

## GEOGRAPHIC TRADEMARKS AND THE PROTECTION OF COMPETITOR COMMUNICATION\*

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### I. INTRODUCTION

As the U.S. Supreme Court observed over a century ago, “[n]othing is more common than that a manufacturer sends his products to market, designating them by the name of the place where they were made.”<sup>1</sup> What was true then seems even more true today. Many merchants use geographic names or “toponyms”<sup>2</sup> to brand their goods, either using “the name of the place where they were made” or some other place name that they think will catch consumers’ attention. From the TOYOTA TACOMA to KENTUCKY FRIED CHICKEN,<sup>3</sup> brand names derived from toponyms are thick on the ground.

The most common issue regarding trademark protection for such brand names under U.S. law has traditionally been whether protection is available immediately upon use, or must await proof

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1. *Canal Co. v. Clarke*, 80 U.S. 311, 325, 20 L. Ed. 581 (1872).

2. A toponym is simply “a name of a place.” Webster’s New International Dictionary of the English Language 2670 (2d ed. 1947). We will use terms such as “geographic term,” “place name,” “geographic designation,” and “toponym” interchangeably to refer to all designations of particular places, whether those designations are words, as most are, or are nonverbal symbols or designs. We say “particular place” because we mean to exclude terms referring to types of geographical features, such as “bay” or “archipelago”; but we mean to include places of all sizes, from a single street, such as Rodeo Drive in Beverly Hills, California, to an entire continent or ocean, such as South America or the Indian Ocean.

3. Or, for that matter Tennessee, Ohio, Mississippi, New Jersey, Louisiana, Kansas, Arizona, California, Maryland, Florida, Arkansas, Georgia, or Utah **Fried Chicken**, all of which apparently exist in the metropolitan New York City area. See <http://www.satanslaundromat.com/sl/archives/000452.html> (visited December 2, 2005).

that the brand names have gained “secondary meaning”<sup>4</sup> among consumers. True, a small number of geographic terms are incorporated into generic names for types of goods or services—think brussels sprouts or swedish massage - and under traditional trademark doctrine these can never be protected as trademarks for those goods or services. Another small number of brand names containing geographic terms are found to provide deceptive information to consumers, and are denied protection for that reason regardless of whether they have obtained secondary meaning.

However, for the vast majority of geographic brand names, the crucial issues for trademark protection are whether a demonstration of secondary meaning will be required, and if so how and when that demonstration can be made. The traditional common law approach has been to require the demonstration of secondary meaning for virtually all trademarks consisting of geographic terms. The refusal to grant trademark protection to geographic terms immediately upon first use has largely been grounded upon uncertainty about whether competitors might also need to use such terms to describe their own goods or services. Of course, the competitors are envisioned to be making these descriptions as part of commercial communications to consumers, and the ultimate goal is to benefit consumers as well as producers through support of those commercial communications. The secondary meaning requirement subjects geographic terms to a “market test” of that competitor need, since substantial use of the terms by competitors will prevent secondary meaning from ever arising.

A separate but related issue is whether brand names containing or consisting of toponyms can be registered under federal law. Under the dominant interpretation of the Trademark Act of 1905, no brand name that consisted of a geographic term could ever be registered as a trademark, no matter how remote and obscure the place, on the ground that all place names should remain available for use by all competitors.<sup>5</sup> The Lanham Act of 1946, however, made eligibility for federal registration track the eligibility requirements for common law protection, by requiring secondary meaning to register marks that were “primarily geographically descriptive” or “primarily geographically

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4. See, e.g., *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 769 (1992) (“Marks which are merely descriptive of a product . . . do not inherently identify a particular source, and hence cannot be protected. However, descriptive marks may acquire the distinctiveness which will allow them to be protected under the [Lanham] Act. . . . This acquired distinctiveness is generally called ‘secondary meaning.’”).

5. The history summarized in the next three paragraphs is recounted below in greater detail and with citations. See *infra* Part II.

deceptively misdescriptive.” For the first several decades of the Lanham Act’s administration, those provisions were usually interpreted to require secondary meaning for all trademarks containing terms recognized by the American public as geographic, just as the common law did.

Thus, for a period of about 35 years beginning in 1946, the common law of trademark protection and the federal law of trademark registration shared three key features in their approaches to geographic marks: a reluctance to protect geographic marks immediately; a focus on supporting commercial communication when determining whether and when protection was available; and use of the secondary meaning requirement as a market test for whether competitors needed the term to engage in such communication.

More recently, however, there has been a marked shift away from all three of those key features. A little over two decades ago, courts began to develop a “goods-place association” test that made it more difficult for trademark examiners to deny applications for immediate registration of a geographic mark, and that focused attention on subjective consumer perception of geographic terms rather than the needs of competitors. About ten years later, Congress drastically reduced the use of the secondary meaning requirement. Ostensibly acting to fulfill the United States’s obligations under two international treaties—the North American Free Trade Agreement (NAFTA) and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS)—Congress provided that “primarily geographically deceptively misdescriptive” marks, which were previously registrable upon proof of secondary meaning, could never be registered. In 2003, the U.S. Court of Appeals for the Federal Circuit held that marks were only “primarily geographically deceptively misdescriptive” when the misdescription materially affected consumer purchasing decisions. That holding focused the geographic mark inquiry even more narrowly on consumer protection from fraud rather than competition-promoting commercial communication, and substantially enlarged the category of geographic brand names eligible for immediate trademark protection. Finally, another 2003 decision of the Federal Circuit distinguished goods from services and created even higher standards for demonstrating a “service-place” association, making more geographic brand names for services eligible for immediate trademark protection.

In this article, we defend all three key features of the shared mid-century approach to trademark protection for geographic terms, and challenge the developments that have diminished their influence in trademark law. Those developments were initially changes in judicial perspectives, but also came to include federal legislation and international treaties, so although our critical gaze

will begin with courts, it will eventually reach Congress and the international community.

We argue that the “goods-place association” test’s reliance on current subjective consumer understanding is misplaced, because consumer understandings of most geographic term uses are uncertain and unstable. Because of that uncertainty and instability, the important question to ask is whether there may be legitimate commercial communication that would be burdened by granting trademark rights to a given geographic term. Such a burden is possible whenever there are competitors located in the place named by the geographic term. If there are, then the term should be granted trademark protection and registered only after a demonstration of secondary meaning, because the secondary meaning requirement provides an important safeguard of equal access to the necessities of commercial communication. We also argue that NAFTA and TRIPS did not require Congress to eliminate the role of secondary meaning in determining whether a large category of geographic marks can be registered, and we suggest the outlines of legal provisions that would comply with NAFTA and TRIPS while restoring an intermediate category of marks registrable upon proof of secondary meaning.

Our organization is straightforward. In the first section we review the historical development of the rules governing the protection and registration of geographic marks. In Part III, we evaluate judicial interpretation of the Lanham Act as it existed between 1946 and 1993. We criticize the goods-place association test and the subjective approach that it exemplifies, and advocate the addition of an objective component to that approach to better protect the interests of competitors in communicating with consumers. Finally, in Part IV, we consider the 1993 NAFTA Implementation Act, and the state of geographic trademark policy in its wake.

## II. HOW WE GOT WHERE WE ARE

The historical evolution of the rules governing federal registration of geographic trademarks has been traced elsewhere.<sup>6</sup> Thus, the reader familiar with this history may wish to proceed at once to the following sections. For those unfamiliar with the background, however, a concise version will help to put our critique into a proper context. By our count, the history has five significant eras covering, respectively, the first federal trademark

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6. See, e.g., Mary LaFrance, *Innovations Palpitations: The Confusing Status of Geographically Misdescriptive Trademarks*, 12 J. Intel. Prop. L. 125 (2004) (hereinafter LaFrance); 2 J. Thomas McCarthy, *Trademarks and Unfair Competition* §§ 14:26-14:33 (4th ed. 2005).

statute, in force from 1905 to 1946; the original Lanham Act approach, from 1947 to 1982; the initial period following the decision in *In re Nantucket*,<sup>7</sup> from 1983 to 1992; the decade following the adoption of the NAFTA amendments, from 1993 to 2002; and the current state of the law after the 2003 decisions in *In re California Innovations, Inc.*<sup>8</sup> and *In re Les Halles de Paris, J.V.*<sup>9</sup>

### ***A. 1905 to 1946: Pre-Lanham Act Doctrine Concerning Geographic Marks***

Congress adopted the first effective federal trademark statute in 1905.<sup>10</sup> Under Section 5(b) of that statute, it was impermissible to register any purported trademark that was “merely a geographic name or term.”<sup>11</sup> The predominant view was that the function of the term “merely” was to indicate that the 1905 Act prohibited registration of marks consisting solely of geographic terms,<sup>12</sup> and did not necessarily prohibit composite marks of which geographic terms were only a part.<sup>13</sup> The test for determining

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7. 677 F.2d 95 (C.C.P.A. 1982).

8. 329 F.3d 1334 (Fed. Cir. 2003).

9. 334 F.3d 1371 (Fed. Cir. 2003).

10. 33 Stat. 724 (1905). Congress enacted the first federal trademark statute in 1870, but that statute was not limited to marks being used in interstate commerce. Shortly thereafter the Supreme Court held that law unconstitutional, finding that it could not be sustained under the Congressional authority in the Patent and Copyright Clause of the Constitution. *The Trademark Cases*, 100 U.S. 82 (1879). Although Congress passed a new trademark law in 1881, it was limited to the registration of marks used in foreign commerce. It was only with the 1905 enactment that Congress provided a registration scheme for marks being used in domestic interstate commerce.

11. 33 Stat. 724 at § 5(b). Interestingly, the British trademark statute passed the very same year did allow for registration of geographic terms upon proof of secondary meaning. *See Trade Marks Act 1905*, 5 Edw 7, ch 15, § 9 (5).

12. In at least one case, the Court of Customs and Patent Appeals held that a word was not “merely a geographic name” if it had other connotations, either connotations that existed independently of the applicant’s use, or those acquired as a secondary meaning through the applicant’s use. *See In re Plymouth Motor Corporation*, 46 F.2d 211 (C.C.P.A. 1931) (holding that the Plymouth Motor Corporation did not have to disclaim the word “Plymouth” when seeking to register a composite mark comprising a picture of a sailing vessel on the sea and the words “Chrysler Plymouth”). The *Plymouth Motor Corporation* court cited the applicant’s contentions that “the word ‘Plymouth’ . . . is associated in popular thought with the landing in America of the group known as ‘Pilgrims’; that the word brings to mind certain qualities of ‘endurance,’ ‘strength,’ ‘honesty,’ and ‘determination.’” *Id.* at 212. However, this was clearly the minority view. *See, e.g., In re Canada Dry Ale*, 86 F.2d 830 (C.C.P.A. 1936) (holding that a map of Canada, adjudged to be equivalent to the word “Canada,” could not be registered regardless of whether it had acquired secondary meaning through long exclusive use); *Ex parte Hettrick Manufacturing Company*, 32 U.S.P.Q. 164 (Comm’r Pats. 1937) (suggesting that *In re Canada Dry Ginger Ale, Inc.* overruled *In re Plymouth Motor Corporation*).

13. We cite a number of examples below in footnotes 17 to 23. *See also Estate of P.D. Beckwith, Inc. v. Commissioner of Patents*, 252 U.S. 538, 544-46 (1920) (holding that

whether a particular term was a geographic term was extraordinarily broad. Registration would be denied even if a term had multiple meanings so long as there was one meaning that was geographical, and regardless of whether a non-geographic meaning might be dominant.<sup>14</sup> Moreover, even if the place named was obscure, or indeed entirely unknown to American consumers, the provision barring registration was considered applicable.<sup>15</sup>

If nothing else, this approach had a considerable degree of administrative simplicity to commend it. The examiner reviewing the application needed only check to see if the term in question was listed in an atlas or other geographic source, and if the examiner found any place in the world bearing the name in question, that was the end of the matter. Registration was denied.

This approach was also consistent with the overall scheme of the 1905 Act. That statute only allowed registration of marks that were, in contemporary parlance, inherently distinctive. Marks requiring secondary meaning for common law protection—known at the time as “trade names”—were not registrable. In other words, all descriptive marks were ineligible for federal protection at this time regardless of their length of use or their degree of consumer recognition.<sup>16</sup> Since it had always been thought that geographic marks required secondary meaning for protection, the absolute ban on their registration under the 1905 Act was hardly surprising.

although the words “Moistair Heating System” would by themselves be merely descriptive and thus not registrable under § 5(b) of the 1905 Act, the words in combination with other words and a design were registrable; the Commissioner of Patents could require a disclaimer as to the merely descriptive words, but could not require their elimination from the mark).

14. See, e.g., *Ex parte Hettrick Manufacturing Company*, 32 U.S.P.Q. 164 (Comm’r Pats. 1937) (EDGEWOOD not registrable for furniture because the statute “leaves no room for exception, but forbids registration of all geographical terms, including those with alternative meanings, one of which may be non-geographical.”); *Ex parte Grommes & Ulrich, Inc.*, 27 U.S.P.Q. 152 (Comm’r Pats. 1935) (MARQUETTE not registrable for whiskey because “where a notation has two meanings, one of which is geographical and the other of which is not, it must nevertheless be refused registration.”).

15. See, e.g., *In re Kraft-Phenix Cheese Corporation*, 49 U.S.P.Q. 650 (C.C.P.A. 1941) (the mark CHANTELLE for cheese held unregistrable under the 1905 Act because it is the name of a town in France, and “the fact that the town is little known in this country does not change the situation.”); *In re Westgate Sea Products Company*, 69 U.S.P.Q. 438 (C.C.P.A. 1946) (the mark WESTGATE for canned fish held unregistrable under the 1905 Act because it is the name of two small midwestern towns, even though they are “inconsequential towns.”).

16. See generally, 4A Louis Altman, *Callmann on Unfair Competition*, Trademarks and Monopolies § 26:19 (4th ed. 1981). The 1905 Act did provide that marks that had been used exclusively for 10 years prior to its effective date—that is, since 1895—would be eligible for protection. This could be characterized as a conclusive presumption of secondary meaning for such marks, although the statute did not use that terminology. *Id.* Many trademarks incorporating geographic terms were registered under this provision. See, e.g., U.S. Trademark Registration No. 0064125 for BUDWEISER for beer, which issued July 23, 1907.

Moreover, the rule of the 1905 Act was not as severe as it might first appear. First, courts recognized that not all composite marks containing geographic terms conveyed a geographic meaning. Thus, for example, the U.S. Supreme Court held that the registered mark the AMERICAN GIRL for shoes was not geographically descriptive, because “it does not signify that the shoes are manufactured in America, or intended to be sold or used in America.”<sup>17</sup> Even if the geographic term in a composite mark continued to convey a geographical meaning, the composite mark could be registered, so long as the geographical term did not dominate the mark and it was disclaimed.<sup>18</sup> Registrations for composite marks containing geographic terms seem to have been fairly common. For example, the following marks were registered: VIRGINIA BEAUTY for candy;<sup>19</sup> VIRGINIA GENTLEMEN in stylized form for whisky;<sup>20</sup> OHIO JURISPRUDENCE for law books;<sup>21</sup> FLORIDA CITRUS EXCHANGE as part of a logo for citrus fruits;<sup>22</sup> FLORIDA GOLD in stylized form for canned grapefruit and oranges;<sup>23</sup> CP CHICAGO PNEUMATIC as part of a logo for machine lubricants;<sup>24</sup> MEYER NEW YORK as part of a logo for buttons and clothing ornaments.<sup>25</sup>

Secondly, federal registration under the 1905 Act did not confer many benefits,<sup>26</sup> and most firms looked to state common law

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17. *Hamilton-Brown Shoe Co. v. Wolf Brothers Co.*, 240 U.S. 251 (1916); see U.S. Trademark Registration No. 56,100 (August 21, 1906) (THE AMERICAN GIRL in stylized form for ladies' leather shoes); *R.W. Eldridge Co. v. Southern Handkerchief Mfg. Co.*, 23 F. Supp. 179, 185 (W.D.S.C. 1938) (holding that ALL AMERICAN for handkerchiefs is not geographically descriptive).

18. The cases reflect this rule by their focus on whether non-geographic elements were significant. See *Kraft Cheese Co. v. Coe*, 146 F.2d 313, 314 (D.C. Cir. 1944) (OLD ENGLISH for cheese unregistrable as geographically descriptive where OLD was descriptive and “the only peculiarity of this trademark is the fact that plaintiff uses a familiar Gothic type”); *In re Lamson & Co.*, 135 F.2d 1021, 1023 (C.C.P.A. 1943) (ELMWOOD FARM unregistrable as geographically descriptive because ELMWOOD is the name of several towns and “is clearly the dominant part of the mark”).

19. U.S. Trademark Registration 226,992 (issued April 26, 1927) (disclaimed VIRGINIA).

20. U.S. Trademark Registration 347,081 (issued June 15, 1937).

21. U.S. Trademark Registration 253,404 (issued February 26, 1929).

22. U.S. Trademark Registration 169,047 (issued June 5, 1923).

23. U.S. Trademark Registration 345,625 (issued May 4, 1937).

24. U.S. Trademark Registration 278,921 (issued January 6, 1931) (disclaimed “Chicago” and “Pneumatic.”)

25. U.S. Trademark Registration 191,259 (issued November 4, 1924) (disclaimed “New York”).

26. As Professor McCarthy has noted, “[E]ven with the 1920 amendments, the basic 1905 Trademark Act remained inadequate to cope with the realities of twentieth century commerce and brand names.” 1 McCarthy, *supra* note 6, § 5:3.

for effective protection of their marks.<sup>27</sup> Under the prevailing common law rules in effect during the first half of the twentieth century, a geographic mark could be protected provided the merchant could demonstrate secondary meaning.<sup>28</sup>

### ***B. 1947 to 1982: The Original Lanham Act Approach***

As originally drafted, the Lanham Act contained a single provision explicitly dealing with the registrability of geographic terms. Section 2(e) of the Act provided that a mark that was either “primarily geographically descriptive” or one that was “primarily geographically deceptively misdescriptive” could be registered with a showing of acquired distinctiveness (or secondary meaning).<sup>29</sup> This brought the Lanham Act into harmony with the prevailing common law doctrine and eliminated the absolute ban on registration of the 1905 Act.<sup>30</sup> Of course it still remained significant to determine when a mark was “geographically descriptive” or “geographically deceptively misdescriptive” because that characterization precluded immediate registration upon first use, and triggered the obligation to prove secondary meaning. The statute did not, however, define either of those terms, but left that task to the courts and to the Trademark Trial and Appeal Board (TTAB).

The test that emerged involved essentially two steps. First, the United States Patent and Trademark Office (USPTO) was obliged to determine if the term selected as a mark conveyed to

27. “[T]he Federal Trademark Act of 1905 . . . reflected the view that protection of trademarks was a matter of state concern and that the right to a mark depended solely on the common law.” *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 105 S.Ct. 658 (1985).

28. “[T]he general rule is thoroughly established, that words that do not in and of themselves indicate anything in the nature of origin, manufacture, or ownership, but are merely descriptive of the place where an article is manufactured or produced, cannot be monopolized as a trademark. . . . But . . . [i]t is undoubtedly true that where such a secondary signification has been acquired, its use in that sense will be protected by restraining the use of the word by others in such a way as to amount to a fraud on the public, and on those to whose employment of it the special meaning has become attached.” *Elgin Nat. Watch Co. v. Illinois Watch Case Co.*, 179 U.S. 665, (1901), *overruled on other grounds*, *Hurn v. Oursler*, 289 U.S. 238 (1933). *See, e.g., Vi-Jon Laboratories v. Lentheric, Inc.*, 133 F.2d 947 (C.C.P.A. 1943) (company that had used unregistrable mark SHANGHAI for toilet articles entitled to oppose registration of Night in Shanghai printed in letters simulating Chinese characters for perfumes and hand lotions).

