

# ALL TOGETHER NOW: THE FAMILY OF MARKS DOCTRINE IN THE ERA OF APPLE, INC.

*Austin Berger*\*

## ABSTRACT

*While a significant doctrine within common law trademark, the family of marks doctrine has not been utilized by as many dominant corporations within the fifty years since its creation as one might expect. This may be because the doctrine and its analysis remains rather opaque with little substantive legal research devoted to its history and framework and with a pastiche of case law that, on first blush, fails to signal a clear, uniform approach among the circuits. The doctrine itself, however, has been a deft tool in the hands of certain corporations who have used it to protect the prized goodwill created in their respective corporate trademarks. McDonald's Corp. successfully used the doctrine to ward off use of the "Mc" prefix in a number of commercial scenarios, including those involving the sale of food products or restaurants and those that did not. The doctrine appeared uniquely crafted to serve such high profile corporations, whose corporate trademark transcended markets and product lines. Fast-forward twenty years from the era of the Big Mac to the era of the iPhone. The value of the protection of the family mark remains relevant whether the product is a hamburger or highly complex electronic equipment. Its value is in the protection of the trademark providence of the brand. This is especially reflected in the virtually unlimited creative opportunities Apple, Inc. (Apple) promises as seen from its innovations in several consumer electronics markets—the mp3 player, the cellular phone, the lap-top and personal computers, and online licensing of music copyrights. In this Article, I seek to clarify the proper analysis framing issues involving the family of marks doctrine by tracing its history up to the seminal case of McDonald's Corp. v. McBagel's, Inc., in which McDonald's right to use the "Mc" mark was respected against a nascent yet oblique competitor. I finally contend that, after clarifying the analysis, the doctrine will be useful to Apple, as it was to McDonald's, to further command the direction of its brand by eliminating competing uses that directly or indirectly seek to usurp Apple's goodwill.*

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\* Copyright © 2014 Austin Berger. This Article would not have been possible without the guidance and support of Professor Ted Sichelman. I would also especially like to thank my parents, Eric and Velva Berger, for their enduring love.

## INTRODUCTION

Over the last fifteen years Apple, Inc. (Apple) has taken significant steps to develop the strength of its brand through the creation and integration of many related products. One important way it has furthered its brand mythos has been through marketing under a common trademark style. By consistently using the “i” prefix, Apple has developed consumer recognition in a sizeable group of technological goods and an association between the unifying “i” prefix and Apple’s overall market success. However, Apple was not the first technology company to use the “i” prefix.<sup>1</sup> Apple did not even originally own the rights to use the “iPhone” trademark when it began producing its smartphone.<sup>2</sup> Even though it had arguably already acquired rights to trademarks bearing the “i” prefix, including “iMac,” “iPod,” and “iTunes,” two companies—InfoGear, Inc. (InfoGear) and Cisco Systems, Inc. (Cisco)—acquired rights to the “iPhone” trademark before Apple.<sup>3</sup> Undaunted by Cisco’s apparent prior ownership of the “iPhone” trademark at the development stage of Apple’s smartphone, Apple consciously subjected itself to potential trademark infringement liability by using the mark. Why would Apple willingly take on the risk of such costly litigation? The story of Apple’s settlement with Cisco and ultimate acquisition of the “iPhone” trademark helps to highlight Apple’s relentless protection of its “i” family of trademarks and demonstrates how Apple’s market position will enable it to effectively use the family of marks doctrine today.

On January 9, 2007, Apple introduced the iPhone amid much speculation and excitement.<sup>4</sup> Building off of Apple’s success with the iPod media player, Steve Jobs emphasized the importance of the new smart phone within the technology market of the day: “[T]oday, we’re introducing three revolutionary products . . . a widescreen iPod . . . a revolutionary mobile phone . . . and a breakthrough communications device . . . . These are not three separate devices,

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<sup>1</sup> See John E. Bredehoft, *Has the i- Prefix Jumped the Shark?*, EMPORISE-BI (Jan. 26, 2010, 5:00 AM), <http://empoprise-bi.blogspot.com/2010/01/has-i-prefix-jumped-shark.html> (Oracle’s 8i Database); see also Ed Burnette, *Cisco Lost Rights to iPhone Trademark Last Year, Experts Say*, ZDNET (Jan. 12, 2007, 4:35 PM), <http://www.zdnet.com/blog/burnette/cisco-lost-rights-to-iphone-trademark-last-year-experts-say/236> (Cisco’s use of the i-Phone trademark).

<sup>2</sup> See Burnette, *supra* note 1.

<sup>3</sup> See Steven Musil, *Apple, Cisco Settle iPhone Trademark Lawsuit*, CNET (Feb. 21, 2007, 6:45 PM), [http://news.cnet.com/apple,-cisco-settle-iphone-trademark-lawsuit/2100-1041\\_3-6161233.html](http://news.cnet.com/apple,-cisco-settle-iphone-trademark-lawsuit/2100-1041_3-6161233.html).

<sup>4</sup> Tammy W. Cowart & Wade M. Chumey, *I Phone, You Phone, We All Phone with iPhone: Trademark Law and Ethics from an International and Domestic Perspective*, 28 J. LEGAL STUD. EDUC. 331, 331 (2011).

this is one device, and we are calling it iPhone.”<sup>5</sup> While the iPhone system was indeed revolutionary, Jobs’ choice of names was not.<sup>6</sup> A company called InfoGear had previously registered the iPhone trademark in 1996 and began selling its iPhone in 1997.<sup>7</sup> Cisco bought InfoGear and its trademark in 2000, and both InfoGear and Cisco used the trademark prior to Apple to market phones offering access to computer networks.<sup>8</sup>

Before unveiling the iPhone, Apple talked to Cisco about purchasing the trademark, but when those talks failed Apple sought alternative methods.<sup>9</sup> Apple created a limited liability company (LLC) called Ocean Telecom Services located offshore in the Bahamas for the purpose of filing an intent to use the mark with the USPTO.<sup>10</sup> Ocean Telecom Services claimed a prior right to the mark based in international law.<sup>11</sup> By using an offshore LLC, Apple could obtain a priority filing under the Madrid Protocol, which allows a trademark holder in another country to file an international registration with the World Intellectual Property Organization (WIPO).<sup>12</sup> The owner then files for an extension for protection with the USPTO.<sup>13</sup> If the date of international registration is not later than six months after the date of the first regular national filing in the United States, the international registrant obtains the same rights to validity as if the owner filed an initial registration with the USPTO.<sup>14</sup> To successfully use Ocean Telecom Services’ international registration, Apple would have claimed that because Cisco had not renewed its registration within the time limit set by the USPTO, Cisco’s ownership of the mark lapsed, and Apple’s international registration was entitled to priority. However, Apple never had to make that argument.

On January 10, 2007, Cisco filed suit against Apple claiming Apple infringed its “iPhone” trademark.<sup>15</sup> In the press concerning the litigation, it was

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<sup>5</sup> Steve Jobs, *Complete Transcript of Steve Jobs, Macworld Conference and Expo* (Jan. 9, 2007), available at <http://www.iphonebuzz.com/complete-transcript-of-steve-jobs-macworld-conference-and-expo-january-9-2007-23447.php>.

<sup>6</sup> *Company Overview of InfoGear Technology Corporation*, BLOOMBERG BUSINESSWEEK, <http://investing.businessweek.com/businessweek/research/stocks/private/snapshot.asp?privcapId=29892> (last visited Nov. 20, 2013) [hereinafter *Company Overview*].

<sup>7</sup> *Id.*; IPHONE, Registration No. 2,293,011.

<sup>8</sup> *Company Overview*, *supra* note 7.

<sup>9</sup> Cowart & Chumey, *supra* note 5 at 331–32.

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*

<sup>15</sup> Complaint for Trademark Infringement, Unfair Competition, False Description, and Injury to Business Reputation and Demand for Jury Trial, Cisco Systems, Inc. v. Apple, Inc., No. 3:07-cv-00198-MHP, 2007 WL 118953 (N.D. Cal. Jan. 10, 2007).

rumored that negotiations toward settlement initially stalled because Cisco wanted Apple to make its smart phone compatible with Cisco's products.<sup>16</sup> Roughly one month after Cisco's filing, the parties settled the lawsuit.<sup>17</sup> In view of the tremendous success achieved with products such as iMac, iPhoto, iPod, and iTunes, though, could Apple have made a successful defense? Apple had spent over eight years and hundreds of millions of dollars developing and extending the success of its "i" mark before the litigation, consumers anticipated the unveiling of Apple's smart phone, and the market assumed that Apple's phone would be *the* "iPhone."<sup>18</sup> Although Cisco had bought the first registration, it had not developed the amount of consumer recognition Apple had at the time of Jobs' unveiling. At that time, Apple's market success was undeniable. Had Apple been more aggressive in the litigation, was it clear that Cisco's blanket claim of priority would solidify its legal ownership of the "i" prefix?

InfoGear and then Cisco first used the "iPhone" trademark roughly one year before Apple even began using the "i" prefix with the iMac.<sup>19</sup> If Apple had pursued litigation with Cisco there was a real chance that Cisco could have asserted a prior right to the mark notwithstanding Apple's consumer recognition or the argument that Cisco had abandoned the mark.<sup>20</sup> By owning the first filing, Cisco was entitled to assert a rebuttable presumption of prior ownership.<sup>21</sup> If Cisco were successful, and obtained a permanent injunction against Apple, one of Apple's key products would not have been as both Apple intended and the consumer electronics market expected. Apple would also have been inhibited from extending its successful line of "i" products in the cell phone market.

