associations which are inconsistent with the established mark, thus preserving the brand equity and selling power of the mark. Unlike infringement or false designation of origin, trademark dilution can be established when the mark is use on distinctly different types of products.⁶⁶

As a prerequisite to alleging dilution under federal law, the trademark must be famous and distinctive.⁶⁷ A famous mark has either inherent or acquired distinctiveness and is recognizable by the general consuming public, not merely a local market, and not merely the market for a particular type of product.⁶⁸ When undertaking this evaluation, four factors are analyzed: (1) the duration, extent and geographic reach of advertising and publicity of the mark, regardless of whether advertised or publicized by the owner or third parties; (2) the amount,

⁶⁵ See *Ty Inc.*, 306 F.3d at 511-12.

⁶⁶ See *Id.* at 510.

⁶⁷ 15 U.S.C. § 1125(c).

⁶⁸ 15 U.S.C. § 1125(c)(2)(A); *Ty Inc.*, 306 F.3d at 510.

volume, and geographic extent of sales of goods or services offered under the mark; (3) the extent of actual recognition; and (4) registration of the mark.⁶⁹

Once the trademark owner establishes that the mark is famous and distinctive, s/he must also establish that the alleged diluter began using the mark after the owner's mark became famous and that the use is likely to cause dilution of the distinctive quality of the mark either by blurring or by tarnishment.⁷⁰ Actual or likely confusion, actual or likely competition, or actual economic injury need not be shown.⁷¹

Steppenwolf was unable to establish that "Magic Carpet Ride" is a famous mark as required to bring claims for dilution under 15 U.S.C. § 1125(c). Since 1968, Steppenwolf has consistently used "Magic Carpet Ride" as a trademark for live performances and sold countless albums and merchandise featuring the phrase "Magic Carpet Ride." Steppenwolf's use has been in conjunction with the Steppenwolf mark itself. Even though Steppenwolf's long international use of "Magic Carpet Ride" tilts the first two factors, the "Magic Carpet Ride" mark is not a famous mark. In reality, the famous mark associated with Steppenwolf's performances and merchandise featuring the phrase "Magic Carpet Ride" is Steppenwolf, not "Magic Carpet Ride." Additionally, the third and fourth factors weigh against Steppenwolf because even though "Magic Carpet Ride" may be recognizable by classic rock fans as indicative of Steppenwolf, the Band provided evidence that the general consuming public in the United States does not recognize "Magic Carpet Ride" as a source indicator for Steppenwolf.

Because Steppenwolf was unable to prove "Magic Carpet Ride" is a famous mark, it also was unable to establish that the Band started using the mark after it Steppenwolf made it famous. Even if Steppenwolf established "Magic Carpet Ride" was a famous mark and that the Band

⁶⁹ 15 U.S.C. § 1125(c).

⁷⁰ 15 U.S.C. § 1125(c); *see* discussion *infra* Parts V.B.2.i and V.B.2.ii.

⁷¹ 15 U.S.C. § 1125(c)(1).

started using the mark after it became famous, Steppenwolf's allegations of dilution by blurring and dilution by tarnishment would be unsuccessful.

i. Dilution by Blurring

“Dilution by blurring’ is an association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark.”⁷² Dilution by blurring occurs when two dissimilar sources of goods use the same or similar marks but no likelihood of confusion exists. Such unauthorized associations harm the owner of the famous mark because, over time, the public associates the mark with a variety of sources instead of just the one, and its power to identify the source of a particular product is diminished.

The following factors are used to determine if a mark is likely to cause dilution by blurring: (1) the degree of similarity between the mark or trade name and the famous mark; (2) the degree of inherent or acquired distinctiveness of the famous mark; (3) the extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark; (4) the degree of recognition of the famous mark; (5) whether the user of the mark or trade name intended to create an association with the famous mark; and (6) any actual association between the mark or trade name and the famous mark.⁷³

Assuming Steppenwolf established “Magic Carpet Ride” is a famous mark and that the Band started using the mark after it became famous,⁷⁴ Steppenwolf’s claim for dilution by blurring would be unsuccessful. Though the first factor weighs in favor of Steppenwolf, the final five are squarely in favor of the Band. There is no dispute that the marks used by the Band and Steppenwolf are identical. But the degree of distinctiveness of “Magic Carpet Ride” is not high,

⁷² 15 U.S.C. §1125 (c)(2)(B).