29. Lanham Act, ch. 540, § 2(e), 60 Stat. 427, 429 (1946).

30. As the Chief Examiner of the US Patent and Trademark Office observed shortly after the adoption of the Lanham Act, “[O]ne purpose of the Trademark Act of 1946 . . . was to change the former statute under which any term could be refused registration solely by reason of a geographical meaning, regardless of whether the geographic meaning of the word was minor or obscure or remote . . .” *Ex Parte London Gramophone Corp.*, 98 U.S.P.Q. 362 (Chief Examiner 1953).



consumers primarily or immediately a geographic connotation. If the term was an obscure or remote locale that most consumers would not recognize as a place name, it would be immediately registrable without any need for proof of secondary meaning. If, on the other hand, the mark did indeed convey a geographical significance to the public, the second question was whether the goods actually came from the named place. If they did, the mark would be considered primarily geographically descriptive; if they did not, the mark would be considered primarily geographically deceptively misdescriptive.

Occasional controversies did arise concerning the first prong of the test. For instance, in *In Re Charles S. Loeb Pipes, Inc.*,<sup>31</sup> the applicant sought to register the mark OLD DOMINION for pipe tobacco. It argued that most consumers would not recognize the name as the state nickname of Virginia and that the name “possesses nothing more than an archaic, nostalgic or romantic allusion to the early days in the south and that, as such, it would be completely fanciful to the great majority of Americans.”<sup>32</sup> The TTAB, however, was not persuaded, observing that “[n]icknames and even maps and geographical abbreviations used as trademarks, have, over the years, been treated under the common law and statutory interpretation in the same manner as ordinary geographical marks.”<sup>33</sup>

However, where the marks referenced genuinely arcane or esoteric geographic place names, as in the cases of the German villages of Aying and Jever, which were used respectively by different parties as marks for beer, the TTAB declined to find that consumers would even recognize them as having geographic significance.<sup>34</sup> As the Fifth Circuit summarized the law on this first prong, “[I]t is not the intent of the federal statute to refuse registration of a mark where the geographic meaning is minor, obscure, remote, or unconnected with the goods.”<sup>35</sup>

The second prong of the test was even less controversial because the outcome made no legal difference. Whether or not the goods came from the designated place, the applicant would be obliged to prove secondary meaning. This black-or-white approach was justified by the TTAB on grounds of administrative convenience, as it enabled them to avoid “subjective determinations by eliminating

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31. 190 U.S.P.Q. 238 (T.T.A.B. 1975).

32. *Id.* at 241.

33. *Id.* at 245.

34. *In re Brauerei Aying Franz Inselkammer KG*, 217 U.S.P.Q. 73 (T.T.A.B. 1983); *In re Bavaria St. Pauli Brauerei AG*, 222 U.S.P.Q. 926 (T.T.A.B. 1984).

35. *World Carpets, Inc. v. Dick Littrell's New World Carpets*, 438 F.2d 482 (5th Cir. 1971).

any need to make unnecessary inquiry into the nebulous question of whether the public associates the particular goods with a particular geographical area.”<sup>36</sup>

However, this rule was apparently never applied as woodenly as might appear. In any number of pre-1982 cases, the TTAB and the courts held that clearly geographic terms could be registered without a showing of secondary meaning because they were “arbitrary” for the goods in question. Thus, the Ninth Circuit found the mark DUTCH BOY for paint to be arbitrary in 1955,<sup>37</sup> while the TTAB held the mark HAWAIIAN registrable for flavored ice products without imposing a requirement on the applicant to show secondary meaning.<sup>38</sup>

The Lanham Act contains one other provision of potential relevance in cases involving geographic marks. No mark can be federally registered if it is found to be “deceptive.”<sup>39</sup> Marks that contravene this rule cannot be salvaged by secondary meaning. Deceptiveness, in other words, is an absolute bar to registration, whereas under the original Lanham Act a finding of “deceptive misdescriptiveness” was not. It was necessary, therefore, to distinguish between “deceptively misdescriptive” trademarks (registrable on proof of secondary meaning) and “deceptive” trademarks (never registrable).

In the context of geographic marks, the Board’s early efforts to articulate the boundary between these two statutory categories generated two somewhat inconsistent lines of decisions. One of those focused on the intent of the trademark owner. Thus, as the TTAB noted in *In re Amerise*:<sup>40</sup>

[A] mark consisting of . . . a geographical term is not deceptive under Section 2(a) unless it involves a false assertion

36. *In re Nantucket, Inc.*, 677 F.2d 95, 97 (C.C.P.A. 1982) (quoting brief of Patent Office).

37. *National Lead Co. v. Wolfe, et al.*, 223 F.2d 195 (9th Cir. 1955) (“The fact that ‘Dutch’ as a dictionary term has a geographical significance and that it would be possible for a manufacturer to use that word in connection with his business in its primary geographical sense is beside the point here. . . . No use of the word ‘Dutch’ in a geographical sense is involved here for neither appellant nor appellees are marketing products or goods ‘likely to be understood by purchasers as representing that the goods or their constituent materials were produced or processed in the place designated by the name or that they are of some distinctive kind or quality as the goods produced, processed or used in that place.’” (quoting Restatement of Torts)).

38. *In re Circus Ices*, 158 U.S.P.Q. 64 (T.T.A.B. 1968). See also *In re International Minerals & Chemical Corp.*, 147 U.S.P.Q. 262 (T.T.A.B.) (holding KENTUCKY TURF for fertilizer registrable without requiring proof of secondary meaning).

39. 15 U.S.C. § 1052(a). This provision appeared in the original version of the statute adopted in 1946 and has not been amended in the ensuing 60 years.

40. 160 U.S.P.Q. 687 (T.T.A.B. 1969) (mark ITALIAN MAIDE for food products held primarily geographically deceptively misdescriptive, but not deceptive).

calculated, either planned, designed, or implied to deceive the public as to the geographical origin of the goods bearing the mark. This contemplates situations where a party applies a geographical designation to a particular product knowing that it will bestow upon the product an appearance of greater quality or saleability not actually possessed by it with the intention thereby of inducing or misleading a particular class of consumers into purchasing this product.<sup>41</sup>

However, just one year earlier, in *In re Sweden Freezer Mfg. Co.*,<sup>42</sup> the TTAB had observed that a geographic mark should be held deceptive only when “the impression created by the use of a term which has geographical significance is likely to give to the article sold thereunder an appearance of greater merit, quality or saleability not actually possessed by the product thereby inducing or misleading a particular class of consumers into purchasing this product.” This focus on “merit” or “saleability” was roughly equivalent to the standard the courts had formulated to identify deceptive marks in the non-geographic cases. In that context, the courts had embraced a standard of “materiality” as the key to the distinction between deceptive matter and misdescriptive matter. This test focused on whether the inaccurate data communicated by the mark under analysis would be important to consumers.<sup>43</sup> As Professor McCarthy has summarized, the “materiality” test focuses upon the question of whether purchasers care whether the product contains the misdescribed quality or comes from the geographic location named.<sup>44</sup>

By 1983, the Board explicitly repudiated the intent standard, and embraced materiality as the key dividing line between inaccurate geographic marks that could be salvaged by secondary meaning, and those that were beyond redemption, declaring, “it seems to us that intent of the user of the mark should not be an element of a case of geographical deceptiveness. . . . The better approach, we believe, is to determine whether the deception is material to the purchasing decision. If so, the mark is deceptive within the meaning of Section 2(a).”<sup>45</sup>

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41. *Id.* at 691.

42. 159 U.S.P.Q. 246 (T.T.A.B. 1968) (mark SWEDEN for artificial kidney machines held not to be deceptive).

43. *See e.g., Gold Seal v. Weeks*, 129 F. Supp. 928, (D.D.C. 1955) *aff'd per curiam*, 230 F.2d 832 (D.C. Cir.), *cert. denied*, 358 U.S. 829 (1956) (mark GLASS WAX for cleaning product containing no wax held to be deceptively misdescriptive, but not deceptive, on the grounds that consumers would not feel aggrieved if they learned about the absence of wax in the product).

44. 2 McCarthy, *supra* note 6, § 11:58. *See also*, Kenneth Germain, *Trademark Registration Under Section 2(a) and 2(e) of the Lanham Act: The Deception Decision*, 44 Fordham L. Rev. 249, 267 (1976).

45. *In re House of Windsor, Inc.*, 221 U.S.P.Q. 53 (T.T.A.B. 1983).

Over the years, the TTAB has found relatively few geographic marks deceptive. Examples include the mark MAID IN PARIS for perfume not originating in the French capital,<sup>46</sup> and the mark DANISH MAID CULTURED PRODUCTS for dairy products not originating in Denmark.<sup>47</sup> As we shall see, however, the materiality test has assumed a new and different role in the more recent case law.

### *C. In re Nantucket and the “Goods/Place Association”*

In 1978, a firm called Nantucket, Inc. filed an application to register the mark NANTUCKET for men’s shirts. Under the prevailing test, the examiner first used a dictionary to determine that “Nantucket” would be recognized as a geographic term by the consuming public. Once that question was answered in the affirmative, the mark would necessarily be classified as either geographically descriptive or primarily geographically misdescriptive, depending on the origin of the goods. Since the applicant was based in North Carolina, and since it had conceded that the goods did not originate from Nantucket Island, the examiner determined that it fell into the latter category. Because the applicant had not submitted any proof of secondary meaning, the examiner denied the application, and that determination was sustained by the TTAB.<sup>48</sup>

The applicant appealed to the Court of Customs and Patent Appeals, which reversed. It held that the “flaw in the board’s test” was “its factoring out the nature of applicant’s goods,” and its “failure to give appropriate weight to the presence of [the word] ‘deceptively’ in 2(e)(2).”<sup>49</sup> Chief Judge Markey, writing for the court, explained,

[G]eographically deceptive misdescriptiveness cannot be determined without considering whether the public associates the goods with the place which the mark named. If the goods do not come from the place named and the public makes no goods-place association, the public is not deceived and the mark is accordingly not geographically deceptively misdescriptive.<sup>50</sup>

Applying this newly announced test to the facts before the court in a single paragraph at the end of the opinion, Judge Markey declared that “there is no indication that the purchasing

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46. *In re Richmond*, 131 U.S.P.Q. 441 (T.T.A.B. 1961).

47. *In re Danish Maid Cultured Products, Inc.*, 156 U.S.P.Q. 430 (T.T.A.B. 1967).

48. *In re Nantucket, Inc.*, 209 U.S.P.Q. 868 (T.T.A.B. 1981).

49. *In re Nantucket, Inc.*, 677 F.2d 95 (C.C.P.A. 1982).

50. *Id.* at 99.

public would expect men's shirts to have their origin in Nantucket when seen in the market place with NANTUCKET on them."<sup>51</sup> Although the brevity of his discussion makes it hard to be certain, he appeared to rest that conclusion on the absence of evidence in the record to the contrary, rather than on a determination on the merits. Of course, the lack of such evidence would most likely be explained by the fact that neither the examiner nor the TTAB thought that type of evidence was necessary under the legal test that governed at the time the mark was examined. Yet even though the requirement of a goods-place association was a newly announced legal test, the court did not think it necessary to return the case to the examiner to see if any evidence on that issue could be adduced.

Judge Nies, in her concurring opinion, did offer a suggestion of how goods-place association might be determined in future cases. She observed,

The PTO frequently makes use of telephone directories in connection with proving surname significance. The same type of evidence could be made of record to show that businesses dealing in the same or related goods exist in the named area. This would, in my view make a prima facie case.<sup>52</sup>

She then went on to speculate that "with a name such as NANTUCKET, one would expect that there are at least some goods for which the term is arbitrary."<sup>53</sup>

She did not indicate why she thought there were no vendors or manufacturers of shirts on Nantucket.<sup>54</sup>

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51. *Id.* at 101.

52. *Id.* at 106 (Nies, J., concurring).

53. *Id.*

54. While it is unclear what the situation would have been in 1982, it is hard to imagine that a major resort and vacation destination like Nantucket did not have a number of stores selling leisure wear and T-shirts, some of which might have been either made, or decorated on the island. For example, a company called Murray's Toggery Shop claims to have been selling a line of clothing, starting with pants but now including shirts, under the name "Nantucket Reds" since the mid-1940s. See [http://www.nantucketreds.com/reds\\_history.html](http://www.nantucketreds.com/reds_history.html). In 2005, the website of the Nantucket Chamber of Commerce listed three T-shirt vendors, including one called Nantucket Peddlers. See <http://www.nantucketchamber.org/directory/merchants/> (visited March 20, 2006). The online phone directory "switchboard.com" yields 5 businesses in response to a search for the keyword "shirts" in Nantucket, Massachusetts. At least one business on Nantucket, called The Sunken Ship, sells a variety of shirts emblazoned with the word "Nantucket" on the chest (and one with the legend "I am the man from Nantucket"). See [http://www.sunkenship.com/MX\\_Kart/t\\_shirts.php](http://www.sunkenship.com/MX_Kart/t_shirts.php) (visited March 20, 2006). It is hard to imagine that the law clerks of Judges Markey and Nies would have been unable to find similar information even without the convenience of the Internet to assist them. [Editor's note: A Nantucket business was selling so-called "Nantucket Whaling Shirts" in the early 1980s, to the editor's recollection. They were said to be a reproduction of whaling shirts worn historically in Nantucket. RMK.]

Beyond the suggestion in the concurrence to consult telephone directories, there is nothing else in the *Nantucket* decision illuminating when or how a goods-place association should be found. Indeed, as the TTAB pointed out very shortly after *Nantucket* was decided, “*Nantucket* gave no specific guidance as to how a goods-place association may be established with respect to marks held primarily geographically descriptive.”<sup>55</sup>

For the following decade, the TTAB and the newly created Court of Appeals for the Federal Circuit did the best they could to ascertain whether a goods-place association existed as they confronted the enormous number of applications involving geographic place names. Along the way, they announced a few subsidiary rules that purported to guide the process of determining whether the all-important association existed. Much of that meager body of law is summarized in the Trademark Manual of Examining Procedure,<sup>56</sup> and will be discussed in the following section, after we conclude our chronological recap.

#### ***D. NAFTA and TRIPS***

The foregoing doctrinal evolution took place largely without regard to the law in other countries. Although the world community had concluded two treaties dealing specifically with the topic of geographic indicators,<sup>57</sup> the United States had opted not to sign either,<sup>58</sup> and was subject only to two rather weak provisions of the Paris Convention.<sup>59</sup> This history of splendid isolation ended in 1993 with the U.S. adoption of the North American Free Trade Agreement, or NAFTA.

Chapter 17 of NAFTA contains a number of rules dealing with intellectual property, one of which specifically addresses the issue of geographical indications. The most relevant language for the present discussion, contained in Article 1712, provides”

55. *In re Handler Fenton Westerns, Inc.*, 214 U.S.P.Q. 848, 850 (T.T.A.B. 1982). In the following year the TTAB observed that the requisite goods/place association exists if the public would conclude that the mark “imparts information about the geographic origin of the goods.” *In Re House of Windsor*, 221 U.S.P.Q. 53, 55 (T.T.A.B. 1983).

56. See Trademark Manual of Examining Procedures § 1210.04, (5th ed. 2005).

57. They are, respectively, the Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods, April 14, 1891, revised Oct. 31, 1958, 828 U.N.T.S. 389, available online at [http://www.wipo.int/treaties/en/ip/madrid/trtdocs\\_wo032.html](http://www.wipo.int/treaties/en/ip/madrid/trtdocs_wo032.html) and the Lisbon Agreement for the Protection of Appellations of Origin, October, 31, 1958, amended September 28, 1979, available online at [http://www.wipo.int/lisbon/en/legal\\_texts/lisbon\\_agreement.htm](http://www.wipo.int/lisbon/en/legal_texts/lisbon_agreement.htm).

58. As of this writing, the United States has still not signed these treaties, and, in the authors’ opinion is unlikely to do so anytime soon.

59. For a discussion of those provisions, see *infra* note 191.

(1) Each Party shall provide, in respect of geographical indications, the legal means for interested persons to prevent:

(a) the use of any means in the designation or presentation of a good that indicates or suggests that the good in question originates in a territory, region or locality other than the true place of origin, in a manner that misleads the public as to the geographical origin of the good; . . .

(2) Each Party shall, on its own initiative if its domestic law so permits or at the request of an interested person, refuse to register, or invalidate the registration of a trademark containing or consisting of a geographical indication with respect to goods that do not originate in the indicated territory, region or locality, if use of the indication in the trademark for such goods is of such a nature as to mislead the public as to the geographical origin of the good.<sup>60</sup>

Shortly after this provision came into force Congress adopted the North American Free Trade Agreement Implementation Act<sup>61</sup> which, in part, attempted to conform the Lanham Act to the new treaty obligation set out above. Congress accomplished that result by uncoupling the category of “primarily geographically deceptively misdescriptive” (hereafter PGDM) marks from that of “primarily geographically descriptive” ones and providing that the former could no longer be salvaged by proof of secondary meaning.<sup>62</sup> As a result of this legislation, a finding that a mark was PGDM would become an absolute bar to registration.

Just two years after these developments, work was finalized on the new World Trade Organization treaty and its accompanying intellectual property agreement known as the Agreement on Trade Related Aspects of Intellectual Property Rights or TRIPS. Like NAFTA, TRIPS addresses geographical indications. It does so in two respects. First, Article 22 of TRIPS contains language substantially identical to the passages of NAFTA Article 1712 quoted above, requiring WTO members both to refuse to register geographical indications, and to allow interested parties to bring legal actions to prevent their use, if they would mislead the public as to the true place of origin of goods.<sup>63</sup> Second, Article 23 of TRIPS provides even greater protection for geographical indications used

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60. North American Free Trade Agreement, Dec. 17, 1992, art. 1712, 32 I.L.M. 289 (1993).

61. Pub. L. No. 103-182, 107 Stat. 2057 (1993).

62. *Id.* at § 333(a)(2), codified at 15 U.S.C. §§ 2(e)(3), 2(f).

63. See Agreement on Trade-Related Aspects of Intellectual Property Rights, opened for signature April 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, Legal Instruments-Results of the Uruguay Rounds vol. 31 (hereinafter TRIPS), Arts. 22(2), 22(3), 1869 U.N.T.S. 299 (1995).

in connection with wines and spirits because it prohibits the registration of an indication which identifies a place that is not the source of a given wine or spirit, regardless of whether that indication is misleading.<sup>64</sup>

Because the provisions in TRIPS Article 22 addressing geographical indications in general were substantially identical to those in NAFTA, and Congress had already amended the Lanham Act to conform to NAFTA, the WTO treaty did not result in any general change in U.S. legal treatment of geographic marks. Rather, the only further change in U.S. law concerning geographic marks was a provision implementing the heightened protection for wines and spirits under Article 23. That provision added an additional item to the list of marks permanently barred from registration under Section 2(a) of the Lanham Act, namely, “a geographical indication which, when used on or in connection with wines or spirits, identifies a place other than the origin of the goods.”<sup>65</sup>

In sum, the major legacy of NAFTA and TRIPS for the treatment of geographic marks under U.S. law was the absolute ban on registration of PGDM marks, which under the NAFTA Implementation Act could no longer be saved by secondary meaning. For a decade after the passage of that Act, the USPTO, the TTAB, and the Federal Circuit all continued to use the criteria that had been applicable before the Act for determining whether or not a mark was PGDM. Those criteria included a requirement that the mark have as its primary significance a generally known

64. *Id.* Art. 23(2). Article 23 also requires WTO members to enable interested parties to bring legal actions to prevent the use of such indications even if the true origin of the wines or spirits is indicated and even if the indications are accompanied by words like “style” or “imitation.” *Id.* Art. 23(1). For example, under this provision a vintner from the Burgundy area of France should be able to prevent a California vintner from using the designation “Napa Valley Imitation Burgundy.” In Article 24(1) of TRIPS, WTO members agreed to enter negotiations aimed at protecting other geographical indications under the higher standards of Article 23, *see id.* Art. 24(1), and the European Community, in particular, has made efforts to promote such extended protection. *See, e.g.,* Burkhart Goebel, *Geographical Indications and Trademarks—The Road from Doha*, 93 TMR 964, 986-87 (2003) (discussing the call for such extension). Given the opposition to such extension from such “new world” countries as the United States, Australia, Canada, and Chile, however, it seems unlikely that it will occur anytime soon, if ever.