Apple did have arguments of its own had the litigation progressed, but their success remained speculative in light of Cisco's prior registration.<sup>22</sup> Apple could have argued that its phone was materially different from Cisco's and that, therefore, it did not pose a likelihood of confusion.<sup>23</sup> An important fact bolstering this argument was that Cisco's phone was designed for a dial-up internet connection, while Apple's phone used wireless technology.<sup>24</sup> Apple

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<sup>16</sup> Victoria Shannon, *Cisco Systems' Chief Executive Calls Apple Lawsuit a 'Minor Skirmish'*, INT'L HERALD TRIB. (Jan. 27, 2007), available at [http://www.nytimes.com/2007/01/25/technology/25iht-cisco.4338311.html?\\_r=0](http://www.nytimes.com/2007/01/25/technology/25iht-cisco.4338311.html?_r=0).

<sup>17</sup> Cowart & Chumey, *supra* note 5, at 331–33.

<sup>18</sup> *Id.*

<sup>19</sup> *Apple Inc.*, WIKIPEDIA, [http://en.wikipedia.org/wiki/Apple\\_Inc](http://en.wikipedia.org/wiki/Apple_Inc) (last visited Nov. 20, 2013).

<sup>20</sup> Tom Krazit, *How Apple Could Fight Cisco*, CNET (January 12, 2007, 4:01 AM), [http://news.cnet.com/2100-1041\\_3-6149755.html](http://news.cnet.com/2100-1041_3-6149755.html) (“[N]o matter what [Apple] does, it is treading uphill because Cisco has a registered trademark with the U.S. Patent and Trademark Office . . .”).

<sup>21</sup> *Id.*

<sup>22</sup> See Cowart & Chumey, *supra* note 5.

<sup>23</sup> *Id.* (“[Apple is] the first company ever to use iPhone for a cell phone.”).

<sup>24</sup> *Id.*

could have also argued that Cisco abandoned its iPhone mark because Cisco bought the mark in 2000 and did not use it until 2006 (under 15 U.S.C. § 1127, three years of consecutive non-use is prima facie evidence of having abandoned the trademark).<sup>25</sup> Finally, Apple could have attempted to assert a family of marks argument, arguing that, because Cisco abandoned the prior registration, Apple's creation of subsequent consumer recognition should be respected.<sup>26</sup> In 2006, when Cisco challenged Apple, Apple marketed at least six products under the "i" prefix and had developed significant consumer recognition. Ultimately, Apple sought to protect its investment and its "i" family mark through the security of settlement. Through Apple's quick legal maneuvering it obtained rights to use the iPhone mark, ensured what would eventually be a substantial segment of its current market share, and further unified its product base.

Commentators have noted that when consumers see the lowercase "i" they expect to see an Apple product and "all that goes with it."<sup>27</sup> Apple has continually broadened the scope of its "i" family, thereby pushing the boundaries over which its market influence reaches. The strides Apple has made in its business growth can be seen in the relatively short amount of time it has taken to expand from being primarily a producer of personal computers to becoming a computer, media player, cell phone, and internet commerce powerhouse, with the capability for additional growth in the future.<sup>28</sup> Within a family of marks discussion, Apple's growth creates interesting questions for determining exactly how broad Apple's influence, consumer recognition, and corresponding protection should extend.

Part I of this Comment provides an in-depth discussion of the history of the family of marks doctrine arising from the Lanham Act of 1946. In detailing the case law that has shaped the doctrine, this Part also offers the issues that frame the appropriate analysis surrounding it. Part I traces the common law growth of the doctrine from an unapplied idea to a working grounds for summary judgment. Part II of this Comment synthesizes the analysis drawn from Part I, with heavy influence from the Southern District of New York's decision in *McDonald's Corp. v. McBagel's, Inc.*, as a starting point from which to address how the doctrine may benefit Apple today. Part II concludes with three hypotheticals, which aim to clarify how Apple might use the doctrine through possible fact patterns. I conclude, by applying the doctrine to these hypotheticals, that Apple will likely succeed in a family of marks argument

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<sup>25</sup> 15 U.S.C. § 1127 (2012) (three years of consecutive non-use is prima facie evidence of having abandoned the trademark); *see also* Cowart & Chumey, *supra* note 5, at 331–55.

<sup>26</sup> *See* Krazit, *supra* note 21.

<sup>27</sup> Michael J. Zussman, *Taking a Bite from the Proverbial Apple: Intellectual Property for Attorneys and Entrepreneurs*, 59-FEB. FED. LAW. 16, 17 (2012).

<sup>28</sup> *Apple, Inc.*, WIKIPEDIA, [http://en.wikipedia.org/wiki/Apple\\_Inc](http://en.wikipedia.org/wiki/Apple_Inc) (last visited Nov. 20, 2013).

where the offending trademark occurs in a related market to the consumer electronics market Apple so clearly dominates. Part II also raises concerns for Apple if it fails to actively police its “i” family mark by addressing the possibility that third party use may become so prevalent that a court could find it has become the generic property of all technology or internet-based companies.

### I. HISTORY OF THE FAMILY OF MARKS DOCTRINE

Section 1052 of the Lanham Act, the primary federal trademark statute within the United States Code, deals principally with the registration of trademarks.<sup>29</sup> Within this section, sub-section (d) states:

No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it . . . [c]onsists of or comprises a mark which so resembles a mark registered in the Patent and Trademark Office, or a mark or trade name previously used in the United States by another and not abandoned, as to be likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive . . .<sup>30</sup>

The family of marks doctrine is a common law extension of the law prohibiting registration of marks or trade names that are likely to cause confusion, mistake, or deception with a pre-existing mark or trade name.<sup>31</sup> Instead of prohibiting a name that is confusingly similar to an existing mark, the doctrine prohibits a name that is confusingly similar to a pre-existing group of marks, from which the owner of the group derives market utility because the market recognizes the collective uniqueness of the group.<sup>32</sup>

#### A. Early Cases

Initially the family of marks doctrine was solely a measure of a proprietary interest in a registered type of mark recurrently used by the trademark owner.<sup>33</sup> In *Burroughs Wellcome & Co. v. Mezger Pharmcal Co.*, the plaintiff appealed the Examiner of Interference’s dismissal of an opposition to the defendant’s application to register “Lipofax.”<sup>34</sup> The plaintiff owned

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<sup>29</sup> 15 U.S.C. § 1052; Graeme B. Dinwoodie, *Reconceptualizing the Inherent Distinctiveness of Product Design Trade Dress*, 75 N.C. L. REV. 471, 474 (1997) (“The Lanham Act provides protection . . . for words, symbols or designs that identify the source of a product—that are, in trademark parlance, ‘distinctive.’”).

<sup>30</sup> 15 U.S.C. § 1052(d).

<sup>31</sup> *Creamette Co. v. Merlino*, 299 F.2d 55, 58–59 (9th Cir. 1962).

<sup>32</sup> *Id.*

<sup>33</sup> *Burroughs Wellcome & Co. v. Mezger Pharmcal Co.*, 228 F.2d 243, 243–44 (C.C.P.A. 1955).

<sup>34</sup> *Id.* at 243.

numerous marks that ended in the syllable “fax” and recurrently used the suffix to identify its products.<sup>35</sup> The Court of Customs and Patent Appeals (CCPA) determined that the plaintiff did not own a proprietary interest in the syllable because, not only was it the final syllable of common words, but a number of third parties had registered trademarks for similar products.<sup>36</sup> The court in *Burroughs* suggested that if the plaintiff did not own a proprietary interest in the syllable “fax,” then the plaintiff’s case depended solely on whether consumers were likely to mistake any of their individual registrations for the defendant’s trademark.<sup>37</sup>

Eventually courts began to use the doctrine not only to determine whether the proponent owned the family mark, but also to determine whether the subsequent mark presented a likelihood of confusion.<sup>38</sup> In *Lauritzen & Co. v. Borden Co.*, Borden opposed the registration of the trademark “Fortilac” based on its prior registrations of “Protolac,” “Breadlac,” “Starlac,” “Parlac,” “Akrelac,” and “Biolac.”<sup>39</sup> Borden claimed its registered marks constituted a family of marks ending in “lac” and that the public would assume any new mark with that suffix would be its product.<sup>40</sup> The court rejected this argument because “lac” is the Latin word for milk and all of the plaintiff’s marks applied to milk products. Because the court considered the Latin meaning ubiquitous, it considered “lac” dangerously close to being a generic mark, which precluded Borden from asserting distinctive ownership over it.<sup>41</sup> Lauritzen also showed that there were at least five existing third party registrations of trademarks with the “lac” suffix.<sup>42</sup> For these reasons, the court determined that Borden’s prior registrations had to be considered individually instead of constituting a family.<sup>43</sup>

In the early 1960s, the CCPA set early difficult precedents for companies attempting to make family of marks arguments.<sup>44</sup> The two *Jones & Laughlin Steel Corp.* cases reveal the court’s struggle to accept the doctrine’s very validity.<sup>45</sup> Where the court did discuss the doctrine, its early approach seemed to suggest a policy in favor of permitting registration of arguably similar marks in the absence of evidence demonstrating actual consumer confusion.<sup>46</sup>

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<sup>35</sup> *Id.* at 244.

<sup>36</sup> *Id.*

<sup>37</sup> *Id.*

<sup>38</sup> *Lauritzen & Co. v. Borden Co.*, 239 F.2d 405, 406–07 (C.C.P.A. 1956).

<sup>39</sup> *Id.* at 406.

<sup>40</sup> *Id.*

<sup>41</sup> *Id.* at 407.

<sup>42</sup> *Id.* at 406.

<sup>43</sup> *Id.*

<sup>44</sup> *See, e.g., Jones & Laughlin Steel Corp. v. Winter Seal Corp.*, 291 F.2d 945 (C.C.P.A. 1961); *Jones & Laughlin Steel Corp. v. Jones Eng’g Co.*, 292 F.2d 294 (C.C.P.A. 1961).

<sup>45</sup> *Winter Seal*, 291 F.2d 945; *Jones Eng’g*, 292 F.2d 294.

<sup>46</sup> *Winter Seal*, 291 F.2d at 946; *Jones Eng’g*, 292 F.2d at 296.