⁷³ *Id.*

⁷⁴ See discussion *supra* Part V.B.2.

nor is the degree of recognition of the famous mark.⁷⁵ As previously mentioned, the Band produced evidence that the majority of the consuming public in the United States does not see “Magic Carpet Ride” as a source indicator for Steppenwolf.⁷⁶ Likewise, Steppenwolf has not engaged in substantially exclusive use of the mark. There are three registered trademarks for “Magic Carpet Ride,” one for gaming machines,⁷⁷ another for an interactive ride,⁷⁸ and a third for paper goods⁷⁹ and a slew of other business in the Yellow Pages that use “Magic Carpet Ride” as a name. The final two factors put the nail in the proverbial coffin for Steppenwolf’s dilution by blurring claim: the Band did not intend to create an association with Steppenwolf’s mark nor has Steppenwolf offered any proof of actual association between the Band’s mark and Steppenwolf’s mark.

ii. Dilution by Tarnishment

“‘Dilution by tarnishment’ is an association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark.”⁸⁰ Much like dilution by blurring, dilution by tarnishment occurs when two dissimilar sources of goods use the same or similar marks but no likelihood of confusion exists. The difference between dilution by blurring and dilution by tarnishment is the resulting harm. Dilution by blurring harms the distinctiveness of a mark through multiple associations; whereas, dilution by tarnishment harms the reputation of a mark. Dilution by tarnishment is generally a suitable allegation when the famous mark is linked to products of shoddy quality, or is portrayed in an unwholesome or unsavory context likely to evoke unflattering thoughts about the trademark owner’s product or

⁷⁵ See discussion *supra* Part V.B.1.Factor 5.

⁷⁶ See discussion *supra* Part V.B.2.Factor 3.

⁷⁷ U.S. Trademark No. 3687580 (registered Sept. 22, 2009).

⁷⁸ U.S. Trademark No. 2391940 (registered Oct. 3, 2000).

⁷⁹ Arizona Trademark No. 32487 (registered Aug. 19, 1993).

⁸⁰ 15 U.S.C. § 1125(c)(2)(C).

diminish positive associates with the mark.⁸¹ For example, the children’s toy manufacturer “Little Tikes” could successfully sue an erotic products manufacturer for dilution by tarnishment under 15 U.S.C. § 1125(c)(1) if the erotic products manufacturer used the name “Little Tikes” for a line of adult toys. Because “Little Tikes” produces children’s toys, the association of the company’s name to adult toys is unwholesome and likely to evoke unflattering thoughts in many consumers’ minds about the children’s toy manufacturer.

Though Steppenwolf alleged dilution by tarnishment, it is highly unlikely such a claim could succeed. The Band does not partake in activities that are unsavory in nature. In fact, the Band’s source of material is children’s films, so if anything the content of its live shows and album is wholesome. The Band’s image may be inconsistent with that of Steppenwolf, but it does not tarnish Steppenwolf’s reputation.

C. The Outcome of Steppenwolf’s Lawsuit

Even though Steppenwolf has a federally protectable trademark in “Magic Carpet Ride,” it was ultimately unsuccessful in its claims for false designation of origin under 15 U.S.C. § 1125, trademark dilution by tarnishment under 15 U.S.C. § 1125(c), and trademark dilution by blurring under 15 U.S.C. § 1125(c). This result is consistent with the rationale behind trademark protections, which serve to prevent consumer confusion as to the source of goods and allow trademark owners to maintain a consistent reputation thereby informing consumers about the quality of the goods or services associated with the mark. Steppenwolf was unsuccessful because it could not establish that the Band’s use of “Magic Carpet Ride” was likely to cause consumers to be confused as to the source or quality of Steppenwolf’s goods or services.

⁸¹ See *Ty Inc.*, 306 F.3d at 511 (citing *Hormel Foods Corp. v. Jim Henson Productions, Inc.*, 73 F.3d 497, 507 (2d Cir. 1996)).

VI. Hypothetical Two: Magic Carpet Ride Sues Magic Carpet Theatre Company

After its trip to San Jose, the Band retained a lawyer in its effort to stop the Theatre Company from using the name Magic Carpet Theatre Company. The Band sued the Theatre Company for false designation of origin, under 15 U.S.C. § 1125, alleging the Theatre Company's use of the name Magic Carpet Theatre Company was likely to cause confusion among consumers.⁸² The Theatre Company has not federally registered the name as a trademark.