65. 15 U.S.C. § 1052(a), added by the Uruguay Round Agreements Act, Pub. L. No. 103-465, 108 Stat. 4809, § 522 (1994). This ban is applicable only to those indications first used by the applicant one year after the WTO Agreement enters into force with respect to the United States. *See id.* More recently, the United States and the European Community entered into an Agreement on Trade in Wine which, among other things, obligates the United States to seek legislation prohibiting any new use of certain terms of geographic derivation, such as “burgundy,” “chablis,” “champagne,” “port,” “rhine,” and “sherry,” on wines originating outside of the European Community. *See* Agreement between the United States of America and the European Community on Trade in Wine at [http://www.ustr.gov/assets/Document\\_Library/Fact\\_Sheets/2005/asset\\_upload\\_file917\\_8030.pdf](http://www.ustr.gov/assets/Document_Library/Fact_Sheets/2005/asset_upload_file917_8030.pdf) (initialled Sept. 14, 2005).



geographic place; a “goods/place association”; and a finding that the goods did not, in fact, come from the place indicated by the mark. A materiality requirement, however, was nowhere in sight.<sup>66</sup> The addition of such a requirement marks the beginning of a new, final chapter in the history of U.S. legal treatment of geographic marks to date.

### ***E. California Innovations, Les Halles, and Beyond***

The year 2003 brought two significant decisions from the Federal Circuit on geographic marks. The first, *In re California Innovations Inc.*,<sup>67</sup> added a materiality requirement to the criteria necessary to find a trademark PGDM. The second, *In re Les Halles de Paris J.V.*,<sup>68</sup> articulated higher burdens for finding a service mark to be PGDM, as opposed to a trademark for goods, both with respect to the requirement of a “goods-place” or “services-place” association, and with respect to the newly recognized materiality requirement.

In *In re California Innovations*, the USPTO refused to register the mark CALIFORNIA INNOVATIONS for insulated bags and related items on the ground that it was PGDM, and the TTAB upheld that refusal.<sup>69</sup> The Federal Circuit reversed, holding that the USPTO and TTAB erred in finding a trademark PGDM without a demonstration that the geographic misrepresentation was material to a consumer’s decision to purchase the goods.

The court gave two reasons for imposing a materiality requirement in this context. First, it noted that the NAFTA amendments rendered the consequences of being deemed PGDM the same as those for being deemed deceptive: permanent denial of registration. Because the legal consequences of falling into those two categories were now the same, the court concluded that the standards for inclusion in those categories should also be the same.<sup>70</sup> Second, it reasoned that a failure to include a materiality

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66. Of course, materiality had become a requirement for a mark to be deemed deceptive under § 2(a), see text accompanying notes 40-45, but not for a mark to be deemed PGDM under § 2(e). See, e.g., *In re Save Venice New York, Inc.*, 259 F.3d 1346, 1352 (Fed. Cir. 2001) (upholding the TTAB’s affirmance of the USPTO’s refusal to register THE VENICE COLLECTION and SAVE VENICE, INC. for a variety of goods, and citing pre-1993 precedent for the requirements for a mark to be deemed PGDM); *In re Wada*, 194 F.3d 1297, 1300 (Fed. Cir. 1999) (upholding the TTAB’s affirmance of the USPTO’s refusal to register NEW YORK WAYS GALLERY for luggage, bags, and wallets, and citing pre-1993 precedent for PGDM requirements).

67. 329 F.3d 1334 (2003).

68. 334 F.3d 1371 (2003).

69. See *In re California Innovations, Inc.*, 2002 WL 243562 (2002).

70. See *Wada*, 194 F.3d at 1339 (“The classifications under the new § 1052 clarify that the two deceptive categories both receive permanent rejection. Accordingly, the test for rejecting a deceptively misdescriptive mark is no longer simple lack of distinctiveness, but

requirement in the PGDM criteria would “almost read the term ‘deceptively’ out of §1052(e)(3).”<sup>71</sup> To give that term a plausible meaning, the court reasoned that materiality had to be part of the PGDM test.

Although two other Federal Circuit cases on PGDM marks decided after the NAFTA amendments did “not expressly address the materiality issue,”<sup>72</sup> the *California Innovations* court concluded that these cases nevertheless reached results consistent with a materiality requirement. In both cases, the trademarks referred to places that were “known,” “well-known,” or “renowned” for the products at issue.<sup>73</sup> The *California Innovations* court concluded that a finding that the place indicated by the mark is noted for the goods on which the mark is proposed to be used is sufficient to raise a presumption of materiality.<sup>74</sup>

The *California Innovations* decision has resulted in a number of dramatic changes in the legal analysis and treatment of geographic trademarks. Most notably, the decision creates a category of geographically misdescriptive marks that are *immediately registrable*, while both geographically descriptive marks, and marks that are descriptive or deceptively misdescriptive in ways unconnected with geography, still require secondary meaning to be registered upon the Principal Register.<sup>75</sup> In many cases, the decision also shifts the focus of inquiry from the goods-place association, which was crucial and therefore under constant examination and development in the first two decades after *In re Nantucket*, to the requirement of “materiality.” In particular, in the context of the initial examination of registration applications, the decision pointedly raises the question of what kind of evidence examining attorneys can locate and present in support of a finding that a geographic misrepresentation is in fact material to a purchase decision.

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the higher showing of deceptiveness.”); *id.* at 1340 (“[B]y placing geographically deceptively misdescriptive marks under subsection (e)(3) in the same final circumstances as deceptive marks under subsection (a), the NAFTA Act also elevated the standards for identifying those deceptive marks.”)

71. *Id.* at 1340.

72. *Id.* at 1341.

73. *Id.*

74. *Id.*

75. See 15 U.S.C. § 1052(e)(1) (authorizing a refusal to register a mark which “when used on or in connection with the goods of the applicant is merely descriptive or deceptively misdescriptive of them”); 15 U.S.C. § 1052(e)(2) (authorizing a refusal to register a mark which “when used on or in connection with the goods of the applicant is primarily geographically descriptive of them”); 15 U.S.C. § 1052(f) (providing that “[e]xcept as expressly excluded in [certain subsections that do not include (e)(1) or (e)(2)], nothing in this chapter shall prevent the registration of a mark used by the applicant which has become distinctive of the applicant’s goods in commerce.”).

The final piece in the historical puzzle is the case of *In re Les Halles de Paris J.V.*,<sup>76</sup> decided shortly after *California Innovations*. The *Les Halles* case involved the mark LE MARAIS for a restaurant in New York that served kosher French cuisine. The TTAB had upheld the PTO's refusal to register the mark on the ground that the mark was PGDM, because Le Marais was a traditionally Jewish neighborhood in Paris, while the restaurant was located in New York and had no commercial connection to the Parisian neighborhood.<sup>77</sup> The Federal Circuit used the case as an opportunity to elaborate on the application of its new *California Innovations* PGDM test to services. In two respects, it imposed more demanding evidentiary burdens to support a finding that a service mark, as opposed to a mark for goods, was PGDM.

First, the court asserted, a services-place association, unlike a goods-place association, cannot be presumed from the fact that the place indicated by the mark is known for the services in question.<sup>78</sup> A consumer who purchases, say, fabric in New York does not know where the fabric was made, and thus could easily be led to believe that the fabric was made in Paris by the use of a mark that incorporated the name of that city or one of its neighborhoods. By contrast, reasoned the court, a customer entering a restaurant in New York knows that the restaurant services are being rendered in New York, not Paris.<sup>79</sup> Thus, there must be some further demonstration that restaurant patrons would be led to believe that the restaurant services nonetheless in some way originated in the place named by the mark—perhaps that the food was imported from that place, or the chef trained there.

Second, the court held, an inference that the services-place association is material to a customer's decision to purchase cannot be drawn merely from evidence that the place is famous for the services at issue, as it can with goods. Rather, the USPTO must either demonstrate a very strong services-place association, or must present other direct evidence of materiality.<sup>80</sup> The example of such evidence that the court mentions—an advertisement by a restaurant that its chef's training in the place indicated by the mark is "a reason to choose this restaurant"<sup>81</sup>—suggests that materiality will be particularly hard to prove when the service

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76. 334 F.3d 1371 (2003).

77. See *In re Les Halles de Paris J.V.*, 2002 TTAB LEXIS 263 (May 2, 2002).

78. 334 F.3d at 1374.

79. *Id.* at 1373.

80. *Id.* at 1374.

81. *Id.*

mark is not yet in use at the time of examination, and no promotional or informational literature is yet available.<sup>82</sup>

The *California Innovations* and *Les Halles* cases, then, exemplify all three of the broad trends that we can discern when looking back over the sweep of a century of U.S. legal treatment of geographic marks: increasing liberalization in the registration of such marks; an increasing emphasis on consumer perception, as manifested by the “goods-place association” and “materiality” tests; and a declining role for secondary meaning, as the choice whether or not to protect geographic trademarks has increasingly become an “all-or-nothing” matter.

### III. GEOGRAPHIC TERMS UNDER THE ORIGINAL LANHAM ACT: IN SEARCH OF A PRO-COMPETITIVE APPROACH

Now that we have completed our whirlwind tour through the history of geographic terms in trademark law, our task becomes prescriptive: sorting out the good developments from the bad. By “good developments,” we mean generally those rules that tend to further competition in ways that benefit consumers. By “bad developments,” we mean rules that tend to allow firms to use trademark rules to achieve unjustified market power, which allows them to raise prices to the detriment of consumers. In this section, we will focus on judicial interpretation of the Lanham Act as it existed between 1946 and 1993. We develop an account of the traditional interest in protecting merchants’ ability to tell consumers about the qualities of the goods and services they offer, which is to say, their ability to engage in commercial communication. We then develop accounts of the interests that weigh in favor of and against granting trademark protection to geographic designations, and of the roles of the descriptive fair use defense and secondary meaning in balancing these interests. In light of those accounts, we then evaluate the goods-place association test and the subjective approach that it exemplifies. We argue that a subjective approach cannot adequately protect commercial communication, and we advocate the addition of an objective component to strengthen that protection.

It turns out that the bulk of our analysis of geographic marks is in this section, which may seem odd, since the statutory framework we discuss in this section has not existed for over a decade. There is a reason for this. The statutory framework for

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82. See David J. Kera & Theodore H. Davis Jr., *The Fifty-Seventh Year of Administration of the Lanham Trademark Act of 1946*, 95 TMR 5, 12 (2005) (making this point).

geographic marks during this era was relatively clear. As we explain below, the 1993 NAFTA Implementation Act went further than necessary to conform U.S. law to NAFTA, and in the process moved the law away from an optimum balance of the interests. The 2003 decision of the Federal Circuit in *In re California Innovations* then interpreted those NAFTA amendments in a surprising and counterintuitive way, adding another layer of confusion. We think it is best to postpone consideration of the muddled result until Part IV, after we have worked through a more simple model.

### ***A. Framework for Evaluating Consumer Interests***

The rules we are interested in evaluating are those that determine whether a trademark that uses a geographic designation will be protected and registrable: (1) immediately; (2) after a showing of secondary meaning; or (3) never. This evaluation must take account of the potential costs of extending trademark protection to geographic designations; of the potential benefits; of the scope of trademark protection granted; and of the purposes served by delaying protection until secondary meaning is proven. We consider each of these in turn.

#### **1. Costs of Protecting Toponyms as Trademarks**

Affording trademark protection to a word or phrase makes that word or phrase largely unavailable to competing merchants.<sup>83</sup> To the extent that the word or phrase uniquely communicates important information to consumers, competitors who are precluded from using it cannot inform consumers that they are offering goods or services that in at least one respect are equivalent to those of the mark owner. That, in turn, gives the mark owner a degree of market power, permitting it to raise prices above those that would have prevailed in a more competitive environment, leaving consumers worse off.

Historically, therefore, the central concern of trademark policy in granting protection to marks incorporating geographic terms has been the desire to avoid burdening the ability of competitors to communicate effectively with their customers. To provide information about the geographical origin of goods and services is simply to describe one of their features, and thus this concern is of a piece with protecting descriptive uses and commercial communication more generally. As the U.S. Supreme Court stated in 1920, if competitors can make like goods, then they “with equal

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83. The qualification “largely” reflects the fact that under the descriptive fair use defense, competitors retain legal rights to use descriptive terms. We will consider the implications of that defense below.

truth, may use, and must be free to use, the same language of description in placing their goods before the public.”<sup>84</sup> This insight underlies the very idea of distinctiveness, and of a “distinctiveness spectrum” from generic to fanciful.<sup>85</sup>

Granting trademark rights to a geographic term makes it more difficult for a competitor who is located in the place designated by the term to inform the public of its location. This is true whether or not the trademark holder is also located in that place. For example, granting trademark rights to SANTA CRUZ for surfboards to a company located in Santa Cruz, California<sup>86</sup> will make it more difficult for another Santa Cruz, California-based surfboard maker to inform the public of its location; granting trademark rights to SANTA CRUZ for video and computer game sound cards to a company located in Yonkers, New York<sup>87</sup> will likewise make it more difficult for a sound card maker actually located in Santa Cruz, California to tell the public of that fact.

Geographic origin may be important to consumers for a variety of reasons. Consumers may know, for example, that a particular region has climatic and soil conditions that contribute desirable qualities to an agricultural product; such ties between agricultural products and the locations in which they are grown makes them the focus of much of the international debate currently raging over protection for geographical indications.<sup>88</sup> Consumers may also know that a region has a tradition of fine craftsmanship in a particular field of manufacturing. They may want to use their purchasing power to help the economy of a particular region, or to avoid helping it. They may believe that local manufacturers will likely be more accountable if a product is defective. It is easier to return a defective product to a local manufacturer for repair or refund, and as a member of the local political and social community the manufacturer is susceptible to a wider variety of channels of persuasion.

In addition, geographic terms may sometimes provide the sole means of conveying important non-geographic information. “Hunan” is the only convenient way of describing the distinctive traditional cuisine of the Hunan province of China, even though that cuisine can be prepared outside of the province, and is not the

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84. *Estate of P.D. Beckwith, Inc. v. Commissioner of Patents*, 252 U.S. 538, 544 (1920).

85. *See, e.g., Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4 (2d Cir. 1976).

86. *See* U.S. Trademark Registration Application Ser. No. 78163117 (filed September 11, 2002).

87. *See* U.S. Trademark Registration No. 2666399 (issued December 24, 2002).

88. Justin Hughes, *Champagne, Feta, and Bourbon: The Spirited Debate about Geographical Indications*, 58 *Hastings L. J.* \_\_\_\_ (forthcoming, 2006), available at [http://papers.ssrn.com/sol3/cf\\_dev/AbsByAuth.cfm?per\\_id=331959](http://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=331959).

only cuisine practiced there. In cases of this sort, granting trademark protection to geographic terms may sometimes also make it more difficult for competitors to convey non-geographic information to consumers.

Thus, one cost of overly lenient rules regarding geographic marks is to hinder competitors in providing information valued by consumers. That, in turn, will lessen consumers' ability to determine whether two brands of a given product are, in fact, identical regarding a key trait. The result is increased search costs for consumers, and inappropriate market power in the hands of the party controlling the use of the geographic term.

If a good or service does not originate in a place designated by a given geographic term, another undesirable effect of granting exclusive rights to use the term may be aiding a merchant in providing inaccurate information to consumers. Of course, a merchant does not need exclusive rights in a term to use it to deceive consumers, so the problem of deception is not completely addressed by denying exclusive rights. Thus, the Lanham Act also makes any person who misrepresents the geographic origin of his or her goods or services civilly liable to others who are damaged by such a misrepresentation.<sup>89</sup> However, the potential for injury is exacerbated by enabling a merchant to build a brand based on deception, and by lending the deceptive use of a term the appearance of official sanction, through, for example, the display of a ® symbol.

## 2. The Benefits of Protecting Geographic Marks

At one extreme, one could extend the hard line of the 1905 Act on registration and deny all trademark protection for geographic terms, whatsoever. This, however, would force merchants to forego some important and possibly innocuous benefits of some uses of geographic terms as source indicators.

For example, many geographic terms are memorable and enable consumers to more easily recall the merchant's goods or services and their qualities. AMAZON for online retailing services<sup>90</sup> is certainly easier to remember than 69.227.133.72<sup>91</sup> for online retailing services. In particular, many geographic terms are well known around the world, and they have become standardized among people who speak many different languages, thus enabling merchants to build internationally memorable brands. In addition,

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89. See 15 U.S.C. § 1125(a)(1)(B). Various state laws also provide private remedies against firms that engage in misleading practices of this sort.

90. See U.S. Trademark Registration No. 2832943 (issued April 13, 2004).

91. One of the Internet Protocol Addresses assigned to Amazon.com, Inc. See <http://ws.arin.net/cgi-bin/whois.pl?queryinput=69.227.133.72> (visited January 17, 2006).

many geographic terms can provide suggestive information about the qualities or traits of goods and services while preserving competitors' access to directly descriptive terms and to other equally suggestive terms. BAJA FRESH for restaurant services<sup>92</sup> suggests Mexican cuisine, but leaves competitors free to use "Mexican" in the names of their restaurants, and also to use many other names of places in Mexico (as well as many other words that are evocative of Mexico) to signal that the restaurants serve Mexican cuisine.<sup>93</sup> Many geographic terms also have a mystique or caché—an evocative power—that lends a desirable aura to merchants' offerings. PARK AVENUE for automobiles<sup>94</sup> does not just provide somewhat weak information about the car model so named, but may itself contribute to the experience and allure of the car.<sup>95</sup> While the social value of such an effect may be more controversial, there is certainly a long tradition of allowing merchants to exploit that effect if the use of the term in question does not raise other concerns.

### 3. The Scope of Protection and the Doctrine of Descriptive Fair Use

The benefits and costs of trademark protection depend, of course, on the scope of the rights granted. Thus, federal registration can have more serious consequences than common-law trademark protection usually does because the rights that follow from registration are broader, and make it possible, for example, to obtain rights to a trademark beyond the geographic region of actual use of that mark. In turn, common-law protection provides more serious consequences than the minimal unfair competition protection afforded even to marks that have become generic.<sup>96</sup>

If the most important policy goal in regulating protection of geographic marks is that of preserving access to terms competitors need to describe their goods, then the most important feature of the protection granted is the exception for descriptive fair use. This

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92. See U.S. Trademark Registration No. 2301436 (issued December 21, 1999).

93. This analysis would be different if the key aspect of the cuisine in question were unique to the region of Baja California. If that were the case, there would be few, if any, viable synonyms for competitors.

94. See U.S. Trademark Registration No. 1526752 (issued February 28, 1989).

95. See, e.g., Shahar Dilbary, *Famous Trademarks and the Rational Basis for Protecting Irrational Beliefs*, U. Chicago Law & Economics, Olin Working Paper No. 285 (2006), available online at <http://ssrn.com/abstract=890632>.

96. See, e.g., *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 120 (1938) (holding that even though the term "shredded wheat" had become generic, a competitor must exercise its right to use the term "in a manner which reasonably distinguishes its product from that of the plaintiff [which initially used the term]").



exception is sometimes framed as a defense, and sometimes as a matter of the scope of injunctive relief.

The doctrine of descriptive fair use rests on the policy judgment that even if one merchant has gained trademark protection for a term, other merchants should still be able to use that term not as a trademark but to describe a good or service that has the nature or qualities to which the term refers. Descriptive fair use has long been recognized at common law as a limit on injunctive relief against the use of geographic terms,<sup>97</sup> and is explicitly acknowledged in federal law at Sections 33(a)<sup>98</sup> and 33(b)(4)<sup>99</sup> of the Lanham Act.<sup>100</sup>

Obviously, the descriptive fair use doctrine is an important additional safeguard for a competitor's ability to communicate freely and thus is a safeguard of consumer interests. The fact that it is available even when a mark has been granted immediate protection may therefore seem to reduce the risks of dispensing with a secondary meaning requirement and allowing firms to appropriate geographic designations immediately upon first use. However, the effectiveness of this defense depends on its scope. The U.S. Supreme Court's recent consideration of that scope in the case of *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*<sup>101</sup> confirms that the defense is unlikely to be strong enough to vindicate competitor communicative interests on its own. The holding of the case sounds a positive note by rejecting an interpretation of Section 33(b)(4) that would have rendered the descriptive fair use meaningless by making it available only when the defendant could show that its use created no likelihood of confusion about the origin of the goods or services in question. Moreover, the Court reaffirmed the importance of allowing competitors access to descriptive terms:

The common law's tolerance of a certain degree of confusion on the part of consumers followed from the very fact that in cases like this one an originally descriptive term was selected to be used as a mark, not to mention the undesirability of allowing anyone to obtain a complete monopoly on use of a descriptive term simply by grabbing it first. . . . The Lanham Act adopts a

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97. See, e.g., *American Waltham Watch Co. v. United States Watch Co.*, 173 Mass. 85, 53 N.E. 141 (1899); *Midwest Research Inst. v. S & B Promotions, Inc.*, 677 F. Supp. 1007 (W.D. Mo. 1988).