In the first of these cases, Jones & Laughlin opposed the registration of Winter Seal's "Jal-Master" mark, arguing that it was confusingly similar to its family of "jal" marks, which included "Jalcase," "Jalloy," "Jal-Duct," "Jal-Dor," "Jalten," and "Jal-Zinc."<sup>47</sup> The court held that because the defendant's goods were so different from the plaintiff's, actual consumer confusion was unlikely.<sup>48</sup> In the second case, which also occurred in July 1961, Jones & Laughlin brought action to bar registration of Jones Engineering Company's "Jal-O-Vent" mark.<sup>49</sup> The plaintiff opposed the defendant's use, arguing that consumers were likely to confuse it with the plaintiff's family of "jal" products.<sup>50</sup> In support of this argument, the plaintiff offered the testimony of several members of the construction industry who stated that on encountering the defendant's mark they would have believed it was one of the plaintiff's.<sup>51</sup>

In the first case, Jones & Laughlin failed to demonstrate a likelihood of confusion, in part, because it did not present any evidence demonstrating actual confusion. It sought to remedy this in the second case through the construction industry members' statements.<sup>52</sup> In weighing this evidence, however, the court found the witnesses' statements did not offer any particular instances of actual confusion.<sup>53</sup> It decided that their statements were hypothetical because they were based on what the construction industry members *would* have thought had they experienced the opposed's trademark.<sup>54</sup> The court stated that such speculative statements could not support instances of actual confusion because they were merely opinions.<sup>55</sup> The court went on to say that the obvious differences in the sound, spelling, pronunciation, and meaning were "such to obviate any likelihood of confusion."<sup>56</sup> The only commonality was the "jal" prefix, which was clearly suggestive of the jalousie-type of doors on which the underlying products were used.<sup>57</sup> The court held in the earlier *Jones & Laughlin Steel* case that the more a name suggests the nature of a good, the weaker its trademark strength.<sup>58</sup> In the second case, the court utilized this analysis, citing its earlier finding that where "Jal" is coupled with "Dor" (a misspelling of "door") the suggestive nature of both words weakens the overall strength of the mark.<sup>59</sup> The

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<sup>47</sup> *Winter Seal*, 291 F.2d at 946.

<sup>48</sup> *Id.*

<sup>49</sup> *Jones Eng'g*, 292 F.2d.

<sup>50</sup> *Id.*

<sup>51</sup> *Id.* at 295.

<sup>52</sup> *Id.*

<sup>53</sup> *Id.*

<sup>54</sup> *Id.*

<sup>55</sup> *Id.*

<sup>56</sup> *Id.* at 296.

<sup>57</sup> *Id.* at 295.

<sup>58</sup> *Jones & Laughlin Steel Corp. v. Winter Seal Corp.*, 291 F.2d 945, 946 (C.C.P.A. 1961).

<sup>59</sup> *Jones Eng'g*, 292 F.2d at 295.



court held the overall suggestive nature of “jal” precluded Jones & Laughlin from having a protectable family mark.<sup>60</sup>

### *B. Validation of the Theory*

While the early cases seemed to be in agreement that there was such a thing called the family of marks doctrine, none of these courts had actually enforced it in real life. The doctrine seemed at risk of disappearing into disuse. This sentiment is clearly indicated by the Ninth Circuit’s opinion in *Creamette Co. v. Merlino*.<sup>61</sup> In *Creamette*, the plaintiff argued the defendant’s use of the unregistered mark “Majorette” to sell macaroni products infringed its registered trademark “Creamettes.”<sup>62</sup> The court held that the plaintiff did not have an “indisputable right” to the exclusive use of the suffix “ette” because the suffix was so widely used to form a diminutive of common words.<sup>63</sup> In fact, because use of the suffix for a variety of products was so pervasive, and because it was capable of being used in “an infinite variety of wholly dissimilar words,” the court doubted whether it could ever establish a family mark.<sup>64</sup>

The court even went so far as to doubt the existence of the doctrine itself: “[s]ome cases squint at the possibility of acquiring rights in a ‘family’ of marks, but none has upheld such a claim under circumstances even remotely resembling those of this case.”<sup>65</sup> Additionally, the court stated that the plaintiff’s actual use of marks within the family, such as “Juniorettes” and “Spagh-Ettes” along with the more popular “Creamettes,” was so minimal and recent that the marks could not have achieved significant consumer recognition.<sup>66</sup> The court’s holding demonstrated that the market dominance of a family was an important factor in determining the protection of the family; it also suggested that the use of certain marks, such as the “ettes” suffix, was so pervasive both in the culture and in the

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<sup>60</sup> *Id.* at 296.

<sup>61</sup> *Creamette Co. v. Merlino*, 299 F.2d 55 (9th Cir. 1962); *see also* *Spraying Sys. Co. v. Delvan Inc.*, 975 F.2d 387, 395 (7th Cir. 1992) (holding the suffix “jet” for spray nozzles is descriptive and not supporting of a family of marks argument, even though there was evidence of substantial sales and market share); *Am. Standard Inc. v. Scott & Fetzer Co.*, 200 U.S.P.Q. (BNA) 457, 461 (T.T.A.B. 1978) (holding the prefix “aqua” was highly suggestive for water faucets and thus could not serve as a distinctive feature of a family of marks); *Servo Corp. of Am. v. Servo-Tex Prods. Co.*, 289 F.2d 955, 956 (C.C.P.A. 1961) (holding the prefix “servo” is commonly used in the industry as an abbreviation for certain products (servomotors and servomechanisms) and is, therefore, descriptive and cannot distinguish a family of marks).

<sup>62</sup> *Creamette*, 299 F.2d at 56.

<sup>63</sup> *Id.* at 58.

<sup>64</sup> *Id.* at 59.

<sup>65</sup> *Id.*

<sup>66</sup> *Id.* at 58.

market that enforcing them as a family mark under § 1052(d) would be impossible.<sup>67</sup>

While circuit courts, such as the Ninth Circuit in *Creamette*, threatened to marginalize and cast doubt on the family of marks doctrine as a valid legal theory, the 1963 decision of the CCPA in *Motorola, Inc. v. Griffiths* went far to redeem it.<sup>68</sup> In *Motorola*, the plaintiff argued it had established a pattern of use of “Golden” in the radio and television electronics industries prior to the defendant’s proposed mark, “The Golden Grid,” for TV remotes.<sup>69</sup> The plaintiff made four successful arguments in suggesting the defendant’s new trademark would infringe its prior use.<sup>70</sup> First, the plaintiff argued that its business in the radio and television electronics field had been substantial.<sup>71</sup> The plaintiff showed that its ninety-eight distributors sold to 23,000 retailers and 25,000 service and repair organizations. Second, the plaintiff argued that the value of products sold in connection with one or more of its family trademarks was great—the value of the products was in excess of \$230 million, with \$12 million spent on advertising.<sup>72</sup> Additionally, the value of replacement parts and components bearing the relevant marks was \$3 million per year.<sup>73</sup> Third, the plaintiff argued the period of time over which it sold and marketed its trademarks, prior to the defendant’s entry, was substantial: twenty-two years, from 1935–1957.<sup>74</sup> And finally, plaintiff argued that by the time of the defendant’s first use, the plaintiff had already been established in the television receiver industry with several “Golden” trademarks.<sup>75</sup> The court held, “[w]hether or not the situation is categorized as one in which the opposer has a ‘family,’” it was likely that at least a substantial number of consumers would attribute origin of the defendant’s mark to the plaintiff.<sup>76</sup> The court noted that part of the defendant’s mark was descriptive (“Grid”).<sup>77</sup> However, it also stated that the issue was not whether part of the plaintiff’s marks was descriptive, but whether the defendant’s mark was likely to cause confusion, mistake, or deception as a whole.<sup>78</sup> The court also noted that there were ten third party registrations that used “Golden” in the electronics field, five of which were pertinent.<sup>79</sup> Significantly, and in direct opposition to the prior case law finding concurrent

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<sup>67</sup> *Id.*

<sup>68</sup> *Motorola, Inc. v. Griffiths Elecs. Inc.*, 317 F.2d 397, 401 (C.C.P.A. 1963).

<sup>69</sup> *Id.* at 399.

<sup>70</sup> *Id.*

<sup>71</sup> *Id.*

<sup>72</sup> *Id.*

<sup>73</sup> *Id.*

<sup>74</sup> *Id.*

<sup>75</sup> *Id.*

<sup>76</sup> *Id.*

<sup>77</sup> *Id.* at 400.

<sup>78</sup> *Id.*

<sup>79</sup> *Id.*

third party registrations as a significant factor against the existence of a family mark, the court stated: “As a matter of logic it would seem to us that if opposer has a family of six marks all starting with the non-descriptive word “Golden,” it still has that family notwithstanding there may be some others using the same word to some undisclosed extent.”<sup>80</sup> The court’s holdings that (1) the existence of a family mark is consistent with the existence of concurrent third party registrations, and (2) the amount, value, volume, and duration of the family owner’s business at the time of the defendant’s entry are important factors in proving ownership of a family were both significant steps toward the development of the family of marks doctrine.

Two years later, the CCPA reconsidered the doctrine in *Polaroid Corp. v. Richard Mfg. Co.*<sup>81</sup> Polaroid argued that its use of the prefix “pola” on a wide variety of photographic products had created such public recognition of the prefix that its trademarks were entitled to family protection.<sup>82</sup> The court signaled a retraction from its position in *Motorola* by clearly addressing Polaroid’s argument and dismissing it:

We agree with the board that the evidence fails to establish that appellant has advertised or promoted such marks sufficiently to establish in the mind of the public or in the trade a recognition or awareness that it possesses a ‘family of marks’ identified by the prefix ‘pola’ and that the ownership and registration of a number of marks containing this prefix is not sufficient to create that exclusivity claimed for the prefix ‘pola,’ per se, under the theory advanced.<sup>83</sup>

Mere registrations of marks with the common element alone would not support a family of marks claim.<sup>84</sup> The court emphasized that each case, under a theory of likelihood of confusion, must be decided on the facts before the court.<sup>85</sup> In comparing the defendant’s mark “Poly-vue” with the plaintiff’s marks, including “Polacolor,” “Pola-line,” “Polapak,” and “Polachrome,” the court held that the striking and distinguishing dissimilarities between the marks prevented any real likelihood of confusion.<sup>86</sup> They did not look alike to the court, their pronunciations were different, and each mark imparted separate and distinct connotations.<sup>87</sup>

As the case law further developed, the CCPA adopted a more standardized approach to family of marks claims.<sup>88</sup> In *Procter & Gamble Co. v.*

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<sup>80</sup> *Id.*

<sup>81</sup> *Polaroid Corp. v. Richard Mfg. Co.*, 341 F.2d 150 (C.C.P.A. 1965).