In assessing the likelihood of trademark confusion for trademarks, the Seventh Circuit⁸³ has identified seven relevant factors that help in deciding the ultimate question: (1) the similarity of the marks; (2) the similarity of the goods or services; (3) the area and manner of concurrent use; (4) the degree of care likely to be used by consumers; (5) the strength of the plaintiff's mark; (6) whether any actual confusion exists; and (7) the defendant's intent to palm off its goods as those of the plaintiff.⁸⁴

The first factor weighs in favor of the Theatre Company. When evaluating whether two marks are similar the marks are viewed as a whole.⁸⁵ The two marks should be evaluated based on a consumer's impression in the marketplace, not necessarily by looking at the marks side-by-side.⁸⁶ Though "Magic Carpet" is a component of both the Theatre Company's mark and the Band's mark, is not the entirety of either mark. This in and of itself, is sufficient to distinguish the marks from one another. But if it were not, it is unlikely that the two marks would be viewed

⁸² Evaluation of false designation of origin is evaluated utilizing the likelihood of confusion test. *See supra* Part V.B.1.

⁸³ The Theatre Company has consented to personal jurisdiction in the state of Illinois. Under 15 U.S.C. § 1121(a), United States district courts shall have original jurisdiction over trademark claims and the United States courts of appeal shall have appellate jurisdiction over trademark claims, without regard to the amount in controversy or to diversity or lack of diversity of the citizenship of the parties.

⁸⁴ *Smith Fiberglass*, 7 F.3d at 1329; *see supra* Part V.B.1.

⁸⁵ *See Estate of Beckwith, Inc. v. Comm'r of Patents*, 252 U.S. 538, 545-546 (1920) ("The commercial impression of a trade-mark is derived from it as a whole, not from its elements separated and considered in detail").

⁸⁶ *Ty, Inc.*, 237 F.3d at 898.

in close proximity to one another in the marketplace. Consumers would most likely encounter the mark “Magic Carpet Theatre Company” in conjunction with the name of a theatrical production at the theatre.⁸⁷ It would be featured on a playbill, the theatre marquee or in the paper advertising a theatrical production. On the other hand, consumers will likely encounter the Band’s mark “Magic Carpet Ride” on the Band’s website, the Band’s albums and merchandise, as the performing act on a theatre marquee when it has an upcoming performance or in the paper advertising an upcoming performance.

Though the second factor is a closer call, it too weighs in favor of the Theatre Company. Both the Band and the Theatre Company take Disney classics and give them a modern or unexpected twist, but the Theatre Company uses the entirety of the Disney story while the Band only reworks the musical components. Additionally, only a quarter of the Theatre Company’s productions are musicals and those musical scores are not altered, only the story’s setting is changed.

Both groups use the mark in the same geographical area, San Jose, California, so the third factor weighs in favor of the Band. Additionally, both groups have a limited or seasonal presence in San Jose, the Band only when it comes to town and the Theatre Company only when there is an upcoming or ongoing performance, so the marks are use intermittently in the area. Because both trademarks are used on a discontinuous basis in the same area, consumers have a limited amount of exposure to both marks which makes it more difficult for consumers to differentiate between the two.

The remaining factors weigh in favor of the Theatre Company. Consumers are likely to use great care when purchasing tickets for a performance. Fans of musical groups are loyal and

⁸⁷ See *G. Heileman Brewing Co.*, 676 F. Supp. at 1470 (1987) (holding “the use of a strong house mark virtually precludes confusion between similar marks”).

enthusiastic about their musical choices and closely follow their favorite bands and know when there are nearby performances. Likewise, a consumer purchasing tickets for a children's theatre production will be equally careful when buying tickets. The fifth factor, the strength of the Band's mark, tips in favor of the Theatre Company because even though the Band has a relatively large and loyal fan base in San Jose, its mark is not extremely well known. The final two factors weigh in favor of the Theatre Company because the Band did not provide any evidence of actual confusion or that the Theatre Company's name was chosen in an attempt to palm off the productions as those of the Band.

The Band was unable to establish that there is a likelihood of confusion between the mark "Magic Carpet Ride" and "Magic Carpet Theatre Company" therefore its suit for false designation of origin against the Theatre Company was unsuccessful.