98. 15 U.S.C. § 1115(a).

99. 15 U.S.C. § 1115(b)(4).

100. Section 33(b)(4) indicates that the defense is available even when use of the mark is "incontestable"; Section 33(a) provides that registered marks are still subject to any legal or equitable defense or defect, including those set forth in subsection (b), which might have been asserted if such mark had not been registered." 15 U.S.C. § 1115(a) (emphasis added).

101. 543 U.S. 111, 125 S. Ct. 542 (2004).

similar leniency, there being no indication that the statute was meant to deprive commercial speakers of the ordinary utility of descriptive words. “If any confusion results, that is a risk the plaintiff accepted when it decided to identify its product with a mark that uses a well known descriptive phrase.”<sup>102</sup>

The Court’s comments on the interpretations of Section 33(b)(4) advocated by the parties and *amici*, however, suggest that neither the federal defense nor its common law analogue are a guarantee of easy competitor access to descriptive terms. The Court explicitly declined to rule that the defense was available whenever the descriptive term described the goods accurately, without any regard to the likelihood of confusion it caused.<sup>103</sup> It also declined to rule that the degree of likelihood of confusion must be taken into account as a factor, even though both lower court interpretations of the Lanham Act<sup>104</sup> and common law precedent<sup>105</sup> are strongly in favor of that approach. Indeed, some inquiry into the likelihood of confusion generated by a defendant’s particular use of the plaintiff’s mark would seem necessary to provide any protection for secondary meaning. Yet that inquiry means that competitors who do not merely state their geographic location in small print in an obscure corner of their packaging, but announce that location prominently enough to be noticed by consumers, run the risk of exceeding the defense and thereby becoming infringers. In other words, incorporating a likelihood of confusion inquiry into a descriptive fair use analysis substantially reduces the degree to which a merchant can be confident of being protected thereby without litigating the issue. In case of litigation, it also drastically reduces the likelihood that the defense could be successfully raised in a dispositive pre-trial motion. The uncertainty whether the descriptive fair use defense will protect a merchant in a particular case, and the inability to get a ruling early in litigation on whether it does apply, both mean that the defense is hardly a substitute for

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102. *Id.* at 122 (quoting *Cosmetically Sealed Industries, Inc. v. Chesebrough-Pond's USA Co.*, 125 F.3d 28, 30 (2d Cir. 1997)).

103. *See id.* at 123-24.

104. *See id.* at 551 (noting that the Fourth and Seventh Circuits have held that likelihood of confusion should be a factor in deciding whether the descriptive fair use defense applies, and citing *Shakespeare Co. v. Silstar Corp. of America, Inc.*, 110 F.3d 234 (4th Cir. 1997) and *Sunmark, Inc. v. Ocean Spray Cranberries, Inc.*, 64 F.3d 1055 (7th Cir. 1995)).

105. *See American Waltham Watch Co.*, 173 Mass. 85, 53 N.E. 141 (1899) (holding that a merchant who was the first user of a descriptive mark that has gained secondary meaning “may put later comers to the trouble of taking such reasonable precautions as are commercially practicable to prevent their lawful names and advertisements from deceitfully diverting the plaintiff’s custom”).

the safeguards provided by the requirement of secondary meaning for descriptive terms.

Moreover, some merchants who are unsophisticated regarding trademark law and who do not have the advice of counsel might be easily intimidated into abandoning place name usages that are plainly covered by the fair use doctrine. That could occur if the first firm to appropriate the place name received immediate federal registration and then threatened competitors who subsequently use the place name with infringement suits, regardless of the nature or manner of their use. Being unaware of the fair use defense and fearing costly litigation, these competitors might abandon the use of the designation even if that made it difficult for them to communicate their product equivalence to customers.

#### 4. The Functions of a Secondary Meaning Requirement

At common law, if a brand name was deemed descriptive, the merchant using that name could get trademark protection only after demonstrating that a substantial percentage of potential purchasers of the product in question had begun to perceive the name as an indication of a particular source for the product, rather than being merely a descriptive term for some feature of the product.<sup>106</sup> The consumer perception of a descriptive term as a source indicator became known as its “secondary meaning.”<sup>107</sup>

This delay in protection serves at least two important functions. First, it provides a market test of competitor need for a term in cases in which courts are uncertain of that need—an uncertainty that is perhaps the principal reason for creating an intermediate category of trademarks that are neither generic (definitely needed by competitors), nor arbitrary (definitely not needed by competitors). Because descriptive terms are not protectable immediately upon adoption as a brand name, a merchant who begins to use a descriptive term as a brand name is vulnerable to the risk that other merchants will also start to use it as a brand name before the first merchant can build a secondary meaning. If other merchants do use the term, and that use prevents secondary meaning from developing in the first merchant, that is a good sign that other merchants actually need the term, and that therefore no one merchant should get exclusive rights to it.<sup>108</sup> Conversely, non-use by rivals over an extended

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106. See, e.g., Restatement Third, Unfair Competition §§ 13(b), 14 (1995).

107. See *id.*

108. See, e.g., *Blau Plumbing, Inc. v. S.O.S. Fix-It, Inc.*, 781 F.2d 604 (7th Cir. 1986) (“The copying of a descriptive mark that has not acquired secondary meaning does not imply

period of time demonstrates that no other merchant finds the term essential to effective commercial communication. That makes us comfortable in eventually giving the first user exclusive rights to the term (albeit subject to a descriptive fair use defense), which we do by recognizing that secondary meaning has developed.

Second, the need to prove secondary meaning provides an incentive for the merchant to display the descriptive term properly as a brand name by juxtaposing it with the word “brand” and a generic term identifying the goods or services in a phrase such as “PHILADELPHIA brand cream cheese,” and to use a stylized font and other clues to establish that the term is being used as a brand name. This discourages the merchant from displaying the term in a way that consumers might perceive as a descriptive use, while at the same time deterring competitors from using the term.<sup>109</sup>

The federal registration scheme makes proof of secondary meaning a requirement for registering an otherwise descriptive mark, and that requirement serves the same purposes as the common-law doctrine. The federal scheme modifies the common-law doctrine in two respects. First, it adds a presumption that a mark has gained secondary meaning when the applicant can prove five years of “substantially exclusive and continuous use thereof as a mark . . . in commerce.”<sup>110</sup> As long as the requirement of showing “substantially exclusive” use is taken seriously, the fact that no one else has used the designation in question for five years provides good alternative evidence of lack of competitor need for that term, while reducing the cost of providing actual proof of secondary meaning.

Second, the federal scheme prevents any challenge to a registered mark on grounds of descriptiveness once registration of the mark has become “incontestable,” that is, once the registrant has demonstrated that it has used the mark continuously for five years after registration without a successful or pending challenge,

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passing off, for by definition it describes properties which the brand has in common with other brands. . . . [C]opying is consistent with an inference that the copier wanted merely to inform consumers about the properties of his own product or service.”). A minority tradition of granting relief against certain practices deemed unfair even in the absence of secondary meaning developed in New York and became identified as “secondary meaning in the making”; for a description and strong criticism of this theory, see 2 McCarthy, *supra* note 6, §§ 15:12–15:20; for judicial rejection of this theory, see *Laureyssens v. Idea Group, Inc.*, 964 F.2d 131 (2d Cir. 1992); *A.J. Canfield v. Honickman*, 808 F.2d 291 (3d Cir. 1986).

109. One might think that this behavior would be self-limiting, since generally merchants want to build a brand, and using a descriptive term in a fashion that consumers would perceive as merely descriptive would disable that term from serving as a brand signal. However, because packaging usually displays multiple brand signals, a merchant could use a producer brand name, an additional product brand name, and various graphic elements to build brand, while gaining exclusive rights to a descriptive term.

110. 15 U.S.C. § 1052(f).

and has filed an affidavit making such an assertion.<sup>111</sup> The five-year period begins to run only upon Principal Register registration, that is, only after the mark owner has proven secondary meaning to the satisfaction of the USPTO. Thus, the provision serves much the same function as a statute of limitations on challenges to the USPTO determination, and the registration serves as additional notice to competitors (other than the public use itself) that someone is claiming exclusive rights to the use of the term in question.

### ***B. The Subjective Approach to Descriptiveness***

If we want to grant immediate trademark protection to some uses of geographic terms, but also want to require a showing of secondary meaning for other uses, how do we draw the line? There are two basic approaches to sorting out such uses that are common to geographic and non-geographic terms. The first is a subjective approach, which inquires whether consumers would believe that the use of a term is intended to impart information about some quality of a good. In the case of geographic terms, this would be information about the geographic origin of the good. For instance, would consumers believe that the Buick PARK AVENUE automobile is actually made or sold on that street in New York City? The second is an objective approach, which inquires whether merchants are in fact selling any goods with qualities described by the term in question, or are they likely to do so in the foreseeable future. In the case of geographic terms, one would ask whether there are other merchants selling goods that in some way originate in or have significant commercial connection with the place named by the term, such that they might want to use that term to point out that connection. In other words, whether or not consumers would believe that PARK AVENUE provides information about the origin of the car, are there car manufacturers with some connection to Park Avenue, the street, that might want to use that term?<sup>112</sup>

Current law on geographic marks is overwhelmingly focused on the subjective approach. In fact, the goods-place association test first announced in *In re Nantucket*<sup>113</sup> is an unelaborated embodiment of the subjective approach: it asks the ultimate question of whether purchasers “would conclude that [a mark]

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111. 15 U.S.C. § 1065; see *Park 'N Fly, Inc. v. Dollar Park 'N Fly, Inc.*, 469 U.S. 189 (1985).

112. Given that General Motors once occupied a 50-story skyscraper two blocks from Park Avenue, this is not as implausible as it might at first seem.

113. 677 F.2d 95 (C.C.P.A. 1982).

imparts information about the geographic origin of the goods.”<sup>114</sup> As Judge Markey put it in the *Nantucket* case, the goods-place association issue is whether “the purchasing public would expect men’s shirts to have their origin in Nantucket when seen in the market place with NANTUCKET on them.”<sup>115</sup>

For the most part, the TTAB and the Federal Circuit have insisted that trademark examining attorneys ask this basic question in every case, unaided by any more specific subsidiary rules. One way to focus the test, for example, would be to limit the inference only to those cases where the geographic locale specified by the mark is well-known, famous for, or prominent in the production of the goods or services in question. A variation on this test might be to also allow an inference of goods-place association where the goods are not those for which the area is famous, but are “related” to such goods.<sup>116</sup>

While this view has been advocated by at least one commentator,<sup>117</sup> it was rejected by Judge Nies in her concurring opinion in *Nantucket*,<sup>118</sup> and the post-*Nantucket* decisional law has

114. *In Re House of Windsor*, 221 U.S.P.Q. 53, 55 (T.T.A.B. 1983).

115. *In re Nantucket, Inc.*, 677 F.2d at 101.

116. In *In re Save Venice New York Inc.*, 259 F.3d 1346 (Fed. Cir. 2001), an applicant sought to register a composite mark including the words THE VENICE COLLECTION and the traditional winged lion emblem of that city, for a variety of goods, including potpourri, tableware, lamps, clocks, art prints, paper products, residential furniture, dinnerware, glassware, bedding and carpets, none of which actually originated in Venice, Italy. The examining attorney denied the application after consulting an encyclopedia that revealed that “Venice, Italy is a location known for paper, publishing, printing, textiles, jewelry, art objects, glassmaking, housewares and lace” because “all of the applicant’s claimed goods are associated with traditional Venetian products. . . related to the traditional crafts and industries of Venice [and] . . . part of a natural expansion of Venetian industries.” The Federal Circuit affirmed the denial of registration, observing”

In the modern marketing context, geographic regions that are noted for certain products or services actively promote and adapt their specialties to fit changing consumer needs. Thus we see no reason to believe that a modern merchant of Venice would not expand on the traditional Venetian products listed by the Board, to begin marketing products or services related to such goods. . . . [W]e hold that the registrability of a geographic mark may be measured against the public’s association of that region with both its traditional goods and any related goods or services that the public is likely to believe originate there.

259 F.3d at 1355. Note that *Save Venice* does not hold that a finding of goods-place association requires that the goods are either the traditional goods of the named region or related to such goods. Rather, it says only that such facts are sufficient to permit the goods-place inference.

117. John R. Renaud, *Can’t Get There From Here: How NAFTA and GATT Have Reduced Protection for Geographical Trademarks*, 26 Brook. J. Int’l L. 1097, 1123 (2001).

118. “Neither this case nor any other cited by appellant provides authority for the principle that a place must be ‘noted for’ goods before use of its name as a mark will be held ‘primarily geographically deceptively misdescriptive.’” *In re Nantucket, Inc.*, 677 F.2d at 105-06 (1982) (Nies, J., concurring).

consistently repudiated any such requirement.<sup>119</sup> Thus, a goods-place association was found between the Mexican province of Durango and chewing tobacco,<sup>120</sup> between the Cuban city of Havana and clothing and perfume,<sup>121</sup> and between the city of Cambridge, Massachusetts and computer systems,<sup>122</sup> notwithstanding that these locations are not particularly renowned for the types of goods in question. Indeed, the Federal Circuit has declared that “the goods-place association often requires little more than a showing that the consumer identifies the place as a known source of the product.”<sup>123</sup>

On the other hand, the cases caution that a goods-place association cannot be found merely because the goods or services could possibly emanate from the place indicated by the mark. Thus, in refusing to find a goods-place association between Italian city of Venice and canned foods, including lasagna and spaghetti, the TTAB observed that it was “unwilling to sustain the refusal to register in this case on the basis that Venice is a large Italian city that could, conceivably, be the source of a wide range of goods, including canned foods.”<sup>124</sup>

The subjective approach embodied in the goods-place association test may seem plausible for at least two reasons. First, if consumers do not understand a trademark use of a geographical term as a claim of geographical origin, then there is little chance that the mark will deceive consumers about that origin. In other words, if consumers understand the use of NANTUCKET on shirts merely as an attempt to evoke images of seaside summer resorts and the clothing appropriate thereto, they will be neither surprised

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119. See, e.g., *In re California Innovations, Inc.*, 329 F.3d 1334, 1338 (Fed. Cir. 2003) (USPTO may find “a goods-place association without any showing that the place is ‘well-known’ or ‘noted’ for the goods in question”); *In re Loew’s Theatres, Inc.*, 769 F.2d 764, 767 (Fed. Cir. 1985) (“While the . . . precedent requires a goods/place association to support a refusal to register under § 2(e)(2), it does not follow that such association embraces only instances where the place is well-known or noted for the goods”); *In re Jack’s Hi-Grade Foods, Inc.*, 226 U.S.P.Q. 1028, 1029 (T.T.A.B. 1985) (“We see nothing in *In re Nantucket*, . . . or subsequent decisions dealing with this issue . . . which require, as applicant contends, that a showing be made that the particular geographical area . . . is well known or noted for producing” the goods in question); *In re Broyhill Furniture Industries, Inc.*, 60 U.S.P.Q.2d 1511 (T.T.A.B. 2001) (“While Tuscany is apparently not famous or otherwise noted for its furniture, such is not a requirement in order for consumers to mistakenly believe that a goods/place association exists”). See also *Trademark Manual of Examining Procedure* § 1210.04 (4th ed. 2005).

120. See *In re Loews Theatres*, 769 F.2d 764, 767 (Fed. Cir. 1985).

121. *In re Boyd Gaming Corp.*, 57 U.S.P.Q.2d 1944 (T.T.A.B. 2000).

122. *In re Cambridge Digital Systems*, 1986 WL 83330 (T.T.A.B. 1986). The TTAB found it irrelevant that there are numerous other “Cambridges” besides the one in Massachusetts.

123. *In re Les Halles De Paris J.V.*, 334 F.3d 1371, 1374 (Fed. Cir. 2003).

124. *In re Venice Maid Co., Inc.*, 222 U.S.P.Q. 618, 619 (T.T.A.B. 1984).

nor upset to learn that the shirts are not made on Nantucket Island.

Second, and more important for our analysis, one might believe that if consumers do not understand the use of a toponym as a claim of geographical origin, then granting exclusive rights to that use does not harm competitors, even competitors located in the place named by the geographic term. Two arguments can be made in support of this conclusion. The first concerns the ability of competitors to make use of a location's reputation. If consumers do not understand the use as a claim of geographical origin, then we can infer that the place named does not have a reputation for the goods or services in question. If the place has no reputation for the goods and services in question, then a grant of trademark rights in the place's name to one firm does not deny firms located in that place an opportunity to take advantage of that reputation. In other words, if Nantucket Island were as famous for shirts as Florida is for oranges, a grant of trademark rights over NANTUCKET for shirts to one firm would likely cause another Nantucket Island shirtmaker great harm, because it would find it much more difficult to emphasize that it, too, was part of the famous Nantucket shirtmaking community. If, on the other hand, there is no famous Nantucket shirtmaking community, then no other Nantucket shirtmaker has lost an opportunity to publicize its membership in it.

Another more radical argument denies any effect at all on a competitor's ability to communicate geographic origin. If consumers do not understand the use of a geographic designation on a particular good or service as a claim of geographic origin, it is impossible for competitors to inform consumers of their location through such a use, and therefore a grant of exclusive rights in that use does not affect competitors at all. In other words, assuming that all consumers think that NANTUCKET for shirts is purely evocative, a shirtmaker on Nantucket Island would be unable to inform consumers of its location by branding its shirts NANTUCKET. That being the case, preventing the shirtmaker from so branding its shirts would not affect its ability to communicate its location to consumers.

The problem with these arguments in favor of a subjective approach is that they assume that consumer understandings of geographic term uses are binary and stable. By "binary," we mean that consumers are assumed to understand a use of a geographic term as either a literal claim of origin, or as a purely metaphorical or evocative use. By "stable," we mean that consumer understandings of geographic term uses are assumed not to change very quickly, and not to be susceptible to contextual influences. If consumer understandings were binary and stable in this sense, then a subjective approach might very well protect the interests of



competitors in communicating information about product equivalence to their customers, because an account of how consumers currently understand a given use of a geographical term would indicate the limits of what it is possible to communicate through that use.

We argue, however, that consumer understandings of geographic terms are actually neither binary nor stable. They are not binary because consumers often cannot form a judgment about whether a use of a geographic term is a claim of origin, and the inability to form a judgment is a third possibility. They are not stable because they are in fact susceptible to fairly rapid change and to context. If consumer understandings are often uncertain and unstable, then we cannot rely on them as a measure of what commercial communication is possible, and of what trademark law should do to support that communication. Rather, to fully support commercial communication, we must look beyond current consumer understandings to the kind of communication that could and should be possible. This reveals the true appropriate role of an objective component of a test of whether and when geographic term uses should be protected as trademarks: not as an indirect measure of current consumer understanding, but as a measure of the possible understandings that trademark law should support.

### **1. The Role of Uncertainty in Consumer Understandings of Geographic Term Uses**

For reasons we will explain below, we expect that when asked whether particular geographic marks convey locational information about the goods to which they are attached—the goods-place association question—the honest answer of most people with respect to many marks would be neither “yes,” or “no,” but simply “I don’t know.” In other words, most people would not be able to form any confident opinion whether the terms were descriptive or arbitrary, because they would have only the weakest of clues, and the clues that they would have would be pulling them in both directions. In this case, what we might call a “perfectionist” subjective test, which seeks a “yes” or “no” answer in every case, simply breaks down. If we wanted to rescue the subjective approach, we would then be left with two basic alternatives. A “maximalist” subjective test would reject immediate registration only in those cases in which a majority of people answered “yes”; it would treat a “don’t know” answer as if it were a “no.” A “minimalist” subjective test would do the opposite; it would reject immediate registration except when a majority of people answered “no” because it would count a “don’t know” as a “yes.”