<sup>82</sup> *Id.* at 152.

<sup>83</sup> *Id.*

<sup>84</sup> *Id.*

<sup>85</sup> *Id.*

<sup>86</sup> *Id.*

<sup>87</sup> *Id.*

<sup>88</sup> *See, e.g., Procter & Gamble Co. v. Cohen*, 375 F.2d 494 (C.C.P.A. 1967).

*Cohen*, the Court established preliminary considerations that must be satisfied to apply the doctrine: (1) whether each party to the lawsuit actually owns its marks; (2) whether the party asserting the doctrine can actually show priority of use; and (3) whether the goods used under each mark are “identical in kind.”<sup>89</sup> The court went on to hold that Procter & Gamble failed to establish proof that their courtesy title marks “Mr.,” “Mrs.,” or “Lady,” in conjunction with words or signs having cleaning significance, established family protection.<sup>90</sup> The court addressed the defendant’s “Mr. Sani-Terry” mark as a whole, including both the mark’s name and personified design, which the court considered a vital part of the defendant’s mark.<sup>91</sup> The court found the design, spelling, and sound of the mark distinct enough from the “Mr. Clean” mark that no likelihood of confusion was present.<sup>92</sup>

*C. Family of Marks in Conjunction with Secondary Meaning and Inherent Distinctiveness*

In his *Abercrombie & Fitch Co. v. Hunting World, Inc.* opinion of 1976, Judge Friendly created a legal framework for what earlier trademark cases called inherent distinctiveness, providing an important addition to the family marks analysis.<sup>93</sup> In *Abercrombie*, he detailed the spectrum of protectable trademarks and stated that a trademark’s registration with the Patent Office afforded a rebuttable presumption that the mark is suggestive, arbitrary or fanciful and, therefore, sufficiently distinctive to support protection.<sup>94</sup> The spectrum of trademarks runs from the arbitrary and fanciful, to the suggestive, the descriptive, and ultimately the generic, with the first categories being the most protectable and the latter categories being the least protectable.<sup>95</sup> Distinctiveness

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<sup>89</sup> *Id.* at 496.

<sup>90</sup> *Id.*

<sup>91</sup> *Id.*

<sup>92</sup> *Id.* (court doesn’t actually rule on the spelling or the sound).

<sup>93</sup> See *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 11 (2d Cir. 1976); see also Dinwoodie, *supra* note 30, at 482. (“The primary prerequisite to trademark protection is proof of a mark’s distinctiveness.”).

<sup>94</sup> *Abercrombie*, 537 F.2d at 11.

<sup>95</sup> See *id.* Fanciful or arbitrary trademarks are those “invented solely for their use as trademarks,” and are the most inherently distinctive trademarks. *Id.* at n.12. A suggestive trademark is less inherently distinctive, but is still entitled to registration without proof of secondary meaning. A trademark is suggestive if it requires “imagination, thought and perception to reach a conclusion as to the nature of goods.” *Id.* at 11. A trademark is descriptive if it “conveys an immediate idea of the ingredients, qualities or characteristics of the goods,” and may not be protected unless the owner can demonstrate secondary meaning in the mark. *Id.* And finally, generic trademarks are not protectable because they offer no distinction between the type of good marketed and the proponent’s product; they are those that “[refer], or [have] come to be understood as referring, to the genus of which the particular product is a species.” *Id.* at 9.

also became important within the context of determining the strength of the proponent's trademark under a likelihood of confusion analysis.<sup>96</sup>

Also in the 1970s, the Fifth Circuit analyzed the distinctiveness of the proponent's family mark in terms of whether the mark had acquired secondary meaning.<sup>97</sup> In *Aloe Crème Labs., Inc. v. Milsan, Inc.*, the Fifth Circuit addressed the likelihood that Milsan's aloe products would be confused with Aloe Crème's family of aloe trademarks, after the latter argued it had established secondary meaning in the word "alo."<sup>98</sup> In *Milsan*, the court noted that the Fifth Circuit had adopted a policy of not recognizing secondary meaning in a trademark that comprises the common name of a good, because "the recognition of property rights in the common name of an article could be tantamount to granting a monopoly in that commodity."<sup>99</sup> The Seventh Circuit expanded that prohibition to marks that are generic names of an ingredient of the underlying product, but the Fifth Circuit declined to adopt this expansive view.<sup>100</sup> It instead addressed whether "alo" had gained secondary meaning under Aloe Crème's promotion and marketing.<sup>101</sup> The court stated that the evidentiary burden necessary to establish secondary meaning is substantial where the mark designates a principal ingredient of a product desired by the public.<sup>102</sup> To provide evidence of secondary meaning, the court stated that the proponent must demonstrate that the public recognized the particular trademark and associated it with the proponent's brand.<sup>103</sup> It held that Aloe Crème had not met its burden to establish secondary meaning in its "alo" family of trademarks.<sup>104</sup> Although Aloe Crème had spent almost \$3 million in advertising its aloe products in various

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<sup>96</sup> See *Sizes Unlimited, Inc. v. Sizes to Fit, Inc.*, 871 F. Supp. 1558, 1561 (E.D.N.Y. 1994).

<sup>97</sup> *Aloe Crème Labs, Inc. v. Milsan, Inc.*, 423 F.2d 845, 850 (5th Cir. 1970) (affirming the district court's finding that "alo" was descriptive and that the plaintiff had not demonstrated secondary meaning in the mark).

<sup>98</sup> *Id.* at 848–50. Secondary meaning occurs when a company turns a word or term that is descriptive of an important aspect of the underlying product into a word the public closely associates with the company's trademark. See *id.* at 848. What originally was only descriptive, on gaining secondary meaning, turns into a "full-fledged trademark." *Id.* at 848 n.13. The chief inquiry in an analysis of secondary meaning is the attitude of the consumer toward the mark and whether it denotes a "single thing coming from a single source." *Id.* at 849. Relevant considerations include: proof of long-time use of the trademark; extensive sales of products under the trademark; and significant advertising or promotion. *Id.* at 850.

<sup>99</sup> *Id.* at 849.

<sup>100</sup> *Id.*; see also *Henry Heide, Inc. v. George Ziegler, Co.*, 354 F.2d 574, 576 (7th Cir. 1965) ("Jujubes"); *Donald F. Duncan, Inc. v. Royal Tops Mfg.*, 343 F.2d 655, 668 (7th Cir. 1965) ("yo-yos").

<sup>101</sup> *Milsan*, 423 F.2d at 849–50.

<sup>102</sup> *Id.* at 850.

<sup>103</sup> *Id.*

<sup>104</sup> *Id.*

publications such as *Harpers Bazaar* and *Vogue*, it provided only one witness to testify about consumer recognition and secondary meaning, and that witness testified that customers had used the term “alo” to refer to aloe products generally.<sup>105</sup>

However, in *Aloe Crème Labs., Inc. v. Aloe 99, Inc.*, the Trademark Trial and Appeal Board (TTAB) held that the proponent had established a family of marks in the prefix “alo,” despite the fact that the prefix was a generic name for an underlying ingredient.<sup>106</sup> The opposer’s long list of “alo” products along with the extensive use and advertising of those marks provided sufficient evidence that the mark had acquired secondary meaning. It sold its “alo” products throughout the United States at leading department and drug stores, with over 3600 active retail accounts.<sup>107</sup> It also utilized newspaper advertisements, cooperative agreements with retailers, special sales promotions and displays, and spent approximately \$5 million dollars on marketing between 1953 and 1975.<sup>108</sup> Its total sales were near \$21 million.<sup>109</sup> Importantly, the Board noted that the very evidence suggesting the “alo” mark had acquired secondary meaning through distinctiveness in the marketplace also showed the opposer had established a family of marks.<sup>110</sup>

*D. Seminal Family of Marks Case: McDonald’s Corp. v. McBagel’s, Inc.*

In 1986 the Southern District of New York decided *McDonald’s Corp. v. McBagel’s, Inc.*, one of the most important cases for the family of marks doctrine.<sup>111</sup> McDonald’s Corporation opened its first restaurant in upstate New York in 1958 and expanded to several hundred across the state over the next twenty years, brought action to enjoin a company called McBagel’s, Inc. and its

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<sup>105</sup> *Id.*

<sup>106</sup> *Aloe Crème Labs., Inc. v. Aloe 99, Inc.*, 188 U.S.P.Q. (BNA) 316, 1975 TTAB LEXIS 114, at \*33–34 (T.T.A.B. Oct. 29, 1975) (holding the difference in spelling between “alo” and “aloe” cannot be overlooked in addressing secondary meaning; extensive advertising and sales over a reasonable time may “condition” the public to recognize the brand over the descriptive term).

<sup>107</sup> *Id.* at \*12–13.

<sup>108</sup> *Id.* at \*13.

<sup>109</sup> *Id.* at \*15.

<sup>110</sup> *See id.* \*31–35.