VII. Comparison of The Band's Likelihood of Success With and Without a Federally Registered Trademark

The Band's failure to register "Magic Carpet Ride" as a federal trademark does not impact its likelihood of success when either defending against or alleging trademark infringement claims. But trademarks federally registered under 15 U.S.C. § 1051 are afforded protections that trademarks protected under 15 U.S.C. § 1125 are not. A federal registration provides constructive notice of ownership of the mark to other parties,⁸⁸ can achieve an incontestable status⁸⁹ and serves as prima facie evidence of the validity and ownership of the mark.⁹⁰ The owner of a federally registered trademark also has the power to prevent importation

⁸⁸ 15 U.S.C. § 1072.

⁸⁹ 15 U.S.C. § 1065.

⁹⁰ 15 U.S.C. § 1057(b); *See* *Qualitex Co. v. Jacobson Products Co., Inc.*, 514 U.S. 159, 174 (1995) (Manufacturer of dry cleaning press pads sued competitor for trademark infringement and unfair competition for using same color as manufacturer for press pads. Held for plaintiff because color can be trademarked upon a showing of secondary meaning.).

of confusingly similar goods.⁹¹ If the Band had, in fact, filed for and quickly received⁹² a federal trademark in “Magic Carpet Ride,” following their multi-state tour in December 2007,⁹³ the federally registered trademark would have provided prima facie evidence of the mark’s validity in the aforementioned trademark litigation.⁹⁴ Such prima facie evidence can be rebutted by the party challenging the validity of the trademark.⁹⁵

A. Would A Federal Registration Have Changed The Outcome of Steppenwolf’s Lawsuit Against The Band?

As opposed to suing the Band for false designation of origin, Steppenwolf could challenge the mark by filing a cancellation petition with the United States Patent and Trademark Office.⁹⁶ A cancellation petition can be filed by “any person who believes that he is or will be damaged...by the registration of a mark.”⁹⁷ Generally, a party has five years following publication or registration of the mark to file a cancellation petition,⁹⁸ though there a narrow subset of exceptions⁹⁹ exists which allow for cancellation of a trademark at any time.¹⁰⁰

If Steppenwolf initiated a cancellation petition at the end of July 2008, the cancellation petition would fall well within five years from the date of registration of “Magic Carpet Ride.”¹⁰¹ Falling within this five year window allows Steppenwolf to seek cancelation of the Band’s trademark registration in “Magic Carpet Ride” if the trademark has become generic or

⁹¹ 15 U.S.C. § 1124.

⁹² An application for trademark registration can take anywhere from one to three years to be registered. United States Patent and Trademark Office, Frequently Asked Questions, <http://www.uspto.gov/faq/trademarks.jsp>.

⁹³ See *supra* Part III.

⁹⁴ See discussion *supra* Part V-VI.

⁹⁵ 15 U.S.C. § 1057(b).

⁹⁶ 15 U.S.C. § 1064.

⁹⁷ *Id.*

⁹⁸ *Id.*

⁹⁹ A registered trademark can be cancelled at anytime if it is abandoned, becomes generic, becomes functional, it’s registration or incontestability was obtained fraudulently, is being used to misrepresent the source of goods or services or is being used to violate anti-trust laws. 15 U.S.C. § 1094(3).

¹⁰⁰ 15 U.S.C. § 1064.

¹⁰¹ 15 U.S.C. § 1064(1).

functional, if it has been abandoned or was obtained fraudulently or if the mark is being used to misrepresent the source of the goods.¹⁰²

Steppenwolf would have sought to invalidate the Band's trademark because a trademark that "[c]onsists of or comprises a mark which so resembles...a mark or trade name previously used in the United States by another and not abandoned, as to be likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive..." shall be refused registration.¹⁰³ In *Selfway, Inc. v. Travelers Petroleum, Inc.*, the United States Court of Customs and Patent Appeals cancelled a registered mark because consumer confusion was undisputed and the petitioning party was able to prove actual use of the mark prior to the registered party's use.¹⁰⁴ Though the *Selfway* petitioner and Steppenwolf could both established prior use of the mark, Steppenwolf would be unsuccessful in its petition for cancellation of "Magic Carpet Ride." Unlike the *Selfway* defendant, the Band would be unwilling to concede consumer confusion and as previously demonstrated,¹⁰⁵ likelihood of confusion cannot be established.¹⁰⁶

Because Steppenwolf would be unable to obtain cancellation of the Band's registered trademark in "Magic Carpet Ride," the Band's federal trademark registration the result of cancellation proceeding would be the same as in Steppenwolf's false designation of origin suit

¹⁰² 15 U.S.C. § 1064.