Although the rhetoric of the current approach seems to be perfectionist, the reality seems to be maximalist. After all, the examining attorney bears the burden of demonstrating grounds for

a refusal to register. If a finding of geographic descriptiveness or geographically deceptive misdescriptiveness requires affirmative evidence that consumers make a goods-place association, then the fact most consumers were unsure one way or the other about a particular use of a geographic term would require a finding that there was no goods-place association, and the use would not be geographically descriptive or deceptively misdescriptive.

Although we have not attempted to conduct rigorous empirical research, it appears to us that such an approach has resulted in granting immediate registration to geographic marks on a very liberal basis. The Principal Register now sports recently issued registrations for MIAMI for bathroom fixtures,<sup>125</sup> ALBANY for cookies,<sup>126</sup> CAPE COD for bath and shower stalls,<sup>127</sup> SANTA FE for barbecue grills,<sup>128</sup> CHARLESTON for luggage,<sup>129</sup> CHICAGO for water coolers<sup>130</sup> and ashtrays,<sup>131</sup> and TRENTON for kitchen cabinet doors<sup>132</sup> and computers,<sup>133</sup> none of which required any demonstration of secondary meaning. Yet it is not at all clear that a maximalist subjective approach, or the results that such an approach seems to generate, have any basis in sound trademark policy.

Consider, first, why it is that the public will often be unable to form a judgment as to whether geographic marks are descriptive, and why this is likely to be a more severe problem with geographic marks than with non-geographic marks.<sup>134</sup> We think that this stems both from differences in human knowledge about geographic and non-geographic facts, and from the particularly rich sets of associations that develop around place names.

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125. U.S. Trademark Registration No. 2931903 (issued March 8, 2005) (applicant located in Deerfield Beach, Florida).

126. U.S. Trademark Registration No. 2870486 (issued August 3, 2004) (applicant located in Missouri).

127. U.S. Trademark Registration No. 2934137 (issued March 5, 2005) (applicant located in Wisconsin).

128. U.S. Trademark Registration No. 2560346 (issued April 9, 2002) (applicant located in Georgia).

129. U.S. Trademark Registration No. 2990475 (issued August 30, 2005) (applicant located in Colorado).

130. U.S. Trademark Registration No. 2522695 (issued December 25, 2001). (applicant located in Canada)

131. U.S. Trademark Registration No. 3009463 (issued October 25, 2005) (applicant located in California).

132. U.S. Trademark Registration No. 2428875 (issued February 13, 2001) (applicant located in Florida).

133. U.S. Trademark Registration No. 2581480 (issued June 18, 2002) (applicant located in New York).

134. The differences are differences of degree, not kind, so what we will have to say counsels against sole reliance on a subjective approach to non-geographical terms as well.

Consumers—and we count ourselves as consumers—draw on different bodies of knowledge when sorting geographic and non-geographic terms into the categories of descriptive and arbitrary. For non-geographic terms, we draw on our knowledge of the ingredients, qualities, and uses of products and services. Take, for example, a common item like soap. It turns out that there is a list of dozens of things we know are likely ingredients, qualities and uses of soap. Here's a start: "olive," "palm," "coconut," "oatmeal," "lavender," "creamy," "moisture," "antibacterial," "bubble," "suds," "facial," "bath," and "shower." There is also a list of ingredients and qualities that we know are very unlikely to be connected with soap—a much, much longer list that contains thousands of items, given the great number and diversity of things in the world. Here are just a few of them: "ruby," "platinum," "insignia," "sparrow," "javelin," "labyrinth," "mixolydian," "compass," "prison," "infinity," "fuel," "happy," "ghostly," and a famous example to which we will return: "ivory."

True, there are some things about which we might be unsure: for instance, the term "iron" used in connection with soap. Does it make sense for soap to contain iron? Iron isn't expensive like platinum, and it is something we know human beings need as a nutrient, so maybe it does something for skin . . . or maybe not. It might turn out that as to some terms like this we cannot really form an opinion. However, the fact remains that with respect to most goods and services there are long lists of terms that are, in our minds, clearly related and clearly unrelated. This makes the task of categorizing non-geographic marks as either descriptive or non-descriptive relatively manageable.

Now apply the same analysis to geographic terms. To classify geographic terms, we draw on our knowledge of places where goods are made or grown, and where services are performed. Where is soap made? It turns out that in our specialized, impersonal, international economy, consumers generally do not know much about where soap is made. Of course, there are a few terms that we can say are clearly geographically descriptive for soap. These include names of places that are famous for soap making,<sup>135</sup> and references to regions of commercial activity large enough that it is virtually certain that soap is made in them (FRENCH, for example). And there are a few terms that are clearly nondescriptive or arbitrary—principally those referring to areas are devoid of commercial activity, such as ANTARCTICA. However, the lists of clearly descriptive and arbitrary geographic terms are shorter than their non-geographic counterparts,

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135. Castile, a province in Spain, has lent its name to a type of soap, but the historical origins of the name are obscure. *See, e.g.,* [http://en.wikipedia.org/wiki/castile\\_soap](http://en.wikipedia.org/wiki/castile_soap).

particularly in the case of arbitrary terms: we know about thousands of things and concepts that have nothing to do with soap, but we do not know of thousands of places where we are sure soap is not made.

That leaves the vast majority of geographic terms as neither clearly descriptive nor clearly arbitrary for soap. We do not have any particular reason to think that soap is made in Muskegon, or along the Danube River, or in Tierra del Fuego, but we do not know that it is not, either.<sup>136</sup> We may know a little more with respect to agricultural products, because they are more restricted by conditions of climate, but given the number of places in the world we know relatively little about, there will still be many geographical terms that are neither clearly descriptive nor clearly arbitrary with respect to agricultural products, as well.

Consumers' lack of knowledge about economic activity in particular areas around the world is one reason why they may not be able to form an opinion about the descriptiveness of a geographic term, but there is a second important reason. Many geographical terms have developed a rich set of connotations that make it easy to see why merchants would use them for reasons other than indicating geographic origin. If this evocative use foreclosed the possibility that a term was simultaneously being used to indicate geographic origin, then one might be able to conclude that the use was clearly non-descriptive.<sup>137</sup> In fact, however, suggestive and descriptive uses of geographic terms can often coexist. When that is the case, the possibility of suggestive use is merely another cause for uncertainty about whether a geographic mark is being used to indicate origin.

136. Did you know that the third most important manufacturing activity in Ohio is the chemical industry, including soaps, paints and varnishes? See [http://www.netstate.com/states/links/oh\\_links.htm](http://www.netstate.com/states/links/oh_links.htm). Does that mean that OHIO as a trademark for soap would engender a goods-place association? How about computer chips and New Mexico?:

The leading products of New Mexico's manufacturing industries are computer and electronic equipment. Silicon computer chips are produced in the state making this sector worth about 80% of the manufacturing industry.

See [http://www.netstate.com/states/links/nm\\_links.htm](http://www.netstate.com/states/links/nm_links.htm). Breakfast cereals are big business in Nebraska. They are also big in Tennessee. Paper products are big in Alabama. They are also big in Maine. Other than junior high school students assigned to do oral reports on various state economies, it is not likely very many consumers know these bits of economic trivia. Or do they? Or does it matter that in-state consumers might know the information even if the rest of us do not?

137. When a geographic term is juxtaposed with another word, the resulting combination may lead readers away from interpreting the geographic term literally as a claim of origin. See, e.g., *Hamilton-Brown Shoe Co. v. Wolf Brothers Co.*, 240 U.S. 251 (1916) (holding that the mark THE AMERICAN GIRL for shoes was not descriptive); *Forschner Group v. Arrow Trading Co.*, 30 F.3d 348, 355-56 (2d Cir. 1994) (holding that SWISS ARMY for knives was not geographically descriptive) This is one instance of the well-known maxim that composite marks must be viewed as a whole. See e.g. *California Cooler, Inc. v. Loretto Winery, Ltd.*, 774 F.2d 1451, 1455 (9th Cir. 1985).

It may help to consider some examples. In *In re Jacques Bernier, Inc.*,<sup>138</sup> the court considered the registrability of RODEO DRIVE as a mark for perfume. In holding that consumers would not make a goods-place association in that situation, the court observed in passing that “a geographic mark may indicate that a product is stylish or of high quality, i.e., HYDE PARK or NANTUCKET for clothing, and FIFTH AVENUE for a car.” In other words, the court viewed these marks as suggestive of the exclusive or prestigious nature of the products to which they were attached.<sup>139</sup> Moreover, high quality and stylishness are not the only connotation that can be suggested by a geographic term. There are many other types of product attributes that can be intimated by the clever selection of a geographic trademark.

Thus, in the mid-nineties an applicant sought to register the mark HAIGHT ASHBURY (and design) for cigarette rolling papers.<sup>140</sup> Haight Ashbury is, for younger readers, a neighborhood in San Francisco that achieved considerable fame in the 1960s as the center of “hippie” culture. It was an urban enclave with what might be characterized, with some understatement, as a tolerant attitude toward recreational drug use.<sup>141</sup> It does not seem far fetched to assume that this particular place name trademark for rolling papers was suggestive of an attribute or use of the product—namely that it might be particularly useful for rolling not just cigarettes made of tobacco, but marijuana cigarettes as well.

Consider also the mark VALLEY FORGE, which has been registered for flags and flagpoles.<sup>142</sup> While that application was filed long before the *Nantucket* decision, the records of the USPTO reveal that the office did not demand any proof of secondary meaning, indicating that they did not view the mark as either geographically descriptive or misdescriptive, even though Valley Forge plainly has broad public recognition as a geographic location

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138. 894 F.2d 389 (Fed. Cir. 1990).

139. In *Nantucket* itself, the court summarized the applicant’s argument as a claim that the mark should “be registrable for shirts as *suggestive* of fashionable summer resort stylishness, not of Nantucket as the source of shirts.” 677 F.2d at 101, n.10 (emphasis added). The court also cited the commentary to the first Restatement of Torts to the effect that “Ethiopian may be a proper trade-mark for ladies’ stockings; for, while *suggestive* of a certain color and sheen, it is only fancifully so and there is no likelihood that other merchants may have occasion properly to use the name Ethiopia on stockings since there is no factor of importance associating stockings with Ethiopia.” *Id.* at 100, n.8 (quoting 3 Restatement of Torts § 720, comment d, at 578 (1938) (emphasis added).

140. Trademark Application Ser. No. 74648092 (filed March 17, 1995; abandoned February 22, 1996).

141. See generally, Charles Perry, *The Haight-Ashbury: A History* (1984).

142. U.S. Trademark Registration No. 740736 (issued November 13, 1962).

in Pennsylvania.<sup>143</sup> That determination was presumably based on a conclusion that the use of mark referring to the location where George Washington wintered with his troops was suggestive of patriotism.

In some industries this kind of metaphoric or suggestive use of geographic place names has become common place. Thus, in the automotive field, merchants use place names in the rugged mountain regions of North America to suggest vehicles that are suitable for rough terrain—YUKON, TAHOE and SIERRA for example—while using exclusive urban locations to suggest luxury—such as PARK AVENUE or NEW YORKER. In the restaurant field, place names are surrogates for types of cuisine. Thus the BARCELONA café is likely to feature tapas, gazpacho and other Spanish or Catalan specialties, while the HUNAN TERRACE restaurant is likely to feature recipes from south-central China.<sup>144</sup>

It is, of course, elementary trademark doctrine that word marks can be classified along a continuum of distinctiveness, from arbitrary, though suggestive, to descriptive, and finally to generic, based on the amount of information they provide about the product or service to which they are attached.<sup>145</sup> Thus, the mark SILKY would be arbitrary for batteries, suggestive for dairy products, and descriptive for men's neck-ties. In terms of this taxonomy, VALLEY FORGE for flags and HAIGHT-ASHBURY for rolling papers appear to be “suggestive” by providing only a hint about the attributes of a product, but requiring some degree of consumer imagination or background knowledge before the connotations of patriotism and tolerance of drug use will be appreciated. Does that mean that they cannot simultaneously describe geographic origin? No, because once again, geographic terms are substantially different from non-geographic terms.

Geographic terms are capable of imparting two “packets” of information at once. When attached to a product or service (or for that matter to a person or animal), they can communicate data about the locational origin of the product or service, while at the same time communicating information about the qualities of the product or service. We can call the former type of information

143. The registrant of this mark is located in Womelsdorf, Pennsylvania, a town west of the city of Reading, approximately 60 miles from Valley Forge.

144. In recognition of this practice, one court held recently that POSITANO for an Italian restaurant was descriptive and hence unprotectible without a showing of secondary meaning. It noted that there were over twenty unrelated restaurants with that name in the United States, and decided that “the names of these establishments describe the Italian cuisine they offer to their customers.” See *Lamberti v. Positano Ristorante, Inc.*, 75 U.S.P.Q.2d 1426 (E.D. Pa. 2005).

145. See generally *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4 (2d Cir. 1976); 2 McCarthy, *supra* note 6, § 11:1.

“locational” and the latter type “trait-related.” The trait-related information usually requires some mental steps to deduce. Thus, as a signifier of traits, a geographic term will often be suggestive in the usual typology of trademark law. However, in terms of locational information, the same term can simultaneously provide straightforward information about where the product comes from. In this sense, the term is (geographically) descriptive. Thus, toponyms are often simultaneously suggestive and descriptive.<sup>146</sup>

In some cases the two types of information communicated by the mark stand in an inverse relationship—either providing a great deal of locational information and little trait-related suggestions, or vice versa. Indeed, if the mark communicates only a small amount of useful locational information about the products involved that may, in turn, encourage consumers to search for a more metaphoric trait-related meaning in the mark. For instance, the geographic information of the mark MOUNT EVEREST for bottled water would likely cause most consumers to conclude that in terms of locational information, the mark is a non-sequitur. There are unlikely to be bottling plants on that mountain, and it is unlikely to be commercially feasible to ship water from such an inaccessible location. That would prompt them to search for alternative meaning in the mark, and might generate suggestions of clear, pure, and frosty cold glaciers. In other cases, however, the two types of information may be in a direct or reinforcing relationship. The mark GENEVA on a watch both strongly communicates that it is made in the Swiss city of that name, and simultaneously strongly communicates high quality and meticulous craftsmanship because of the Swiss tradition of fine watchmaking.

This latter situation may actually have been the one the court confronted in *Nantucket*. The word Nantucket connected to shirts

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146. Geographic terms are not quite unique in this regard. Take, for example, the word “golden,” as used in marks like GOLDEN OREO, U.S. Trademark Registration No. 2961410 (issued June 7, 2005). In the case of GOLDEN OREO, “golden” is undoubtedly being used to describe the color of the cookie, but there is a reason why Kraft did not choose “tan,” “beige,” or “light brown” to describe that color, even though as descriptors those words are at least as good. Kraft also likely wanted the connotation of “precious,” and all of the other positive connotations of the word “golden.” So in this case the word “golden” is suggestive as well as descriptive.

That having been said, however, geographic terms are typically far more susceptible to such dual use or significance than are other descriptive words, for two reasons. First, the suggestive meanings linked with geographic terms are typically much deeper and richer than those linked with other types of descriptive words because of the long histories of and diverse activities connected with many places. (It seems unlikely, for example, that any non-geographic term describing crêpes, even “golden” crêpes, could call to mind the set of rich associations that “Parisian” crêpes does.) Second, since many kinds of goods and services can originate from a place, toponyms can be descriptive of many more goods and services than most other types of descriptive words.

*suggests* trait-related information about the shirts—perhaps that they are stylish, or that they have a nautical look, or, as one of our students put it, that they are “yachty.” At the same time, the word inevitably seems to describe the locational origin of the shirt. Asked where NANTUCKET brand shirts come from or where they can be bought, it is a fair assumption that a significant number of consumers would give the obvious answer and say “Nantucket.” Thus, although Nantucket, Inc. argued that NANTUCKET “should . . . be registrable for shirts as suggestive of fashionable summer resort stylishness, not of Nantucket as the source of shirts,”<sup>147</sup> the term can communicate both things at once, and giving Nantucket, Inc. the exclusive right to use the term for shirts makes it more difficult for co-located competitors to communicate their location.

In sum, the subjective approach embodied in the goods-place association test often leads to inconclusive results because consumers often are unable to form any definite opinion on whether a brand name is providing them with information about the geographic origin of a good or service. They are unable to do so because they know very little about economic activity in many parts of the world. Also, consumers know that the rich sets of connotations of many geographic terms provide merchants with other reasons to use the terms, but do not foreclose simultaneous use to designate origin. Consequently, a rule of law that commands trademark examining attorneys and judges to deduce consumer opinions on the subject effectively commands them to do the impossible and therefore to simply resolve cases based on a guess.

## **2. The Role of Instability in Consumer Understandings of Geographic Term Uses**

If consumer understandings of geographic term uses are often uncertain, they are also often unstable. That is to say, they are subject to fairly rapid change, depending upon other information that consumers receive. Of course, existing law recognizes, for some purposes, the influence of context on consumer understanding. For example, to determine whether a geographic term use creates a goods-place association, the Trademark Manual of Examining Procedure instructs examining attorneys to “examine the specimen(s) and any other evidence in the record that shows the context in which the applicant’s mark is used.”<sup>148</sup> Apparently, the notion here is that labels or promotional materials can foster a goods-place association by touting the virtues of the product and by linking them to attributes of the locality specified

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147. *In re Nantucket*, 677 F.2d at 101 n.10.

148. *Trademark Manual of Examining Procedure* (4th ed. 2005) § 1210.04.



in the mark. Thus, when in *In re Nantucket Allserve, Inc.*<sup>149</sup> an applicant with corporate offices on Nantucket Island sought to register the mark NANTUCKET NECTARS for soft drink products, the TTAB found it probative of descriptiveness that the product labels contained a map of the island of Nantucket and recited that the goods were “born” there and embodied “the wholesome quality of the Island whose name they bear.”<sup>150</sup> Similarly, in *In re Broyhill Furniture Industries, Inc.*,<sup>151</sup> the TTAB found that the applicant’s reference in its catalog to “Europe’s Mediterranean Coast” and “European sensibility” supported a goods-place association between its TOSCANA furniture and Tuscany, which meant that its use was deceptively misdescriptive since the furniture was made in North Carolina.<sup>152</sup>

While the Trademark Manual of Examining Procedure and the *Nantucket Allserve* and *Broyhill Furniture* cases do recognize the susceptibility of consumer understandings to the influence of context, they do not go nearly far enough. Their focus on the trademark applicant’s conduct may be appropriate if the only concern is consumer deception. However, if the concern is about potential burden on competitors, the important insight to be gained about context is not about what the trademark applicant has done, but what the applicant’s competitors could do. Return, for a moment, to the *In re Nantucket* case, concerning shirts branded with the name of the same island as the drinks in *Nantucket Allserve*. Suppose that a consumer survey shows that most consumers would understand NANTUCKET for shirts, without any other context, as purely evocative rather than as a claim of geographic origin. If a shirt maker from Nantucket Island wanted to tout the virtues of shirts actually originating on the island, would that consumer understanding prove to be an insurmountable obstacle? Since Nantucket Island has no greater historical connection to drinks than to shirts, we think *Nantucket Allserve* suggests that it would not be a serious obstacle at all. One can easily imagine a marketing campaign that would link the sturdiness of the shirts to the skill of those who sewed nets for Nantucket fishermen: “Nantucket Islanders sewed nets that whales couldn’t break: Our clothing is just as sturdy.” Add a map of Nantucket Island and a statement like, “Proudly made at the port of call of half the world’s whaling ships,” and consumer

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149. 28 U.S.P.Q.2d 1144 (T.T.A.B. 1993).