<sup>111</sup> *See generally* *McDonald’s Corp. v. McBagel’s, Inc.*, 649 F. Supp. 1268 (S.D.N.Y. 1986).

sole shareholder from using its mark in connection with a bagel bakery and restaurant.<sup>112</sup>

### 1. Background of the Case

At the time of the lawsuit, McDonald's held no trade or service mark registration for "Mc," but had registered around thirty-four marks containing "Mc" or "Mac."<sup>113</sup> In 1984, McBagel's opened its restaurant in New York, advertising the restaurant locally on radio stations and billboards.<sup>114</sup> McDonald's primary claim in the lawsuit was that McBagel's infringed its family of "Mc" products through a confusingly similar use of "Mc" in a related market.<sup>115</sup> The court expressed the doctrine particularly well:

[I]f McDonald's can demonstrate that it has established a "family of marks," the corporation may obtain trademark protection against one whose mark is thought to emanate from the same source as the plaintiff's family. The existence . . . of a family of marks is a question of fact based on the distinctiveness of the common formative component and other factors, including the extent of the family's use, advertising, promotion, and its inclusion in a number of registered and unregistered marks owned by a single party.<sup>116</sup>

### 2. Court's Holding and Analysis as to Family of Marks Ownership

The court had "no hesitation" in finding that McDonald's owned a family of both registered and unregistered marks in the "Mc" or "Mac" prefix.<sup>117</sup> Some of the factors most persuasive to the court included: (1) the existence of McDonald's many mark registrations of the "Mc" or "Mac" prefix for food-related products (sixteen listed); (2) the "massive" advertising expenditures devoted by the company to create recognition for those marks (over one hundred different TV commercials run nationally and locally between 1975 and 1986, billboards as well as print advertising in national magazines such as *Time*, *Newsweek*, and *Sports Illustrated*, and in store promotion at McDonald's 6,800 U.S. restaurants); (3) the substantial evidence of independent articles in the media about McDonald's and its prefix, which suggested public awareness; (4)

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<sup>112</sup> *Id.* at 1268. McDonald's has also actively enforced its "Mc" family mark against apparent non-competitors. *See, e.g.*, *McDonald's Corp. v. McKinley*, 13 U.S.P.Q.2d (BNA) 1895, 1896 (T.T.A.B. 1989) ("McTeddy Bears"); *J&J Snack Foods Corp. v. McDonald's Corp.*, 932 F.2d 1460, 1461 (Fed. Cir. 1991) ("McPretzels"); *McDonald's Corp. v. McClain*, 37 U.S.P.Q.2d (BNA) 1274, 1275 (T.T.A.B. 1995) ("McLegal Services").

<sup>113</sup> *McDonald's*, 649 F. Supp. at 1270.

<sup>114</sup> *Id.* at 1271.

<sup>115</sup> *Id.* at 1272.

<sup>116</sup> *Id.*

<sup>117</sup> *Id.*

the length of time McDonald's had been using its "Mc" family of marks for food items on their menu (over ten years between 1975 and 1986); and (5) the court also noted that McDonald's actively policed its rights in the "Mc" prefix prior to McBagel's use.<sup>118</sup>

In discussing whether McBagel's infringed McDonald's family mark, the court stated that McDonald's need only prove by a preponderance of evidence that a likelihood of confusion existed.<sup>119</sup> A family mark owner satisfies this burden by showing there is an appreciable number of ordinarily prudent purchasers who are likely to be misled or confused concerning the origin of the other party's mark.<sup>120</sup> Confusion may be of any type, including confusion of source, sponsorship, affiliation, connection, or identification.<sup>121</sup> The public need not actually believe the owner of the family produced the second party's product; the public's belief that the mark owner sponsored or otherwise approved the use of the second mark is enough to show confusion.<sup>122</sup>

### 3. Court's Holding & Analysis as to Likelihood of Confusion

In addressing whether likelihood of confusion existed, the *McDonald's* Court determined that a court must weigh numerous, non-exclusive factors: (1) the strength of the owner's mark; (2) the degree of similarity between the marks; (3) the proximity of the products; (4) the likelihood that the prior owner will bridge the gap by expanding its product line into the market occupied by the defendant; (5) evidence of actual consumer confusion; (6) whether the defendant adopted their mark in good faith; (7) the quality of the defendant's product; (8) the sophistication of the buyers; and (9) the relative harm to the parties should the court grant or deny the relief requested.<sup>123</sup> The court found that a clear majority of the nine factors favored McDonald's (it did not determine the relative quality of the goods in question) and concluded "McBagel's" had infringed the "Mc" family mark.<sup>124</sup>

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<sup>118</sup> *Id.*; see also Emily Grant, *Might Makes McRight: McDonald's Corporation's Trademark Strategy*, 19 J. CONTEMP. LEGAL ISSUES 227, 229 (2004).

<sup>119</sup> *McDonald's*, 649 F. Supp. at 1273.

<sup>120</sup> *McGregor-Doniger, Inc. v. Drizzle, Inc.*, 599 F.2d 1126, 1130 (2d Cir. 1979).

<sup>121</sup> *Syntex Labs., Inc. v. Norwich Pharmacal Co.*, 437 F.2d 566, 568 (2d Cir. 1971); *King Research, Inc. v. Shulton, Inc.*, 454 F.2d 66, 68-69 (2d Cir. 1972); *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 204 (2d Cir. 1979).

<sup>122</sup> *Dallas Cowboys Cheerleaders*, 604 F.2d at 204.

<sup>123</sup> *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961); *Chandon Champagne Corp. v. San Marino Wine Corp.*, 335 F.2d 531, 536 (2d Cir. 1964).

<sup>124</sup> *McDonald's*, 649 F. Supp. at 1274-79.



a. Strength of the Owner's Mark

Under the first factor, the court found McDonald's family mark was strong.<sup>125</sup> The strength of a family mark is a function of its distinctiveness, or its "tendency to identify the goods or services sold under the mark with a particular source."<sup>126</sup> Arbitrary marks are stronger than descriptive marks because they are easily identified solely with the producer of a particular product or service.<sup>127</sup> Examples include "Dial," "Sanka," and "Pepsi."<sup>128</sup> The court found the "Mc" formative was, standing alone, "arbitrary and fanciful" and described nothing; it also noted that McDonald's advertising efforts enhanced its distinctiveness.<sup>129</sup> Additionally, McDonald's successful legal efforts in enforcing the mark gave it greater strength.<sup>130</sup> In important dicta, the court stated that mere third party registrations of "Mc" by themselves do not weaken the McDonald's family.<sup>131</sup> For third party registrations to provide evidence of the weakness of the proponent's family, the court stated, the defendant would have to demonstrate "actual use" of third party registrations by competitors, and a high degree to which such a competitor "promot[ed] . . . their marks through advertising."<sup>132</sup> There was no evidence that third party registrations of "Mc" were actually used by McDonald's competitors or that consumers identified such marks with a specific product sponsored by such a competitor.<sup>133</sup> The court's finding with regard to the strength of McDonald's family has been echoed in subsequent cases filed by McDonald's to enforce its family: "[McDonald's 'Mc' family mark] rank[s] among the strongest marks, enjoying instant recognition among virtually all members of our society."<sup>134</sup>

b. Degree of Similarity Between the Marks

Under the second factor, the court found that the two marks were similar.<sup>135</sup> The defendant advertised the "McBagel's" mark prominently in newspaper and on the radio and did not differentiate its services from

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<sup>125</sup> *Id.* at 1275.

<sup>126</sup> *Id.* at 1274 (citing *McGregor, Doniger, Inc. v. Drizzle, Inc.*, 599 F.2d 1126, 1131 (2d Cir. 1979)).

<sup>127</sup> *Proctor & Gamble Co. v. Johnson & Johnson, Inc.*, 485 F. Supp. 1185, 1197 (S.D.N.Y. 1979), *aff'd mem.*, 636 F.2d 1203 (2d Cir. 1980).

<sup>128</sup> *McDonald's*, 649 F. Supp. at 1274.

<sup>129</sup> *Id.*

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

<sup>131</sup> *Id.*

<sup>132</sup> *Id.*

<sup>133</sup> *Id.*

<sup>134</sup> *See, e.g., Quality Inns Int'l, Inc. v. McDonald's Corp.*, 695 F. Supp. 198, 211 (D. Md. 1988).

<sup>135</sup> *McDonald's Corp.*, 649 F. Supp. at 1275.

McDonald's' services.<sup>136</sup> The court noted that the advertising mediums used by the parties, as well as the cross sections of the public reached by that advertising, were similar.<sup>137</sup> Also, differences in trade dress did not dispel any possible association between the two companies; the court found that the McBagel's customer could mistakenly believe that McDonald's had entered the bagel market under a slightly different name and style.<sup>138</sup> McDonald's history of expansion, as well as the fact that it operates in the same areas within the city suggested further similarity.<sup>139</sup> Differences between McBagel's' and McDonald's' trade dress within each respective restaurant were not material to the extent that the important temporal point of confusion was drawing the customer to the store through advertising.<sup>140</sup> The consumer, once confused, was more likely to make a purchase at McBagel's even though its trade dress differed from McDonald's.<sup>141</sup>

### c. Proximity of the Products

Thirdly, the court found that the respective products were proximate because they were marketed in the same industry (restaurant services).<sup>142</sup> Both marks were used to advertise products in the New York fast food business.<sup>143</sup> The fact that the services at each respective restaurant were not precisely the same (burgers and fries compared with a bagel bakery) was immaterial.<sup>144</sup> Even if the services were found to be different but closely related, the court noted, McDonald's would still be entitled to protection.<sup>145</sup> Both the similarity of the parties' businesses and McDonald's' history of expansion, suggested the products and services were sufficiently proximate because any consumer could reasonably believe McDonald's sponsored McBagel's.<sup>146</sup> Subsequent courts have held that even where the markets of the respective products are not

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<sup>136</sup> *Id.*

<sup>137</sup> *Id.* (One of the plaintiff's witnesses testified that the market to which each business was directed included "anyone with a stomach.").

<sup>138</sup> *Id.*

<sup>139</sup> *Id.*

<sup>140</sup> *Id.*

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

<sup>142</sup> *Id.* at 1276.