¹⁰³ 15 U.S.C. § 1052(d); *see Selfway, Inc. v. Travelers Petroleum, Inc.*, 579 F.2d 75, 82 (Cust. & Pat.App., 1978) (Corporation petitioned to cancel a competitor's registration of the trademark "Selfway" for automobile service stations five months after it was registered because of petitioners previous unregistered use of the mark. Held for petitioner because competitor's use of the mark with prospective investors did not constitute sufficient use in business to secure priority in the mark and corporation's president's knowledge of competitor's intent to use the mark does not prevent corporation from using the or challenging the competitor's registration.).

¹⁰⁴ *Id.* at 77.

¹⁰⁵ *See* discussion *supra* Part V.B.1.

¹⁰⁶ *See Selfway, Inc.*, 579 F.2d at 77 (likelihood of confusion test not applied because consumer confusion was undisputed if both parties continued using the mark).

against the Band: both musical groups would be able to continue using the mark “Magic Carpet Ride.”

B. Would A Federal Registration Have Changed The Outcome of The Band’s Lawsuit Against The Theatre Company?

Just as federal registration had no impact on Steppenwolf’s lawsuit against the Band, a federally registered trademark would not have aided the Band in its suit against Magic Carpet Theatre Company because there was no likelihood of confusion between the marks. If a likelihood of confusion existed between the marks, then a federal registration would be important in preventing the Theatre Company from using the infringing mark.

A federal registration serves as constructive notice of use of the mark.¹⁰⁷ A party cannot in good faith adopt a mark if it knows the mark is in use;¹⁰⁸ therefore, a federal registration eliminates another party’s ability to adopt a mark and provides nationwide protection to registered marks even if the registered mark has only been used in a limited area.¹⁰⁹ Because the Theatre Company adopted its mark after the Band’s first use in December 2007, it would have been unable to claim that it adopted the mark in good faith and would thus be liable for infringement.

An unregistered mark does not carry with it notice to all other parties, and a party that adopts the mark after another may still be able to continue using the mark in remote and restricted areas even if a likelihood of confusion is found between the marks.¹¹⁰ Without a

¹⁰⁷ 15 U.S.C. § 1072.

¹⁰⁸ *Dawn Donut Co. v. Hart’s Food Stores, Inc.*, 267 F.2d 358, 362 (2d Cir. 1959) (Wholesale distributor of donuts and baked goods and owner of the federally registered trademarks “Dawn” and “Dawn Donut” sued retail seller alleging trademark infringement for the use of “Dawn” on donuts and baked goods. Held for defendant because there was no present likelihood that plaintiff would expand its use of “Dawn” or “Dawn Donut” into the retail market in defendant’s market area.).

¹⁰⁹ *Id.*

¹¹⁰ *See United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 103 (1918) (holding a senior user of an unregistered trademark cannot oust or remove a junior user who used the trademark first in a remote area and adopted the trademark in good faith).

federally registered trademark, trademark rights accrue upon actual use of a mark in an area and do not extend to areas in which the mark has not been used. In this case, the Band's trademark in "Magic Carpet Ride" in San Jose accrued when advertisements for its March 15, 2008 show appeared in the area. If likelihood of confusion had been found between the Band's mark and the Theatre Company's mark,¹¹¹ the Theatre Company would be able to continue using the mark in San Jose because it began using the mark January 2008, prior to the Band's use in the area. Though the Theatre Company could continue using the mark in San Jose, they would be prohibited from extending their use of the mark into other areas in which the Band was using the mark.¹¹²

VIII. Conclusion

A federally registered trademark is undeniably useful for protecting the intellectual property rights in a mark. But considering that most indie bands have limited resources, filing for and maintaining a federal trademark is not the most cost-effective way to protect a band's trademark. Because of the used-based nature of trademark protection in the United States, infringement, dilution and false designation of origin claims can be successfully pursued or defended without federally registering for or maintaining a trademark; therefore, it is not surprising that indie musicians do not pay \$275 to \$375 per class of goods or services to federally register their band's trademark, \$100 per class of goods or services to publish the mark and \$400 per class of goods or services to renew the mark every ten years.¹¹³

¹¹¹ See discussion *supra* Part VI.

¹¹² See *United Drug*, 248 U.S. at 103.

¹¹³ 37 C.F.R. § 2.6(a).