150. *In re Nantucket Allserve, Inc.*, 28 U.S.P.Q.2d 1144 (T.T.A.B. 1993); see also *In re Broyhill Furniture Industries, Inc.*, (noting that the applicant’s catalogs foster a goods-place association between its TOSCANA furniture and Tuscany by referring to “Europe’s Mediterranean Coast” and “European sensibility”).

151. 60 U.S.P.Q.2d 1511 (T.T.A.B. 2001).

152. *Id.* at 1517.

understandings would quickly change. Having mounted such a marketing campaign, the shirt maker could then use NANTUCKET for shirts, even in isolation, to remind consumers of the virtues of that geographic origin.

Suppose, however, that a trademark registration for NANTUCKET for shirts is granted immediately upon first use to one merchant, perhaps as in *In re Nantucket* itself to a merchant not located on Nantucket Island, on the ground that that merchant's use would be understood by consumers as purely evocative. That registration suddenly makes it much more difficult for any merchants who actually make shirts on Nantucket Island to instruct consumers about the virtues of that geographic origin. An overly prominent use of the term "Nantucket" will subject those merchants to the risk of a trademark infringement suit, and although they can take advantage of the descriptive fair use defense, that defense will likely not work if their touting of the virtues of Nantucket causes any substantial number of consumers to confuse their goods with the registrant's.<sup>153</sup>

In the recent case of *In re Glaze, Inc.*,<sup>154</sup> for example, the TTAB reversed an examiner's refusal to register SWISSCELL for batteries made in New Jersey as being primarily geographically deceptively misdescriptive (PGDM). Although the examining attorney produced evidence that at least two companies actually made batteries in Switzerland and that both of those firms touted their "Swiss quality," the TTAB found that this was "tenuous evidence that purchasers would expect batteries for lighting to come from Switzerland,"<sup>155</sup> and hence insufficient to support a finding of a goods-place association. The result of the reversal, however, was the immediate registration of SWISSCELL for batteries, even though that registration will make it risky for companies that actually make batteries in Switzerland to prominently advertise their origin.<sup>156</sup>

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153. See Part III.A.3., *supra*.

154. 2005 WL 847417 (T.T.A.B. Mar. 17, 2005).

155. *Id.* at \*3. The application was originally filed as an intent-to-use application under Section 1(b) of the Lanham Act, 15 U.S.C. § 1051(b); now that the applicant is selling batteries under the mark SWISSCELL, it has chosen to further strengthen the mark's reference to Switzerland by displaying a slightly modified Swiss flag on the battery packaging. See <http://thettablog.blogspot.com/2005/03/ttab-reverses-2e3-refusal-of-swisscell.html> (visited on March 17, 2006) (displaying a photograph of the packaging). This is not discussed in the TTAB opinion, presumably either because the packaging had not yet been designed, or because it was not brought to the attention of the TTAB.

156. One such company that the examining attorney did not find is a firm based in Switzerland that sells batteries in many European countries under the mark SWISS BATTERIES. See <http://www.swissbatteries.com>. One would have to presume that this company would be subject to an infringement suit by New Jersey-based Glaze Inc. if it ever tried to market those batteries in the United States.

Thus, given the instability of consumer understandings of geographic term uses, as well as their frequent uncertainty, it does not make sense to limit our inquiry to current understandings of an applicant's own use when assessing whether a grant of trademark rights over that use would unduly burden commercial communications. Rather, to assess that burden, we would need to know how likely it is that other merchants would have occasion to use the geographic term in question in its literal sense, as a designation of the geographic origin of similar goods or services. That likelihood will be related to some objective measure—to whether there are merchants selling the goods in question in the location in question, for example, or whether it would be possible for the goods in question to originate in that location. Thus, we now turn to the issues of whether the Lanham Act would allow for an objective component, and what that objective component should be.

### 3. Assessing an Objective Approach

If our goal is to ensure that competitors who want to communicate the geographic origin of their goods remain free to do so, it seems roundabout and unproductive to speculate about how consumers react to toponymic marks. We argue that it would be far more sensible simply to ask whether there are competitors located in the place designated by that mark who might also want to use that designation. Current law on geographic descriptiveness arguably contains one rule that addresses this question, but it does so indirectly and incompletely.

It is well established in case law that the USPTO should consider where the applicant's business is located in order to determine if there is a goods-place association. For instance, in *In re JT Tobacconists*,<sup>157</sup> an applicant based in Minnetonka, Minnesota, sought to register the mark MINNESOTA CIGAR COMPANY for, not surprisingly, cigars and humidors. The examining attorney denied registration, and the TTAB affirmed, noting that “a public association of the goods or services with the place may ordinarily be presumed from the fact that the applicant's goods or services come from the geographical place named in the mark.”<sup>158</sup>

If this presumption is supposed to be based on the assumption that consumers know where businesses are actually located—the purported subjective question that is at the center of existing doctrine—it seems highly doubtful. As we have argued above, in

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157. 59 U.S.P.Q.2d 1080 (T.T.A.B. 2001).

158. *Id.* at 1082. See also *In re California Pizza Kitchen, Inc.*, 10 U.S.P.Q.2d 1704, 1705 (T.T.A.B. 1988); *In re Handler Fenton Westerns, Inc.*, 214 U.S.P.Q. 848, 850 (T.T.A.B. 1982).

our current international and impersonal economy, most consumers will have no information at all about where a vendor is located—except the information that may or may not be provided by the trademark. There is no reason to think that consumers are any more likely to make a goods-place association between “Minnesota” and cigars than they are between “Chicago” and ashtrays.<sup>159</sup> The fact that in one case the vendor is located in Minnesota, while in the other it is not located in Chicago, would seem to be quite irrelevant to the subjective perceptions of consumers who are located in places like New York and California.

To be fair, some small number of consumers who live or work in the immediate proximity of the vendor might know of its existence. People living in Minnetonka, Minnesota, may be aware that there is a cigar company there, and thus be more likely to make a goods-place association if they subsequently see cigars labeled MINNESOTA. However, they are likely to constitute only a tiny fraction of all consumers. Moreover, it is more than a little circular to reason that consumers will make a goods-place association based on the mark because they are already familiar with the existence and location of the vendor.

#### *a. The Objective Approach and Geographically Descriptive Marks*

Consider, first, the situation in which an applicant is located in the place named by a term used in its mark, that is, in which the mark is arguably descriptive (not deceptively misdescriptive or deceptive). Perhaps the justification for according weight to the location of the applicant’s business is not so much an inference about consumer perception as it is about the communicative needs of competitors. If the applicant is located in the specified place, that shows, by definition, that at least one business selling the specified type of goods could be based in the place. In turn, that suggests that other businesses selling those same types of goods might quite likely be located there, as well. Thus, we might want to hesitate before granting any one firm exclusive rights in the location name, lest we handicap co-located competitors.

To return to the example, if a firm in Minnetonka seeks to register MINNESOTA for cigars, its very existence suggests that other cigar companies may be nearby and may also want to use the name. In this case, a finding that the mark is primarily geographically descriptive is not really a finding about a consumer goods-place association, but really a judgment that the need to safeguard the interests of competitors makes it advisable to delay protection and registration of the mark.

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159. See *supra* note 131.

Arguably, when an applicant is located in the place named by the mark, the purpose of preserving competitor access to descriptive terms would be well served by an objective test regardless of whether the place is famous for the goods in question. If the place is famous for the products in question, then there will almost always be other firms making similar products in the same area. If it is famous and there are no competitors, then either the applicant should be able to show secondary meaning (because it is responsible for the fame),<sup>160</sup> or the applicant is not dependent on trademark law to protect the designation, because it is the only producer in the area due to its ownership of land or possession of a state-granted monopoly, and can sue others who use the designation for false advertising rather than use of a false designation of origin.<sup>161</sup>

If the place is not known for the goods in question, but there is in fact more than one producer of those goods in that place, it seems contrary to basic trademark principles to give immediate exclusive rights to the first co-located competitor that uses or applies to register the name of the place. The fact that at the time of first use or registration application most consumers are not aware that several firms making competing products are located in a particular place—and hence make no goods-place association—does not foreclose the possibility that more than one of those firms might want to use the place name as part of its branding strategy. If, in fact, none of the other co-located firms are interested in branding their goods with a reference to their location, then one firm is free to develop and seek protection on the basis of secondary meaning.<sup>162</sup>

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160. For example, if Pendleton, Oregon is famous for wool cloth and clothing, it is because of the activities of a single company, Pendleton Woolen Mills, which could then register the mark PENDLETON by demonstrating secondary meaning. See U.S. Trademark Registration No. 0508995 (issued April 26, 1949) (PENDLETON in stylized form for clothing, issued under Lanham Act § 2(f)).

161. For example, the Saratoga Spring Water Co. presumably owns the land where the Saratoga Springs are located. Even though it could not register the trademark SARATOGA SPRING WATER before showing secondary meaning, see U.S. Trademark Registration No. 2129959 (issued January 20, 1998), it could prevent others from using that name if the water sold by the others did not come from Saratoga Springs. See, *Black Hills Jewelry Mfg. Co. v. Gold Rush, Inc.*, 633 F.2d 746, 750-51 (8th Cir. 1980) (holding that the plaintiff, located in the Black Hills, could obtain injunction under Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), to prevent another company located outside the area from using the phrases “Black Hills Gold” and “Black Hills Gold Jewelry” in conjunction with its jewelry); cf. *La Republique Francaise v. Saratoga Vichy Springs*, 107 F. 459, 461-62 (2d Cir. 1901) (holding that defendant could not market water under the name SARATOGA VICHY SPRINGS because it might lead some consumers to think that the water came from Vichy, France).

162. Although the rule that descriptive but obscure foreign place names can be registered immediately predated *In re Nantucket* and seems to be one of the least controversial of applications of the subjective approach, it also seems susceptible of

Finally, there is another reason why objectivity seems warranted when the applicant is located in the place indicated by the mark. If we put aside both the enchantment with goods-place association and the consideration of competitor need to communicate and simply ask what it means to be “geographically descriptive,” the most natural construction is that it is a matter of objective fact. If the applicant is located in the place indicated by the mark, then the mark describes the location of the applicant, and it does that even if some people do not realize it does, or if the applicant has no co-located competitors. This would also seem to be consistent with the most natural construction of “(non-geographically) descriptive.” To hark back to an earlier example, if an applicant’s soap contains any substantial amount of iron, then IRON would seem to be descriptive of that soap, regardless of whether some people do not realize the soap contains iron or whether competitors’ soap also contains iron.

***b. The Objective Approach and  
Deceptively Misdescriptive Marks  
Under the Original Lanham Act***

Taking our examination of an objective approach one step further, why not ask whether there are actually firms in the place indicated by the mark even when the applicant is not from that place? There is no reason to assume that competitor need is any

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criticism, or at least reframing. That rule has been developed in ex parte registration proceedings like *In re Brauerei Franz Inselkammer KG* and *In re Bavaria St. Pauli Brauerei AG*, see *supra* note 34, and in fact, there probably were no competing breweries in the towns of Jever or Aying, Germany to bring opposition proceedings. But what if there were a competing brewery in one of those cases, and it filed an opposition? Should that opposition be denied on the ground that very few members of the American public knew of the town at the time the opposition is brought? If so, the denial of the opposition would indicate a refusal to take into account a very near future in which the town might become better known due to the marketing efforts of the two breweries. Thus, if changed political or economic conditions were going to make substantial export of goods from a foreign region to the United States practical for the first time, one firm could get immediate U.S. trademark rights to the name of the region, even if the region were known in the foreign country for the type of goods in question and more than one firm in that region produced those goods. In such cases, delaying the grant of trademark rights until one of the firms could prove secondary meaning in the U.S. would seem to best promote the pro-competitive purposes of U.S. trademark law.

It may be that the courts in the *Franz Inselkammer* and *Bavaria St. Pauli* cases simply did not consider the possibility of competitor need because there was no evidence of co-located competitors and the applicants both already had foreign registrations. In fact, the grant of immediate rights might be particularly questionable when the U.S. application was filed on the basis of a foreign registration, since the U.S. registration could then issue without the applicant having ever distributed its goods in the United States, allowing even more anticompetitive maneuvers. Of course, the fact that a firm is able to get a foreign registration for the name of the place in which it is located may be evidence that there are no competing firms in that place, but that depends on the trademark law of that foreign country, which may not promote competition in the same way that U.S. law does.

less compelling in such a case. In other words, if the applicant in *JT Tobacconists* had been based in Delaware, that would hardly be probative of an absence of cigar companies in Minnesota. However, allowing immediate registration solely on the strength of a subjective test showing the lack of a goods-place association between cigars and Minnesota would seem to run a serious risk of burdening competitors without conducting even a basic factual investigation.<sup>163</sup>

Although the addition of an objective element has much to recommend it in these situations as well, the analysis of such situations—situations in which the goods or services do not come from the place indicated by the mark—is admittedly more complicated.

The first complication comes from confusion over the role of protecting consumers against deception in this area of the law. As long as we are dealing with cases in which the goods or services come from the place indicated by the mark, protecting against deception is not a reason for withholding exclusive rights in the mark because the mark is conveying accurate information. When they do not, however, protecting consumers from deception becomes a plausible goal. More importantly, if the decision whether or not to protect or register a mark is solely a matter of guarding against deception, then a subjective approach seems most appropriate. Consumers can only be deceived about geographical origin by a mark if they think that it is in fact conveying locational information. If they do not think so, such deception is not possible. Whether or not competitors exist in the place named seems irrelevant.

There are very strong reasons, however, to think that the Lanham Act as originally enacted strictly separated consumer deception concerns from concerns about fair competition and competitor communication, by making the former the subject of Section 2(a)'s permanent ban on registration of marks containing "deceptive matter," and the latter the subject of Section 2(e)'s temporary ban on registration of marks that are "merely

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163. The hypothetical in the text is not purely speculative. Browsing the records of the USPTO reveals a registration for the mark MINNESOTA MUNCHERS for cookies. The owner is a corporation with an address in Greendale, Wisconsin (a suburb of Milwaukee). Apparently the mark was registered without any demand for proof of secondary meaning and without any requirement that the applicant disclaim the word "Minnesota" in the mark. See U.S. Trademark Reg. No. 2556003 (April 2, 2002). The common sense intuition that there are cookie vendors located in Minnesota can be confirmed in a 15-second Internet search that reveals firms such as the Classic Cookie Company, the Cookie Cart, the Cookie Corner and Cookies & More, all in Minneapolis. Moreover, further searching reveals that "Minnesota munchers" appears to be the common descriptive name for a type of cookie, see, e.g., <http://www.christmas-cookies.-com/recipes/recipe235.minnesotamunchers.html>, suggesting that the USPTO may have allowed this applicant to register a generic designation for a type of cookie.

deceptively misdescriptive” or “primarily geographically deceptively misdescriptive.”

The strongest reason for drawing this distinction is that the consequences of having a mark classified as “merely deceptively misdescriptive” or as “primarily geographically deceptively misdescriptive” were exactly the same as those of having a mark classified as “merely descriptive” or “primarily geographically descriptive.” In either case, the mark could not be immediately registered, but could be registered once an applicant could prove secondary meaning. By contrast, when a mark was deemed “deceptive” under Section 2(a), the consequences were dramatically different. A Section 2(a) “deceptive” mark could never be entered on the principal or supplemental registers, and its registration could be challenged in a cancellation action at any time, whereas cancellation actions under Section 2(e) can only be brought within the first five years after the mark is registered.<sup>164</sup> In other words, before the NAFTA Implementation Act, Section 2(e) was completely indifferent about whether a term describes or “deceptively misdescribes” qualities of a good or service. It is difficult to see how one could ascribe a consumer protection purpose to the original version of Section 2(e) when it takes no account of the one distinction that is essential to protecting consumers against deception: the distinction between true descriptions and false ones.<sup>165</sup>

The legislative history of the Lanham Act also suggests that the phrase “deceptively misdescriptive” was drafted to preserve the common-law rule of immediate protection for arbitrary and fanciful marks, rather than out of a new concern for consumer protection. An early draft of what became the Lanham Act proposed to direct an examining attorney to reject registration of a mark that “when applied to the goods of an applicant is merely descriptive or misdescriptive of them,” unless, of course, that mark had become “distinctive of the applicant’s goods in commerce.” However, the term “misdescriptive” could be construed to refer, not only to falsely descriptive marks, but to arbitrary marks, as is

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164. See 15 U.S.C. § 1064(1), 15 U.S.C. § 1064(3). The five-year limitation appears to apply to primarily geographically deceptively misdescriptive marks after the NAFTA amendments, since they are not mentioned by name or section number in 15 U.S.C. § 1064(3).

165. In addition, the other prohibitions in the original version of Section 2(a) are similarly concerned with the interests of the general public rather than with those of competitors. It is members of the general public, rather than competitors, who might be injured by “immoral,” “scandalous,” and “disparag[ing]” marks, or marks that falsely suggest that the mark owner has some connection with people, beliefs, or institutions. By contrast, the other prohibition in the original version of Section 2(e)—the ban on immediate registration of marks that are primarily merely surnames—protects other merchants who bear that surname.



evident from this crucial exchange in a committee hearing on the draft:

Mr. MARTIN. . . . Usually a misdescriptive term is registrable on that ground, that it is misdescriptive . . . .

Mr. THOMAS E. ROBERTSON. You mean the misdescriptive term is registerable, if not deceptive?

Mr. MARTIN. That is right.

Mr. POHL. Right.

Mr. ROGERS. As an illustration, “ivory” as applied to soap. It is a perfectly good trade-mark; but it is a descriptive term, but not as applied to soap. . . .

Mr. POHL. I agree with Mr. Rogers. . . . Now the reason that no mark which when applied to the goods is merely descriptive is registrable should be obvious. Everyone should be free to use the descriptive words, because they are indispensable. There is no exclusive right in them. Such terms should be given to anyone, and I refer to Mr. Rogers’ illustration. Now, ivory is descriptive only with respect to the tusks of the elephant. Ivory is only descriptive with respect to ivory. When applied to soap it is perfectly registerable although it is misdescriptive. But the ivory for soap is certainly not descriptive of soap. It is misdescriptive of soap, but it is not deceptive.<sup>166</sup>

A few minutes after the quoted exchange, the committee settled on the adverb “deceptively.”<sup>167</sup> It decided to amend the draft so that the formulation to describe both geographic and non-geographic terms that were not to be registrable without secondary meaning became “descriptive and deceptively misdescriptive.” That formulation survived five more years of wrangling over trademark law revisions, was passed into law as part of the Lanham Act, and remains law today, sixty years later.

Needless to say, the committee’s choice was infelicitous, because as we have noted, the Lanham Act also includes a permanent ban on marks consisting of or comprising “deceptive” matter in Section 2(a). The close linguistic relationship between the adverb “deceptively” and the adjective “deceptive” has led to sixty years of ruminations on the exact relationship of Section 2(e) to Section 2(a). We think the best conclusion is that the adverb and the adjective are two different words being used to do two different things. The phrases “descriptive or deceptively misdescriptive” and “geographically descriptive or deceptively misdescriptive” in

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166. Hearings on H.R. 102, H.R. 5461, and S. 895 Before the Subcomm. on Trademarks of the House Comm. on Patents, 77th Cong., 1st Sess. 84-85 (1941).

167. *See id.* at 86.

Section 2(e) create categories of terms and devices that should be available to competitors. The reason that they should be available is because they describe some quality of the *type* of good or service that is the subject of competition, whether or not the applicant's *particular* good or service in fact has that quality. Only terms that are unrelated to the type of good or service in question should be immediately registrable because they are not needed by competitors. As Mr. Pohl stated in the committee hearing, "Ivory" should be immediately registrable as applied to soap, because so applied it is not one of those "indispensable" words that "[e]veryone should be free to use."<sup>168</sup>

The appropriateness of an objective element in determining whether a mark is "deceptively misdescriptive" is perhaps most readily apparent in the case of non-geographic marks. Consider, again, the example of IRON for soap, and assume that the soap made by the firm applying to register IRON for soap does not contain any iron. One could survey consumers, trying to elicit their subjective beliefs about whether a soap named IRON would contain any iron or not. As we have suggested, however, we think that whatever those subjective beliefs would turn out to be, they would be quite weak. Consumers do not have very strong reasons to form a belief one way or the other. In that case, it seems appropriate and useful to ask whether any soap made by competitors contains substantial amounts of iron. If it does, that is a good reason for denying immediate protection and registration. The applicant should be put to the test of secondary meaning before being granted exclusive rights in a mark that describes a feature of a competitor's product, whether the public is aware of it or not. Conversely, if no soap made by any soap manufacturer contains substantial amounts of iron, there does not seem to be any reason not to grant immediate protection to IRON for soap.