<sup>143</sup> *Id.*

<sup>144</sup> *Id.*; see also *Yale Electric Corp. v. Robertson*, 26 F.2d 972, 974 (2d Cir. 1928) ("[A] merchant may have a sufficient economic interest in the use of his mark outside the field of his own exploitation to justify interposition by a court . . . [i]f another uses it, he borrows the owner's reputation, whose quality no longer lies within his control.").

<sup>145</sup> *McDonald's*, 649 F. Supp. at 1276 (holding trademark owner is entitled to protection from confusion not only with the specific type of product it markets, but also with any closely related products that consumers could reasonably believe were produced or sponsored by the family mark owner).

<sup>146</sup> *Id.*

proximate, McDonald's could still enforce its family mark where "an appreciable number of the public [is likely] to be confused by believing [the opposed's product] is sponsored, associated, affiliated, connected, or endorsed by McDonald's."<sup>147</sup>

d. Likelihood of Expansion

Additionally, the court found that based on McDonald's history and growth, there was a distinct possibility that McDonald's would expand its product line to include bagels.<sup>148</sup> Substantial probative evidence established that McDonald's had an ongoing program to test new products, and sold bagels under this program.<sup>149</sup>

e. Evidence of Actual Consumer Confusion

Under the fifth factor, the court reasoned that, although evidence of actual confusion is not essential, any evidence of actual confusion is highly persuasive in proving confusion.<sup>150</sup> The court found evidence of "substantial actual confusion," based on testimony by a McBagel's manager suggesting he received inquiries from customers concerning whether McDonald's was going into the bagel business, as well as on the results of two independent national and local surveys.<sup>151</sup> Nearly one out of four people (24.8%) in the national survey and one out of three people (36.4%) in the state survey believed that McDonald's sponsored McBagel's.<sup>152</sup> The major reason given by the survey participants for believing in the sponsorship was the use of "Mc" in McBagel's' name.<sup>153</sup> In subsequent cases where the products were sold in different markets, the actual

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<sup>147</sup> *Quality Inns Int'l, Inc. v. McDonald's Corp.*, 695 F. Supp. 198, 221 (holding the opposed's trademark "MCSLEEP" used in promoting its motel business was a business operating outside the food industry, but which infringed McDonald's family mark under a likelihood of confusion analysis).

<sup>148</sup> *McDonald's*, 649 F. Supp. at 1277.

<sup>149</sup> *Id.*

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

<sup>151</sup> *Id.* Of the respondents, roughly one out of four nationally and one out of three in NY believed McBagel's was actually sponsored or promoted by McDonald's. *Id.* Six out of ten persons who had such a belief stated the major reason for that belief was the 'Mc' in the name. *Id.* The court found both the incidents of actual confusion as well as the survey substantial and probative of the issue of likelihood of confusion. *Id.*

<sup>152</sup> *Id.*

<sup>153</sup> *Id.* Six out of ten in the national survey and seven out of ten in the state survey gave this reason. *Id.*

confusion was required to be more than insignificant to support a finding of infringement.<sup>154</sup>

f. Good Faith

Under the sixth factor, the court determined that the defendants had acted in less than good faith by adopting the “McBagel’s” mark.<sup>155</sup> The court made this determination after discrediting the defendant’s story of how the mark was chosen.<sup>156</sup> It found the story uncorroborated, implausible, and discredited after observing the owner of McBagel’s on the witness stand.<sup>157</sup> This finding was further reinforced by the fact that McBagel’s advertised a new food item called the “Mc (stuffed) Bagel” after McDonald’s had filed its action.<sup>158</sup> The court found McBagel’s had attempted to exploit notoriety from the litigation by promoting this item and had, therefore, acted in bad faith.<sup>159</sup>

g. Relative Quality of the Products

Under the seventh factor, the court found that it need not resolve the question of which company’s product was superior.<sup>160</sup> A prior owner should not be subjected to the risk that the public perception of the product will suffer if associated with a product of inferior quality; however, this factor was not essential to the court’s holding.<sup>161</sup>

h. Sophistication of the Consumers

The court did determine that where buyers are unsophisticated or make their decisions quickly and casually, the likelihood of confusion increases.<sup>162</sup> The court’s position was that consumers in the fast food market do not make sophisticated restaurant choices and instead make decisions quickly and casually (don’t tell this to fans of In-N-Out).<sup>163</sup> Based on finding each factor in favor of McDonald’s and likelihood of confusion (excluding a determination of the

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<sup>154</sup> McDonald’s Corp. v. Shop At Home, Inc., 82 F. Supp. 2d 801, 810 (M.D. Tenn. 2000) (Even though the potential pool for confused McDonald’s customers was enormous, the production of sixteen phone calls suggesting actual consumer confusion “border[ed] on insignificant.”).

<sup>155</sup> *McDonald’s*, 649 F. Supp. at 1278.

<sup>156</sup> *Id.*

<sup>157</sup> *Id.*

<sup>158</sup> *Id.*

<sup>159</sup> *Id.*

<sup>160</sup> *Id.* at 1279.

<sup>161</sup> *Id.*

<sup>162</sup> *Id.*

<sup>163</sup> *Id.*

seventh factor), the court held McBagel's infringement warranted an injunction.<sup>164</sup>

i. Balance of Hardships in Consideration of Proper Remedy

The court balanced the relative hardships to the parties and determined that because McBagel's had made its business investments subsequent to the litigation with knowledge that use of the mark might have to be discontinued, this favored granting McDonald's an injunction.<sup>165</sup> The court framed the appropriate injunctive relief by prohibiting the defendant from using "Mc" solely in combination with a "generic food item"; the defendant was free to use the "Mc" prefix if he chose his full name as his trademark, making his mark more arbitrary under Judge Friendly's analysis.<sup>166</sup> The court noted that McDonald's did not have a "boundless monopoly" over the mark,<sup>167</sup> but, instead, McDonald's was entitled to rights to the "Mc" family that bore a relation to the manner in which it was used to promote its business.<sup>168</sup>

*E. Later Cases*

As the case law further developed around the strong analysis exemplified by the Southern District of New York in *McDonald's*, courts became more comfortable granting summary judgment, as well as preliminary and permanent injunctions predicated on family of marks arguments.<sup>169</sup> For example, in *Soltex*

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<sup>164</sup> *Id.*

<sup>165</sup> *Id.* ("This is not a case where an injunction will unfairly disadvantage a second user who has expended considerable sums to promote his trademark before the first user raised the issue of infringement.").

<sup>166</sup> *Id.* at 1282.

<sup>167</sup> *Id.*

<sup>168</sup> *Id.*

<sup>169</sup> See *Int'l Diagnostic Tech., Inc. v. Miles Labs., Inc.*, 746 F.2d 798, 800 (Fed. Cir. 1984) (finding a likelihood of confusion where the family mark "STIX" was strikingly similar to defendant's "STIQ" in sound, appearance, and connotation; both products were marketed in the same industry and could be used as complementary tests); *E. & J. Gallo Winery v. Consorzio del Gallo Nero*, 782 F. Supp. 457, 471 (N.D. Cal. 1991) (holding defendant had infringed plaintiff's family as a matter of law and plaintiff was entitled to summary judgment); *Sizes Unlimited, Inc. v. Sizes to Fit, Inc.*, 871 F. Supp. 1558, 1567 (E.D.N.Y. 1994) (finding plaintiff had not shown their unregistered "Sizes" family had acquired secondary meaning and its motion for an injunction was denied); *Champagne Louis Roederer, S.A. v. Delicato Vineyards*, 148 F.3d 1373, 1375 (Fed. Cir. 1998) (upholding the lower court's decision that the dissimilarity of the marks was dispositive of the issue of likelihood of confusion, even though many of the other factors favored the plaintiff; one factor alone may be dispositive especially when it is dissimilarity); *Lucasfilm Ltd., v. Media Market Group, Ltd.*, 182 F. Supp. 2d 897, 901 (N.D. Cal. 2002) (finding that while parody is not a defense against infringement, it is relevant in showing there is little likelihood of confusion); *Anheuser-Busch, Inc. v. Caught-On-Bleu, Inc.*,

*Polymer Corp. v. Fortex Industries, Inc.*, the Second Circuit held a district court has discretion to fashion injunctive relief commensurate with the extent of the defendant's infringement.<sup>170</sup> Given the fact that the defendant sold its infringing mark in the raw plastic market and the plaintiff sold its family of marks in finished plastic, the court reasoned that requiring the defendant to use a disclaimer to expressly differentiate the two marks was appropriate.<sup>171</sup> However, in *E. & J. Gallo Winery v. Gallo Cattle Co.*, the court decided against the use of such a disclaimer.<sup>172</sup> The court felt that based on the findings of a national survey, such a disclaimer would not be effective in protecting against likelihood of confusion, and would actually further dilute the plaintiff's trademark.<sup>173</sup> The court determined that such dilution would constitute irreparable injury and, therefore, held that the plaintiff was entitled to a permanent injunction.<sup>174</sup> Additionally, in *Jordache Enterprises, Inc. v. Levi Strauss & Co.*, the court denied each party's motion for summary judgment because under the *Polaroid* factors,<sup>175</sup> although Levi's demonstrated strength in its "501" family, factual disputes existed as to whether it was similar to Jordache's "Jordache Basics 101" mark.<sup>176</sup> In contrast, the Federal Circuit, in *Han Beauty, Inc. v. Alberto-Culver Co.*, was willing to grant summary judgment under the *Polaroid* factors.<sup>177</sup> In that case, the dispositive factors included "the similarity of the marks" and "the relatedness of the goods."<sup>178</sup>

#### F. The Family of Marks Doctrine Today

The Federal Circuit defined the family mark as "a group of marks having a recognizable common characteristic, wherein the marks are composed and used in such a way that the public associates not only the individual marks, but the common characteristic of the family, with the trademark owner."<sup>179</sup> When

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288 F. Supp. 2d 105, 124 (D.N.H. 2003) (holding plaintiff was entitled to summary judgment under a claim for infringement against its "Bud" family even though there was a factual dispute as to the defendant's intent in using its "Billy Budd" mark).