What about geographic marks? At the very least, a positive result of an objective test should also be conclusive of geographic deceptive misdescriptiveness under the original Lanham Act. That is, if a soap-making firm not located in Muskegon wants to protect and register the mark MUSKEGON for soap, and another firm located in Muskegon makes soap, the first firm should be denied immediate protection and registration. One way to think of the justification for this rule is this: whenever the results of a subjective test would differ from this objective test, to choose the subjective test would be to allow consumer ignorance to make it more difficult for merchants to inform consumers of the truth. Surely this cannot be the goal of trademark law.

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168. *Id.* at 85.

Thus, ideally, we would recommend the express addition of an objective component to the test for both geographic descriptiveness and deceptive misdescriptiveness. If a firm seeks to register a recognizable geographic place name, and there are other firms located in the named place engaged in the same line of commerce, immediate protection should be denied. If, after sufficient time has passed, none of those competitors have made use of the mark, it seems safe to assume that it does not communicate any commercially relevant information, and it will then be time enough to grant the first user legal exclusivity. The goal here is simply to maximize the chance that words and devices that might be needed by competitors are subject to the additional test of secondary meaning.<sup>169</sup>

Although this may be the ideal, it is no longer possible to implement that ideal simply through judicial interpretation of the Lanham Act. In 1993, the NAFTA Implementation Act drastically changed the treatment of trademarks that designate places other than those from which the goods in question originate, and eliminated the role of secondary meaning in screening those marks. It did so supposedly to comply with NAFTA and TRIPS obligations to protect geographical indications. Thus, we turn to the impact of the NAFTA and TRIPS treaties and the NAFTA Implementation Act, and to what should be done in light of them.

#### **IV. GEOGRAPHIC MARKS AFTER NAFTA AND TRIPS: MAKING ROOM FOR COMPETITOR COMMUNICATION AND SECONDARY MEANING**

In 1993, the NAFTA Implementation Act, as noted above, uncoupled the category of PGDM marks from that of “primarily geographically descriptive” ones and provided that the former could no longer be salvaged by proof of secondary meaning.<sup>170</sup> Thus, after the NAFTA Implementation Act, trademark protection for geographic terms that name a place in which the goods at issue

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169. The European Court of Justice, interpreting the European Trademark Directive, has adopted an objective test related to the one we propose, asking whether a geographical name “is liable to be used in the future by the undertakings concerned as an indication of the geographical origin of that category of goods.” *Windsurfing Chiemsee Produktions und Vertriebs GmbH v Boots-und Segelzubehor Walter Huber & Frank Attenberger* (C-108/97 & C-109/97) [1999] ECR I-2779, I-2832 (interpreting Article 3(1)(c) of the First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks). The particular test we advocate in this piece calls, not for a prediction of the future, but for present fact: are there co-located competitors or not? It may be less subtle than the ECJ test, but we think it has the virtue of relative administrative simplicity.

170. Pub. L. No. 103-182, § 333(a)(2). 107 Stat. 2057 (1993), codified at 15 U.S.C. §§ 2(e)(3), 2(f).

do not originate is an all-or-nothing, now-or-never matter. There is no possibility of waiting to see whether secondary meaning will develop. Rather, in deciding how to interpret the PGDM standard, courts must fix a line that determines whether the applicant will be able to register immediately or will be barred forever. In making individual determinations, examining attorneys and courts face the same now or never choice. Removal of the intermediate category has two unfortunate effects. First, it increases the damage done by any individual mistaken classification. Second, and more importantly, it may put pressure on a court to move the line in one direction or the other because of the drastic consequences at stake. In fact, it seems to have motivated the Federal Circuit to significantly raise the bar for challenging registrations of geographically misdescriptive marks. Although this avoids undue expansion of the category of permanently barred marks, it allows one company to get immediate exclusive rights in a geographic designation that other companies may legitimately need, and may even create incentives for them to do so in order to burden competitors.

Our tasks in this section are twofold: to consider what Congress actually did in the NAFTA Implementation Act, and to consider what it could do under the NAFTA and TRIPS treaties. We conclude, contrary to Federal Circuit case law, that Congress did not add a materiality test to the conditions for a mark to be classified as PGDM. Rather, it seems clear that its 1993 action permanently barred from registration all geographic marks that give rise to an inaccurate goods-place association. Just as importantly, however, we conclude that Congress need not have gone that far to implement the NAFTA and TRIPS treaties. A NAFTA- and TRIPS-compliant law, we argue, need not permanently ban all marks giving rise to inaccurate goods-place associations. Such a law may instead impose a second condition, namely, that goods which actually come from the place designated by the challenged mark have specific characteristics that are attributable to their geographic origin, or that the designated place be famous for the type of goods in question. That second condition significantly narrows the category of permanently banned marks. A law that permanently banned only marks satisfying both the first and second conditions could preserve sufficient room for an intermediate category of geographically inaccurate marks registrable only upon proof of secondary meaning. We will argue that the ideal law would do just that.

### *A. What the NAFTA Implementation Act Did*

If it is clear that Congress removed some geographic trademarks from a category in which they were subject to a secondary meaning test, it is not quite as clear where Congress put

the marks it removed from that category. A strict textual approach would suggest that Congress simply put those marks in a category that made them permanently unregistrable. After all, the relevant section of the NAFTA Implementation Act makes no change to the previously existing phrase “primarily geographically deceptively misdescriptive,” but simply isolates that phrase in a subsection, and then makes that subsection an exception to the rule that secondary meaning can cure rejections for descriptiveness. The *California Innovations* court, however, decided that Congress did just the opposite. It held that, without touching any of the words in the phrase “primarily geographically deceptively misdescriptive,” Congress added a materiality requirement to the PGDM standard that rendered it identical to the standard for Section 2(a) descriptiveness. Because marks deemed deceptive under Section 2(a) were already banned, the net effect was to render immediately registrable all geographically misdescriptive marks that had previously been subject to a secondary meaning test.

As an exercise in statutory interpretation, the *California Innovations* opinion is strained. As Professor Mary La France has pointed out, the opinion’s approach violates conventional canons of statutory construction and attributes to Congress an almost irrational purpose in adjusting the statute after the ratification of NAFTA.<sup>171</sup> We think that the most defensible interpretation of the NAFTA Implementation Act is that Congress endorsed PGDM precedent as it existed in 1993. In other words, whatever the PGDM standard ideally should have been in 1993, federal court precedent at that time in fact used a “maximalist” subjective test that placed a substantial burden on whoever wanted to demonstrate a goods-place association. Congress endorsed that approach when it amended Section 2(e) without disapproving of that interpretation; it simply changed the consequences of a mark’s falling into that category without changing the criteria of the category at all.

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171. See LaFrance, *supra* note 6, at 144-47. As LaFrance points out, the NAFTA Implementation Act provided for grandfathering of PGDM marks that became distinctive before December 8, 1993, see 15 U.S.C. § 1052(f), which, if PGDM marks are deceptive, violates a basic principle of trademark law that deceptive marks never become distinctive. See *id.* at 145-46. Another clue that Congress did not intend PGDM marks to be a mere subset of deceptive marks is the remaining difference between these two categories with respect to availability of cancellation proceedings and incontestability. A petition to cancel a registration on grounds of descriptiveness under Section 2(a) can be brought at any time, and it is not affected by the general limitation on such actions to within five years after registration, or the status of a right to use the mark as being “incontestable.” Conversely, a petition to cancel a registration on the ground that the mark is “primarily geographically deceptively misdescriptive” is subject to the five-year limitation, and is subject to dismissal if the mark has attained an incontestable right to use status. See 15 U.S.C. § 1064(3); 15 U.S.C. § 1065.

Unlike the *California Innovations* holding, this interpretation would not incorporate a materiality test, but neither would it be as broad as the objective approach we advocate above. Such a result, however, continues to be unsatisfying. It under-protects competitor need by failing to incorporate an objective test, and leaves no room for an intermediate category requiring proof of secondary meaning. To make any more progress, we would need to enter the legislative arena, yet Congress is constrained by NAFTA and TRIPS. Do those constraints give it room to improve the current situation? In the next section, we argue that they do.

### ***B. What the NAFTA and TRIPS Provisions on Geographical Indications Require***

What do NAFTA and TRIPS require? Luckily, we can consider the two treaties together, because the language of their general provisions on geographical indications is substantially identical, although TRIPS has special provisions concerning wines and spirits that NAFTA lacks. Our conclusion is that these provisions establish two hurdles for protection under a NAFTA- or TRIPS-compliant law.<sup>172</sup> The first is a subjective goods-place association test, which we will argue is a “minimalist” version of that test. The second test asks whether the geographical origin of the good designated by the mark in question either demonstrably contributes particular attributes to that type of good, or has a reputation for that type of good. We also conclude that the NAFTA and TRIPS provisions concern only goods, and do not require protection of geographical indications for services.

The operative provisions of both treaties are concerned with uses of geographical terms or devices which “mislea[d] the public” about the geographic origin of goods.<sup>173</sup> That language suggests a subjective approach, asking whether members of the public will be led to believe that a product comes from some place it does not.<sup>174</sup> If a use is deemed misleading as to geographical origin, nations that are parties to the treaties have two obligations. First, if the user seeks to register or has registered the designation, signatory nations must refuse or invalidate the registration.<sup>175</sup> Second, signatory nations must also allow interested private parties to bring legal actions to prevent the use of the designation, regardless

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172. By “NAFTA- or TRIPS-compliant law,” we mean a minimally compliant law—one that protects as much as required by NAFTA and TRIPS but no more.

173. See NAFTA Arts. 1712(1)(a), 1712(2); TRIPS Arts. 22(2)(a), 22(3).

174. We address below whether this subjective approach is “perfectionist,” “maximalist,” or “minimalist,” in the sense those terms were defined above on p. [38].

175. See NAFTA Art. 1712(2); TRIPS Art. 22(3).

of whether it is registered.<sup>176</sup> Thus, under a NAFTA- or TRIPS-compliant law, a misleading use is both denied registration and subject to being enjoined in a private legal action.

Professor LaFrance has argued that the treaty language expresses not just a subjective approach, but also a materiality standard that would allow Congress to adopt by further legislation the approach that *California Innovations* adopted by reinterpreting existing legislation. She notes that the treaty proscribes “misleading” geographic marks, and argues that a mark is not necessarily misleading if it does not motivate the purchasing decision—in other words, if it is not material. She also contends that once a misdescriptive geographic mark has achieved secondary meaning, consumers can no longer be confused or misled by the mark.<sup>177</sup> Based on these contentions, she concludes that Congress could modify the Lanham Act to forbid only those misdescriptive geographic marks that influence purchasers.

We have three problems with this analysis. The first concerns what we think is the plain language of the operative treaty provisions themselves. That language speaks of consumers being misled *as to the geographic origin of the goods*, not consumers being “misled” in the abstract. If a mark provides inaccurate geographic information, it would seem that, by definition, it misleads consumers as to the origin of the goods, even if consumers are indifferent about the information. To use a variation on one of Professor LaFrance’s examples,<sup>178</sup> imagine that the two authors of this article set up a stand at the Washington-Dulles Airport to sell root beer we made in Washington, D.C. that we branded as CHICAGO root beer, and that we decorated the stand with a big picture of the skyline of Chicago, we affected Chicago accents, and we wore shirts and hats with the emblems of Chicago sports teams. We would probably lead many passersby to believe that the root beer was made in Chicago. Even if many of those passersby were not interested in buying root beer and never did, and others that bought the root beer did not care whether it was made in Chicago, or not, we still would have managed to mislead them as to the geographic origin of the root beer.

Second, to interpret the geographic indications provisions in NAFTA as containing a materiality requirement would also seem to render one of those provisions superfluous in the same way that the *California Innovations* court’s interpretation of Section 2(e)(3) renders that section superfluous. NAFTA contains another provision, Article 1708(14), which is virtually identical to the first

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176. See NAFTA Art. 1712(1)(a); TRIPS Art. 22(2)(a).

177. See LaFrance, *supra* note 6, at 134-35, 138.

178. *Id.* at 134-35.

clause of Section 2(a) of the Lanham Act. In pertinent part, it requires NAFTA parties to refuse registration of “trademarks that consist of or comprise . . . deceptive . . . matter.” Thus, if Article 1712(2) of NAFTA, which specifically addresses the registration of trademarks consisting of or comprising geographic indications, does nothing more than ban registration of geographically deceptive marks, there is no reason to include it in NAFTA at all, since Article 1708(14) already bans registration of deceptive marks, of which geographically deceptive marks are just a subset.<sup>179</sup>

However, the third and most important reason to conclude that NAFTA and TRIPS do not include a materiality requirement is that they contain an additional, carefully crafted test that is clearly an alternative to a materiality requirement. This test is contained in the treaties’ substantially identical definitions of the term “geographical indication.” The version in TRIPS provides:

Geographical indications are, for the purposes of this Agreement, indications which identify a good as originating in the territory of a Member, or a region or locality in that territory, *where a given quality, reputation or other characteristic of that good is essentially attributable to its geographical origin.*<sup>180</sup>

Because the operative provisions of the NAFTA and TRIPS treaties create obligations only with respect to “geographical indications,” this definition creates a second test that must be satisfied in addition to the subjective “misleading the public” test established in the operative provisions themselves. That is because not all geographic marks are “geographical indications” within the meaning of the treaty. In other words, nations that are parties to NAFTA and TRIPS must ban<sup>181</sup> a use of a geographical term or device for a good only when *both* of the following requirements are satisfied:

- (1) The use leads the public to believe that the good in question came from place A, when in fact it came from Place B; and

179. Unlike NAFTA, TRIPS does not contain a general provision banning registration of deceptive trademarks.

180. TRIPS, *supra* note 63, Art. 22(1) (emphasis added). The NAFTA version provides: “geographical indication means any indication that identifies a good as originating in the territory of a Party, or a region or locality in that territory, where a particular quality, reputation or other characteristic of the good is essentially attributable to its geographical origin.” North American Free Trade Agreement, Dec. 17, 1992, art. 1721, 32 I.L.M. 289 (1993).

181. We use this term as shorthand for the dual obligations to refuse to register a misleading geographic trademark, and to allow private parties to seek an injunction against misleading geographic indications.



- (2) The use is use as a “geographical indication,” which means either
- (a) Goods of the type in question that do, in fact, come from Place A have distinctive characteristics that can be attributed to their origin in Place A, or
  - (b) Place A has a reputation for goods of the type in question.

This second requirement is a significant additional hurdle to gaining protection under a NAFTA- and TRIPS-compliant law. We will first explain in greater detail the components of that requirement, and then explain its relation to a materiality test, and how we think it affects interpretation of the first “mislead the public” requirement.

The NAFTA and TRIPS definitions require that “a quality, reputation, or other characteristic” of a good be attributable to the place that the mark designates as the origin of the good. We might call this requirement the “origin nexus” requirement. The nexus, or connection, between the goods and their place of origin can be either objective or subjective. The objective origin nexus is the connection of “a given quality . . . or other characteristic” of goods to a place; the subjective nexus is the connection of the “reputation” of goods to a place.

Consider, first, what it means for a “quality . . . or other characteristic” of a good to be “essentially attributable to its geographic origin.” The most simple example is an agricultural product that has certain physical attributes because it was grown under the environmental conditions present in a particular area, such as soil type, temperature, rainfall, and so on. Although this example involves natural factors that make an agricultural product distinctive, the NAFTA and TRIPS definitions are best read to include human factors and manufactured goods as well.<sup>182</sup>

In fact, a combination of place-specific natural and human factors is often at work with both agricultural and manufactured products. With respect to agricultural products, much depends upon the choices people make in response to the natural factors, such as the choice of what crop and variety to grow, how to till and fertilize the soil, how to harvest and preserve the crops, and so on.

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182. Some commentators have noted that the NAFTA and TRIPS definitions do not explicitly mention the inclusion of both “natural and human factors,” unlike the Lisbon Agreement and the WIPO Model Law for Developing Countries on Appellations of Origin and Indications of Source. See Albrecht Conrad, *The Protection of Geographical Origins in the TRIPS Agreement*, 86 TMR 11, 31-32 (1996); Lee Bendekgey & Caroline H. Mead, *International Protection of Appellations of Origin and Other Geographic Indications*, 82 TMR 765, 785 (1992). However, the language of those definitions seems broad enough to encompass human factors as well as natural ones, as other commentators have recognized. See Bernard O'Connor, *The Law of Geographical Indications* 54 (2004).

As for manufactured products, all manufactured products ultimately depend on natural resources of some kind, and a manufacturing location may be chosen because of its proximity to distinctive resources. For example, one distributor of Italian pottery claims, “Most of the ceramic villages [which are the source of this distributor’s wares] are located along the riverbanks where there are natural clay deposits and this clay makes the product special and of finer quality than other kind[s] of ceramics.”<sup>183</sup> In addition, many manufactured products may well gain distinctive features from a local craft tradition or a local community of technical expertise.

In some cases, all of these elements are at work. For example, in 1899, a successful lawsuit was brought by seven flour mills in Minneapolis against a Chicago company that was marking its flour “Minneapolis, Minnesota” or “Minnesota Patent.” The evidence revealed that the flour mills in Minneapolis all used hard spring wheat grown in Minnesota and North Dakota. It also demonstrated that they also all used a particular milling process called “roller grinding” that was particularly adapted to hard spring wheat and was designed to preserve as much of the flour gluten as possible.<sup>184</sup>

We expect, however, that the facts of many cases involving manufactured goods would not reveal an objective origin nexus. Inexpensive transportation of raw materials has drastically reduced the need for many producers to be located near their raw material sources, and methods of refinement and chemical synthesis have made the original place-specific characteristics of raw materials less important to finished products. For example, the chemical composition of oil may vary between oil fields, but by the time the oil is made into polyethylene and delivered to a firm thousands of miles away that molds polyethylene into a consumer product, those variances are no longer traceable. This is why, as Justin Hughes remarked, “[F]or all practical purposes, the law of geographical indications is about foodstuffs.”<sup>185</sup>

Whether a type of good gains “a given quality . . . or other characteristic” from the place it originates is, we submit, an objective test in the sense that it does not matter whether the connection is famous or completely unknown to the general public, so long as someone can demonstrate that connection. “Quality” is preceded by the indefinite article “a” and the adjective “given” (or “particular” in NAFTA), which suggests reference to a particular

183. *A Brief History of the Art of Majolica*, at <http://www.tasteofflorence.com/History.htm> (visited January 30, 2006).

184. *See Pillsbury-Washburn Flour Mills Co., Ltd. v. Eagle*, 86 F. 608 (7th Cir. 1898).

185. *See Hughes, supra* note 88.

attribute of the good, not to the fact that the good is reputed to be of superior make or growth. The catch-all “other characteristics” also suggests an objective test, because it refers to features of the good independent of its current reputation.

“Reputation,” on the other hand, which is the term that fills in the ellipsis in “a given quality . . . or other characteristic,” is a subjective matter, since it requires public knowledge of the connection between good and place. However, it is different than the subjective goods-place association test contained in the phrase “mislead the public” in the treaties’ operative provisions. To be misled into thinking that some root beer came from Chicago, one does not necessarily have to know that Chicago has a reputation for root beer. The combination of signals employed in our hypothetical Dulles Airport root beer stand should mislead people even though they do not know that Chicago has a reputation for root beer (in fact, as far as we know, it doesn’t).<sup>186</sup> Thus, “reputation” requires something more. It requires that a place be well-known, or famous, for the goods in question. Thus, in sum, to satisfy the second “origin nexus” requirement for protection under a NAFTA- or TRIPS-compliant law, one needs to show either that the purported place of origin contributes some distinctive characteristic to the type of goods in question, or that it is well-known for those goods.