<sup>170</sup> *Soltex Polymer Corp. v. Fortex Indus., Inc.*, 832 F.2d 1325, 1330 (2d Cir. 1987).

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

<sup>172</sup> *E. & J. Gallo Winery v. Gallo Cattle Co.*, No. CV-F-86-183, 1989 U.S. Dist. LEXIS 7950, at \*77 (E.D. Cal. June 19, 1989).

<sup>173</sup> *Id.*

<sup>174</sup> *Id.*

<sup>175</sup> *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961) (setting forth substantially the same test discussed in *McDonald's Corp. v. McBagel's, Inc.*, 649 F. Supp. 1268 (S.D.N.Y. 1986)).

<sup>176</sup> *Jordache Enters., Inc. v. Levi Strauss & Co.*, 841 F. Supp. 506, 520–21 (S.D.N.Y. 1993).

<sup>177</sup> *Han Beauty, Inc. v. Alberto-Culver Co.*, 236 F.3d 1333, 1338 (Fed. Cir. 2001).

<sup>178</sup> *Id.* at 1336.

<sup>179</sup> *J & J Snack Foods Corp. v. McDonald's Corp.*, 932 F.2d 1460, 1462 (Fed. Cir. 1991).

the trademark owner has a family of protectable marks that consumers recognize, courts find that the owner has developed “goodwill” in the protection of the overall family.<sup>180</sup> There are three clear policy justifications for protecting such families: (1) the senior user’s interest in being able to enter a related field at some future time; (2) the senior user’s interest in protecting the good reputation associated with his mark from the inferior merchandise of the junior user; and (3) the public’s interest in not being misled by a confusingly similar mark.<sup>181</sup>

The doctrine must be asserted within a claim of likelihood of confusion, under 15 U.S.C. § 1052(d), and, therefore, cannot be asserted as a stand-alone claim.<sup>182</sup> It may be asserted either to bar registration of a confusingly similar mark or to assert a claim for trademark infringement.<sup>183</sup> In deciding questions of likelihood of confusion, a court will place itself “in a position of an average purchaser or prospective purchaser in an attempt to understand what the normal reaction would be to the marks as they are encountered in the marketplace.”<sup>184</sup> An infringing use may be found both in the opposer’s own particular market as well as outside of the opposer’s market if the likelihood of confusion is particularly high:

The owner of a mark who has developed a reputation and identity with a mark through his products, service, marketing, and presence in the market, has an interest in protecting the business and reputation for which the mark stands, not only at the present time in the current markets in which he does business, but for future times and in related markets that the development of his business might naturally take him. The extent to which he may protect this interest relates directly to the strength of his mark. While one mark may not enjoy the strength of identity to preclude use of a junior mark in a related field or neighboring market, another may enjoy such recognition that confusion might result outside his own field or beyond the markets in which he does business. The measurement of this strength is revealed by evidence demonstrating a likelihood of confusion.<sup>185</sup>

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<sup>180</sup> *Id.* at 1462–63.

<sup>181</sup> *McDonald’s*, 649 F. Supp. at 1273 (citing *Scarves by Vera, Inc. v. Todo Imports, Ltd.*, 544 F.2d 1167, 1172 (2d Cir. 1976)).

<sup>182</sup> *Id.* at 1274.

<sup>183</sup> 15 U.S.C. § 1114(1) (2012) (defining trademark infringement as “use . . . [of] any reproduction, counterfeit, copy, or colorable imitation of a registered mark . . . likely to cause confusion”); 15 U.S.C. § 1125(a)(1) (defining unfair competition as use of “any word, term, name, symbol, or device . . . likely to cause confusion”).

<sup>184</sup> *See, e.g.*, *Am. Standard Inc. v. Scott & Fetzer Co.*, 200 U.S.P.Q. 457, 461 (T.T.A.B. 1978); Peter Mack et al., *Choosing Fame Over Family*, 37 AKRON. L. REV. 203, 204 (2004).

<sup>185</sup> *Quality Inns Int’l, Inc. v. McDonald’s Corp.*, 695 F. Supp. 198, 209–10 (D. Md. 1988) (citations omitted).

An analysis of the family of marks doctrine today proceeds essentially on two levels.<sup>186</sup> First, the proponent must demonstrate that they are entitled to protection of a family mark as a result of recurrent use of the common formative, which is reinforced by consumer recognition.<sup>187</sup> Second, the proponent must show that an opponent's mark—whether having been registered or proposed to be registered—presents a likelihood that an ordinary consumer who encountered it could reasonably believe that it originated from or was sponsored by the proponent.<sup>188</sup>

### 1. Proving Ownership of a Family Mark

Under the first level of the analysis, the proponent must provide evidence of prior registrations or use of a number of marks that share a common characteristic or formative.<sup>189</sup> In *Motorola, Inc. v. Griffiths Elecs., Inc.*, the proponent provided evidence of the registration of six marks with “GOLDEN” in the title, which the court found was enough to entitle the proponent to protection.<sup>190</sup> In *Aloe Crème Labs., Inc. v. Aloe 99, Inc.*, Aloe Crème Labs. provided evidence of registration or prior use of over eighteen marks that used the “ALO” formative.<sup>191</sup> McDonald's provided evidence of over fifteen different registrations of “Mc” or “Mac.” E. & J. Gallo Winery listed only four registrations in their complaint but provided evidence of over ten total registrations of “Gallo.”<sup>192</sup>

After showing that the proponent has a number of marks that all share a common element or formative, the proponent must show that the family mark is sufficiently distinct to warrant protection.<sup>193</sup> The formative must not be the final syllable of common words or be a generic term for the underlying product.<sup>194</sup> Courts will analyze the distinctiveness of the proponent's family mark by

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<sup>186</sup> See *Motorola, Inc. v. Griffiths Elecs., Inc.*, 317 F.2d 397, 400 (C.C.P.A. 1963); *McDonald's*, 649 F. Supp. at 1272.

<sup>187</sup> *McDonald's*, 649 F. Supp. at 1272; see also *Aloe Crème Labs., Inc. v. Aloe 99, Inc.*, 188 U.S.P.Q. (BNA) 316, 1975 TTAB LEXIS 114, at \*34–35 (T.T.A.B. Oct. 29, 1975).

<sup>188</sup> *McDonald's*, 649 F. Supp. at 1274–79.

<sup>189</sup> See *Motorola*, 317 F.2d at 498.

<sup>190</sup> *Id.*

<sup>191</sup> *Aloe 99*, 188 U.S.P.Q. (BNA), 1975 TTAB LEXIS, at \*11–13.

<sup>192</sup> *E. & J. Gallo Winery, v. Gallo Cattle Co.*, No. CV-F-86-183, 1989 U.S. Dist. LEXIS 7950, at \*10 (E.D. Cal. June 19, 1989).

<sup>193</sup> See *Burroughs, Wellcome & Co. v. Mezger Pharmacal Co.*, 228 F.2d 243, 244 (C.C.P.A. 1955).

<sup>194</sup> *Id.*; see also *Lauritzen, & Co. v. Borden Co.*, 239 F.2d 405, 407 (C.C.P.A. 1956); *Creamette Co. v. Merlino*, 299 F.2d 55, 59 (9th Cir. 1962).



placing it somewhere on Judge Friendly's *Abercrombie* spectrum.<sup>195</sup> Fanciful or arbitrary marks are invented solely for their use as trademarks and are entitled to protection without the proponent's demonstration of secondary meaning.<sup>196</sup> Suggestive marks require imagination, thought or perception to reach the nature of the goods and are entitled to protection without proof of secondary meaning as well.<sup>197</sup> Descriptive marks, in contrast, convey an immediate idea of the ingredients, qualities or characteristics of the goods; they may be entitled to protection only after the proponent has demonstrated secondary meaning.<sup>198</sup> Generic marks either refer or have come to refer to the type of product sold, and are generally not entitled to protection.<sup>199</sup> Where the family mark is found descriptive, it may still be entitled to protection if the proponent provides evidence that the mark has gained secondary meaning in the marketplace.<sup>200</sup>

In conjunction with demonstrating the existence of the common formative and establishing its distinctiveness, the proponent must also prove that such prior registration or use is not recent or insignificant.<sup>201</sup> Courts generally look to four factors to determine the extensiveness of the proponent's use and to measure consumer recognition (this is substantially the same inquiry a court makes in analyzing whether the proponent has created secondary meaning<sup>202</sup>): (1) the substantiality of business through which the family is marketed; (2) the value of the products sold within the family; (3) the period of time over which the proponent has marketed the family; and (4) whether the proponent is well established in the industry at the time of the defendant's entry.<sup>203</sup> The more the proponent spends on advertising for an extended period, and the greater the indication of actual consumer recognition of the family, the more likely the court will be to protect the proponent's family.<sup>204</sup>

Finally under the first level of analysis, the proponent must avoid ancillary considerations such as numerous third party registrations of the formative in the pertinent industry or the possibility that the defendant's mark is different enough from the proponent's so that the court does not proceed to an

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<sup>195</sup> See *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 11 (2d Cir. 1976).

<sup>196</sup> *Id.*

<sup>197</sup> *Id.*

<sup>198</sup> *Id.*

<sup>199</sup> See *Aloe Crème Labs., Inc. v. Milsan, Inc.*, 423 F.2d 845, 848 (5th Cir. 1970) (granting protection to a generic mark risks entitling the mark owner to a monopoly in the product).

<sup>200</sup> See *Aloe Crème Labs., Inc. v. Aloe 99, Inc.*, 188 U.S.P.Q. (BNA) 316, 1975 TTAB LEXIS 114, at \*31-32 (T.T.A.B. Oct. 29, 1975).

<sup>201</sup> See *Creamette Co. v. Merlino*, 299 F.2d 55, 58 (9th Cir. 1962).