What relationship does this requirement of an origin nexus have to a materiality test? It is not a materiality test. One does not need to show that the origin of the goods would influence the purchase decisions of consumers. It is, however, a step in that direction. One has to show that goods that actually come from the place in question have distinctive qualities or a known reputation, matters which could influence a rational consumer’s decision to purchase. However, to go one step further and require one to show that these differences *would* influence purchase decisions is, we think, to ignore exactly where the treaties chose to stop.

Moreover, one can imagine good reasons that the treaties chose to stop where they did. First, the materiality test requires either an expensive and manipulable survey or a guess to determine what would, in fact, influence consumers. Second, the objective origin nexus test gives some “breathing room” to protect a nascent reputation. If goods that come from some place are, in fact,

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186. In the language of the treaties, “Chicago” is not a geographic *indication* for root beer, because root beer does not derive special qualities from being made in that city, nor does that city have a reputation for fine root beer. Since that toponym is not a geographic indication, the treaty imposes no obligations on member states to regulate its use in any particular way. Thus, the United States would be free to allow protection from the time of first adoption to ban the use of such a mark or to defer protection until the user could show secondary meaning. As the analysis in the text indicates, we believe the choice should turn on the objective question of whether there are other root beer vendors in Chicago.

different, but do not yet have a reputation for that difference, the objective test assures that the possibility of gaining a reputation is not prematurely cut off.

The first requirement for protection under the NAFTA and TRIPS treaties—the “mislead the public” test imposed by the operative provisions—is a subjective test, but in the terms we have defined above,<sup>187</sup> is it “maximalist,” “perfectionist,” or “minimalist”? Reading the operative provisions in light of the definition of “geographical indications,” we would argue that it is a minimalist test. A maximalist interpretation would essentially duplicate the “reputation” component of the second hurdle, while rendering the objective “quality . . . and other characteristics” component inoperative. In other words, if a mark “misleads the public” as to geographical origin only when a majority of the public affirmatively associates the goods with the place, that is almost certainly because the place has a reputation for the goods, and there would be no room left for the objective component to operate. We think the perfectionist interpretation is unworkable in any case, but in addition, it too would give too little a role for the objective component of the second hurdle. Only with a minimalist interpretation would the objective component have a chance to make a significant difference, as it was surely intended to.

Under a minimalist subjective test, marks using geographic terms are likely neither descriptive nor misdescriptive in three situations. The first is when the term is not generally recognized by the public as the name of a place, because the place is too obscure. The second is when it would be impossible, or virtually impossible, for the goods in question to come from the place. The third is when the mark is a composite mark, and considered as a whole, is clearly using the geographic term in a metaphorical rather than a literal sense. In all other cases, the mark is misleading in the sense that the public is not able to exclude the possibility that the mark is conveying information about geographic origin, and yet that information is inaccurate.

Last, the NAFTA and TRIPS obligations with respect to geographical indications are limited in one more important way: they apply only to goods, and not to services. NAFTA and TRIPS both liberally link the term “goods” with the term “services” when they mean to include both,<sup>188</sup> so the absence of any reference to

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187. See Part III.B.1., *supra*.

188. See, e.g., NAFTA Article 1708(1) (“A trademark consists of any sign . . . capable of distinguishing the goods or services of any person from those of another. . . .”); TRIPS Art. 15 (“Any sign . . . capable of distinguishing the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trademark.”); see also Daniel Gervais, *The TRIPS Agreement: Drafting History and Analysis* 191 (2d ed. 2003) (TRIPS Art. 22 does not apply to services because, “It seems that where negotiators wanted to indicate that a rule in respect of indications applied to services as well as goods, they said

services in the geographical indications provisions is telling. One other provision in NAFTA, the Article 1708(14) provision, which requires the parties to refuse to register “trademarks that consist of or comprise . . . deceptive matter,”<sup>189</sup> should include geographically deceptive service marks.<sup>190</sup> TRIPS contains no such provision, and arguably contains no provision at all, requiring protection for indications of origin of services.<sup>191</sup> Thus, any regulation of geographical indication uses under NAFTA that are not “deceptive” within the meaning of Article 1708(14), and any regulation of geographical indication uses in TRIPS, at all, applies only to uses in connection with goods.

### ***C. What Congress Could Do to Restore the Role of Competitor Communication and Secondary Meaning in Light of NAFTA and TRIPS***

What did Congress have to do to comply with the NAFTA and TRIPS provisions on geographical indications? It did not have to permanently bar registration of all marks that create an inaccurate goods-place association, as we believe the NAFTA Implementation Act is best interpreted to have done. On the other

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so.”); Bernard O’Connor, *The Law of Geographical Indications* 53 (2004) (TRIPS Art. 22 does not apply to services).

189. NAFTA art. 1708(14).

190. See NAFTA Art. 1708(1).

191. One might think that the NAFTA and TRIPS incorporation of the Paris Convention could impose an obligation to protect against the use of false indications of origin with respect to both goods and services. After all, Article 10*bis* of the Paris Convention requires effective protection against unfair competition, including “any act of competition contrary to honest practices in industrial or commercial matters,” Paris Convention Art. 10*bis*, a phrase abstract enough that it could arguably include the use of false geographic indications. However, the legislative history of Article 10*bis* shows that the United States objected to the inclusion of geographic origins in the Article and an explicit reference to “origin” was struck, casting serious doubt on whether that Article imposes any requirements respecting indications of origin. See Conrad, *supra* note 182, at 24-25. NAFTA and TRIPS then both extend Art. 10*bis* to geographic indications, see NAFTA Art. 1712(1)(b), TRIPS Art. 22(2)(b), but because they both define geographical origins as being limited to goods, that obligation must also be so limited.

Article 10 of the Paris Convention, in conjunction with Article 9, more directly requires parties to seize goods at the border when a false indication of geographic source has been directly or indirectly used in connection with them. However, these provisions clearly do not apply to services, and in any case, two commentators have suggested that “it was expressly understood that these words were to be interpreted as a mere invitation of member States to adopt legislation . . . but that this invitation would not create any obligation, not even a moral one.” G.H.C. Bodenhausen, *Guide to the Application of the Paris Convention for the Protection of Industrial Property* 137 (1969); see Daniel Gervais, *The TRIPS Agreement: Drafting History and Analysis* 193 (2d ed. 2003) (quoting Bodenhausen). The provisions of U.S. law that may be traceable to Article 10, Trademark Act of 1905, ch. 592, § 27, 33 Stat. 724, 730 (1905); and Lanham Act § 42, 15 U.S.C. § 1124, seem to have generated relatively little litigation.

hand, Congress did need to do more than bar registration of marks that materially misrepresented geographic origin, as the *California Innovations* court interpreted the NAFTA Implementation Act to have done.<sup>192</sup>

Ideally, we submit, the Lanham Act should contain a permanent bar against the registration of geographic marks that tracks the minimum NAFTA and TRIPS requirements. Thus, a mark would be permanently barred from registration if:

- (1) it created an inaccurate goods-place association, under the minimalist interpretation of that test; and
- (2) at least one of the following conditions was satisfied:
  - (a) goods of the type in question that come from the purported place of origin have distinctive characteristics that can be attributed to their origin in that place; or
  - (b) The purported place of origin has a reputation for goods of the type in question.

This permanent bar leaves sufficient room for an intermediate category of geographically descriptive and misdescriptive marks that should not and need not be permanently barred, but would require secondary meaning for registration. A mark would fall into this intermediate category if:

- (1) the mark created either an accurate or an inaccurate goods-place association, under a minimalist interpretation of that test; and
- (2) there were other merchants located in the place designated by the mark producing or selling the same type of good.

As a procedural matter, once the trademark examining attorney demonstrated that the first condition was satisfied, we would place the burden on the applicant to show that the second condition was not satisfied. We suggest this because we think that typically the applicant will be more likely to have access to the relevant information. Marks that met neither the conditions for

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192. As we have noted, NAFTA and TRIPS also contain private action requirements. See NAFTA Art. 1712(1)(a); TRIPS Art. 22(2)(a). The only federal law that would arguably meet these requirements is Section 43(a)(1)(B) of the Lanham Act, 15 U.S.C. § 1125(a)(1)(B), which provides for an action for misrepresentation of geographic origin. Courts have generally held that actions under Section 43(a) require a demonstration that the misrepresentation in question is material, that is, would have an effect on consumer purchase decisions. See, e.g., *William H. Morris Co. v. Group W*, 66 F.3d 255 (9th Cir. 1995); 4 McCarthy, *supra* note 6, § 27:35. We argue above that the NAFTA and TRIPS definitions of “geographic indication” fall somewhat short of requiring materiality. See *supra* p. [67]. Thus, in theory, the Lanham Act might not quite comply in this respect with NAFTA and TRIPS standards, although this discrepancy could possibly be cured by judicial reinterpretation of Section 43(a)(1)(B), since the materiality requirement is not stated explicitly in the language of that provision.

the permanent bar nor the conditions for the intermediate category, would be immediately registrable.

There is one final factor that we think counsels moving to our suggested approach, above. An inevitable hazard of any regime of intellectual property rights is that firms will attempt to use it to obtain advantages unrelated to their competitive merits and to hinder their rivals. This is a particular risk with trademarks, because appropriating key words can leave rivals speechless. Moreover, strangers to an industry, such as trademark examining attorneys, judges, and law professors, can never know as much about what words are crucial components of competitive communication as those who are engaged in the trade. We think that the refinements we have suggested above will tend to reduce the risk of rent-seeking behavior by early adopters of geographic trademarks and better insure that every firm has access to the full range of useful communicative tools. That, in turn, should enable consumers to better identify substitute products, promote more price competition, and enhance consumer welfare.

We now conclude by hazarding some guesses about how several types of uses would come out under these rules, including both decided cases and a few typical categories of uses.

*NEW YORK WAYS GALLERY* and *THE VENICE COLLECTION*.<sup>193</sup> Because there was evidence that New York has a reputation for leather goods, the *NEW YORK WAYS GALLERY* mark for leather goods not made in New York would be permanently barred from registration. In the jargon of the treaties, “New York” is a “geographic indication” for leather goods. Thus, to describe leather goods not from New York with this particular geographic designation is to run afoul of the absolute prohibition of the treaties. The addition of the words “ways” and “gallery” would not alter the result because although they do make the trademark a composite mark, their addition does not render the reference to New York merely incidental or metaphorical.

We arrive at the same conclusion for the mark *THE VENICE COLLECTION* for glass, lace, art objects, jewelry, textiles, and printed works not coming from Venice, since Venice is famous for those things. In this case, however, it is not as clear that the scope of the “related goods” rule should be quite as broad as the court held in *In re Save Venice New York*. The court there held, for example, that use of the mark on “tableware made with precious metals” was sufficiently related to Venice’s reputation for “art objects” to create a goods/place association. Here, the issue is whether Venice’s reputation for “art objects” or *objets d’art*—a rather broad and vague category—should result in a permanent

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193. See *supra* note 66.

bar for the mark THE VENICE COLLECTION for tableware not made in Venice. Although the scope of a locale's preclusive reputation would have to be worked out on a case-by-case basis, we think it is at least possible that Venice's reputation for nothing more specific than "art objects" would not result in such a permanent bar.

*NANTUCKET for shirts.*<sup>194</sup> The mark NANTUCKET for shirts not made on Nantucket Island would probably not be permanently barred. As far as we know, there is no evidence that shirts coming from Nantucket Island (if indeed there are any) have any distinctive qualities stemming from their geographic origin, nor that Nantucket Island has a reputation for shirts. NANTUCKET, however, refers to a place generally known by the American public, from which it would not be impossible for shirts to come (that is, there is a minimalist subjective goods-place association here), and it appears that there are companies selling shirts on Nantucket Island (that is, there is an objective reason to think competitors could conceivably want or need the geographic designation). That would suggest that the mark should be registered only upon proof of secondary meaning. If, however, the applicant could show that there are no competitors on Nantucket Island, there would be no need to delay a grant of exclusive rights. Secondary meaning could be dispensed with, the mark could be deemed literally suggestive, and registration could be granted immediately.

*CALIFORNIA INNOVATIONS for beverage containers.* The mark CALIFORNIA INNOVATIONS for insulated beverage containers not made in California would probably also not be permanently barred, and certainly not, as far as we know, on the basis of any origin nexus. However, the second word in the composite, "innovations," does suggest some cases in which a composite might actually be *more* likely to invoke a place's reputation and thus raise the possibility of a permanent bar. SILICON VALLEY for insulated beverage containers is one thing, but SILICON VALLEY HIGH TECHNOLOGY ENGINEERING for insulated beverage containers is another. The latter would seem to suggest quite specifically that the design or construction of the container involved the expertise of engineers in Silicon Valley. Silicon Valley's engineers are generally known for expertise in semiconductors and the Internet, and not insulated beverage containers, but the composite mark suggests a link to those skills, and hence might be permanently barred as invoking a Silicon Valley reputation.

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194. Editor's note: This might be otherwise if it could be shown that the "Nantucket Whaling Shirt" was a historical shirt, see *supra* note 54. RMK.



CALIFORNIA INNOVATIONS for insulated beverage containers does create a minimal goods-place association, and so the issue would be whether there are competitors in California that make such a product. The evidence mentioned in the Federal Circuit's opinion suggests that there were not, though that evidence seems rather counterintuitive given that the state has a gross product of about \$1.5 trillion, making its economy bigger than that of Italy, Canada, or Spain.<sup>195</sup> It is hard to believe that there is only one insulated beverage container maker in the state, unless the containers involved are covered by patents. Nonetheless, if the registration applicant could prove such a fact, the mark could be immediately registered. Of course, even if the mark is immediately registered, it is still subject to a descriptive fair use defense, and one would expect that such a defense would be interpreted at least somewhat generously when the alleged infringer is located in California and the mark holder is not.

*THE REGIONAL CUISINE RESTAURANT.* It is not a matter of chance that a large number of cases about trademark protection for geographic brand names involve restaurants. There are a number of phenomena involving restaurants that push consumer perceptions in different directions, and that therefore lead to tricky cases under the dominant subjective approach. On one hand, it turns out that there are many traditional regional cuisines, domestic and foreign, that have become successful themes of restaurants well outside of those regions, and in some cases, on the other side of the world. As we have noted, a strong tradition has developed of using place names from those regions as restaurant names to suggest the regional cuisine being served at the restaurant.<sup>196</sup> Some of those uses would, under a subjective service-place association test, be found to generate no expectation among consumers that any aspect of the restaurant originated in the place from which it took its name, other than some of its recipes. On the other hand, restaurants are not pure service businesses; they provide goods, in the form of food and drink. In some cases, the name of a restaurant might convince consumers that a principal ingredient in the meals came from a particular place. A patron of COLORADO STEAKHOUSE, for example, might be convinced that the beef served there came from Colorado.<sup>197</sup>

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195. See [http://www.lao.ca.gov/2004/cal\\_facts/2004\\_calfacts\\_econ.htm](http://www.lao.ca.gov/2004/cal_facts/2004_calfacts_econ.htm) (visited March 23, 2006).

196. See *supra* p. [26].

197. See *In re Consolidated Specialty Restaurants, Inc.*, 71 U.S.P.Q.2d 1921 (T.T.A.B. 2004) (upholding a refusal to register COLORADO STEAKHOUSE for restaurant services as PGDM for restaurants located in Indiana).

Under our analysis, geographical names of restaurants, like other geographical brands, are unstable, and therefore susceptible to both literal claim-of-origin and metaphorical understandings. Thus, the important question will often be whether there are competitors who may want to use the geographical term in its literal sense to indicate origin, regardless of whether many consumers might currently understand the use as metaphorical. If so, then the use should be subject to a secondary meaning requirement.

In the case of restaurants, an important limitation is that the competitors must be doing business in the United States. It is irrelevant to trademark protection and registration under United States law that there are restaurants in China that would like to use the word “Shanghai” to describe their location. The question is whether there are restaurants doing business in the United States that would like to indicate that they are owned or licensed by companies based in Shanghai, China, or perhaps that their ingredients all come from Shanghai. We think that the answer for most foreign place names is likely to be in the negative because of the structure of the restaurant industry and the way restaurants conduct their business.<sup>198</sup> There are foreign restaurants with branches in the United States, but there are very few of them, and although restaurants may import certain specialty ingredients, they are unlikely to import the bulk of their food from a single foreign location. Although there is bound to be some disagreement over exactly how substantial a restaurant’s connection to a place must be for that place to count as the restaurant’s origin, we submit that most other connections would be too tenuous.

*The Neighborhood Store.* It is quite likely that the vast majority of businesses in the United States that use toponymical brand names are neighborhood dry cleaners, flower shops, banks, liquor stores, real estate agents, beauty salons, and the like, which adopt the name of the street on which they are located, or of their neighborhood or town, or of a local river, mountain, or other geographical feature. These businesses typically never seek federal registration because they are so small that the cost of registration would be a substantial expense for them and because they are not seeking to build a national brand. These geographical term uses are unlikely to be permanently barred, under either current

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198. The situation may be different in the hotel industry. There are many international hotel chains, and some of them might well want to indicate that they are owned by companies from particular countries. Thus “Swissotel” for hotel services is registered only in stylized form, see U.S. Trademark Registration No. 1245638 (issued July 12, 1983); there might be good reason for demanding secondary meaning before issuing a registration for the word mark itself.

federal law or our ideal law, but they should obviously be given trademark protection only after a showing of secondary meaning.

In addition, there may be some circumstances in which the statutory presumption of secondary meaning after five years of exclusive use<sup>199</sup> might be overcome by local circumstances. Suppose, for example, that a newly developed suburb was at first only large enough to support a single flower shop, and that flower shop took the name of the suburb. Suppose further that another florist arrived six or seven years later when the suburb had grown larger and also wanted to incorporate the suburb's name into its own brand name. Whether one views secondary meaning solely from a consumer perception perspective, or also views it as a kind of laches doctrine for competitors, a court might decide that the first flower shop could not show secondary meaning. Consumers may not have paid much attention to its name as a brand name when it was the only flower shop in town, and the new shop certainly had no opportunity to prevent secondary meaning from forming through its own use of the suburb's name. We suspect, however, that in practice most second-comers just choose a different name because even if they want their brands to indicate convenience and membership in the local community, there are in most areas multiple local names available: if not the town, then a prominent street or river.

## V. CONCLUSION

The development of the goods-place association test, with its focus on subjective consumer perception, has led the law of geographic trademarks to stray from its traditional goal of protecting the communicative needs of competitors. Because of the uncertainty and instability of consumer understandings of geographic term uses, current consumer perception of a trademark registration applicant's use is likely to be extremely difficult to ascertain, and unlikely to be a good indicator of whether multiple firms might need access to the place name to signal product equivalence. The proper focus is not on the applicant, but on the applicant's competitors. Could competitors use the applicant's geographical term in such a way that consumers would understand it as describing their location? If so, then the applicant should be put to the "market test" of secondary meaning before obtaining trademark protection and a registration for the use.

Although this approach could have been fully implemented before 1993 by administrative and judicial interpretation alone, it no longer can because the NAFTA Implementation Act

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199. See 15 U.S.C. § 1052(f).

permanently barred all “geographically deceptively misdescriptive” marks. That permanent bar foreclosed any role for secondary meaning, and led the Federal Circuit to focus more tightly on materiality and consumer deception as a prerequisite to falling under that bar. Under the most plausible interpretation of the NAFTA Implementation Act, the permanent bar extends further and encompasses all uses creating a goods-place association under a maximalist version of that test. However, NAFTA and TRIPS do not require such a result. They require a permanent bar only when the place named by the toponym in question demonstrably contributes some quality to the goods in question, or when it has a reputation for those goods. That bar does not alone adequately protect the communicative needs of competitors, but it leaves room for the secondary meaning test described above to be triggered when the applicant fails to prove that there are no competitors in the place named by the geographical term that might need to use it to describe their location. Such a test would return the law of geographic descriptiveness to its traditional goal of protecting the communicative needs of competitors, thereby enhancing competition and ultimately benefiting consumers.

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