<sup>202</sup> See generally *Aloe 99*, 88 U.S.P.Q. (BNA), 1975 TTAB LEXIS 114.

<sup>203</sup> See *Motorola, Inc. v. Griffiths Elecs., Inc.*, 317 F.2d 397, 399 (C.C.P.A. 1963); see also *McDonald's Corp. v. McBagel's, Inc.*, 649 F. Supp. 1268, 1272 (S.D.N.Y. 1986).

<sup>204</sup> *McDonald's*, 649 F. Supp. at 1272.

analysis of the likelihood of confusion.<sup>205</sup> Mere third party registrations alone, however, will not be enough to bar protection of the family.<sup>206</sup> For third party registrations to matter and potentially bar protection, they must be registered and actually used in more than an insignificant way by the proponent's competitors; additionally, there must be actual consumer recognition of such third party registrations.<sup>207</sup>

## 2. Demonstrating a Likelihood of Confusion

Under the second level of analysis and after having demonstrated a protectable family mark, the proponent must then demonstrate that the defendant's mark presents a likelihood of confusion.<sup>208</sup> Whereas the first level of analysis focuses on the proponent's mark alone and the corresponding business and consumer recognition supporting it, the second level of analysis explicitly compares the proponent's family to the defendant's mark.<sup>209</sup> The factors the court weighs in the second level of analysis are the factors expressed by the Southern District of New York in *McDonald's*: (1) the strength of the owner's mark; (2) the degree of similarity between the marks; (3) the proximity of the products; (4) the likelihood that the prior owner will expand; (5) evidence of actual consumer confusion; (6) whether the defendant adopted their mark in good faith; (7) the relative quality of the products; (8) the sophistication of the buyers; and (9) the relative harm to the parties should the court grant or deny the relief requested.<sup>210</sup>

## II. HOW THE FAMILY OF MARKS DOCTRINE BENEFITS APPLE

Applying the foregoing case law to three hypotheticals will demonstrate more clearly how Apple may use the doctrine. The succeeding hypotheticals are fictitious and range from situations in which a court is least likely to find a likelihood of confusion to those in which a court is most likely. Although these examples are fictitious, real world examples exist of companies using the "i" prefix to directly or indirectly benefit from the goodwill Apple has created in the "i" mark including: iHome's consumer electronic products<sup>211</sup> and BMW's concept car series including iDrive i8 and i3 cars.<sup>212</sup> Important questions of legal

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<sup>205</sup> See *Polaroid v. Richard Mfg. Co.*, 341 F.2d 150, 152 (C.C.P.A. 1965); see also *Jones & Laughlin Steel Corp. v. Winter Seal Corp.*, 291 F.2d 945, 946 (C.C.P.A. 1961).

<sup>206</sup> *McDonald's*, 649 F. Supp. at 1274.

<sup>207</sup> *Id.*

<sup>208</sup> *Id.*

<sup>209</sup> *Id.*

<sup>210</sup> *Id.*

<sup>211</sup> iHOME, <http://www.ihomeaudio.com> (last visited Nov. 22, 2013).

<sup>212</sup> *BMW I*, BMW, <http://www.bmwusa.com/standard/content/vehicles/2014/bmwi/bmwi.aspx#home> (last visited Nov. 22, 2013).

strategy remain for Apple in the wake of increasing commercial use of the “i” prefix among larger and more powerful companies such as BMW. While BMW’s actual use of the prefix remains deferred because it is being applied to a line of future concept cars that have yet to be brought to market, such emerging uses threaten to dilute consumer association with Apple’s ownership and use. If Apple were to fail to vigorously defend its right to use the prefix, contrasting with McDonald’s active use of the doctrine in the 1980s and 90s, Apple will passively accept such potentially infringing commercial uses. This strategy may inhibit any future attempts Apple may take to protect its family. Therefore, to protect the providence of its brand, Apple should take a more active role in policing its line of “i” products by resorting to the family of marks doctrine.

The following chart provides information demonstrating Apple’s dominance in the tech market and establishes that Apple has a market position in the consumer technology industry similar to that of McDonald’s in the late 1980s and early 1990s in the fast food industry. Apple’s yearly revenue and yearly advertising expenses are directly relevant in proving to a court that it has demonstrable goodwill in the “i” family prefix.

APPLE’S MARKET GROWTH (1998-2012)<sup>213</sup>

<u>Year</u>	<u>Apple Product Introduced</u>	<u>General Advertising Expenditure</u>	<u>Revenue</u>
1998	iMac		\$5,941 million
1999	iMovie		\$6,134 million
1999	iPhoto (iLife Suite)		\$6,134 million
2000 <sup>214</sup>			
2001	iPod		\$5,363 million
2003	iTunes		\$6,207 million
2007	iPhone	\$467 million	\$24,578 million
2010	iPad	\$691 million	\$65,225 million
2011	iCloud	\$933 million	\$108 billion
2012	iBooks Textbooks	\$1 billion	\$156 billion

To put these numbers in the context of a possible family marks argument for Apple, McDonald’s had sixteen “Mc” or “Mac” trademarks at the time of its litigation with McBagels.<sup>215</sup> As of 2013, Apple has at least twenty trademarks

<sup>213</sup> *Apple, Inc.*, WIKIPEDIA, [http://en.wikipedia.org/wiki/Apple\\_Inc](http://en.wikipedia.org/wiki/Apple_Inc). (last visited Nov. 20, 2013).

<sup>214</sup> No data found for the year 2000.

<sup>215</sup> *McDonald’s Corp. v. McBagel’s, Inc.*, 649 F. Supp. 1268, 1272 (S.D.N.Y. 1986).

bearing the “i” mark (including second and third generation versions).<sup>216</sup> McDonald’s ran around 100 national and local TV commercials in 1986 and also ran ads in print advertising and in national magazines.<sup>217</sup> Between 2006 and 2009, Apple ran a highly successful national TV commercial campaign entitled “Get a Mac,” in which two actors used the memorable lines, “I’m a Mac” and “I’m a PC,” in effort to personify the relative styles between Macs and PCs, as well as between Mac and PC users.<sup>218</sup> With this ad campaign alone, Apple ran over sixty ads in the United States, thirty-two ads over the internet, fifteen ads in the United Kingdom, and twelve ads in Japan.<sup>219</sup> Media analysts characterize the “Get a Mac” campaign as “effective” because one month after its release 200,000 more Macs were sold, with an overall increase in the number of Macs sold in the first year of the campaign of 39%.<sup>220</sup> In addition to the spike in Mac sales, there are other indicia of the ad campaign’s effect on the culture and corresponding consumer recognition as it was criticized in third party periodicals and parodied both on national television and on the internet.<sup>221</sup> Additionally, whereas McDonald’s had used its “Mc” mark for ten years at the time of its suit, Apple has currently used the “i” mark for fifteen years.<sup>222</sup> Finally, whereas McDonald’s spent between \$350 and \$400 million in advertising in 1986 with corresponding revenues of between \$2.5 and \$3 billion, Apple spent roughly \$1 billion in advertising in 2012 with corresponding revenues of \$156 billion.<sup>223</sup> All of Apple’s astronomical numbers suggest consumer recognition at least on par with, and likely drastically exceeding, McDonald’s circa 1986. The one factor that McDonald’s had in its favor going into its litigation with McBagels that Apple will not have in any near litigation is the fact that McDonald’s was active in policing its “Mc” marks.<sup>224</sup> In order to fully place itself in a position akin to McDonald’s, Apple should consider becoming more active in protecting its mark.

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<sup>216</sup> *Timeline of Apple, Inc. Products*, WIKIPEDIA, [http://en.wikipedia.org/wiki/Timeline\\_of\\_Apple\\_Inc\\_products](http://en.wikipedia.org/wiki/Timeline_of_Apple_Inc_products) (last visited Jan. 12, 2014).

<sup>217</sup> *McDonald’s*, 649 F. Supp. at 1271.

<sup>218</sup> *Apple, Inc. Advertising*, WIKIPEDIA, [http://en.wikipedia.org/wiki/Apple\\_Inc\\_advertising](http://en.wikipedia.org/wiki/Apple_Inc_advertising) (last visited Jan. 12, 2014).

<sup>219</sup> *Get a Mac*, WIKIPEDIA, [http://en.wikipedia.org/wiki/Get\\_a\\_Mac](http://en.wikipedia.org/wiki/Get_a_Mac) (last visited Jan. 12, 2014).

<sup>220</sup> *Id.*

<sup>221</sup> *Id.*

<sup>222</sup> *Timeline of Apple, Inc. Products*, WIKIPEDIA, [http://en.wikipedia.org/wiki/Timeline\\_of\\_Apple\\_Inc\\_products](http://en.wikipedia.org/wiki/Timeline_of_Apple_Inc_products) (last visited Jan. 12, 2014).

<sup>223</sup> *McDonald’s Corp. v. McBagel’s, Inc.*, 649 F. Supp. 1268, 1272 (S.D.N.Y. 1986); *Apple, Inc.*, WIKIPEDIA, [http://en.wikipedia.org/wiki/Apple\\_Inc](http://en.wikipedia.org/wiki/Apple_Inc). (last visited Nov. 20, 2013).

<sup>224</sup> *See, e.g., McDonald’s*, 649 F. Supp. at 1272.

*A. Hypothetical #1: iBoat*

A new boating company, Shanghai Pirates, has just come out with a revolutionary concept for a boat that borrows from the simplicity and sleekness of modern design and technology.<sup>225</sup> The hull is reinforced titanium and the top deck is a mixture of organic wood and metal. It has a complex internal computer that provides GPS navigation on the water and can auto pilot the boat in case of leisure or emergency. It also boasts its ability to connect to the internet anywhere on the sea so that travelers will never be out of contact with the mainland, and the internet connection provides a direct link to communication sites in case the pilot of the ship needs to send a message for help. Designers were thinking of calling the boat “Titanic part deux,” but instead settled on iBoat. While the boat has been in the planning stages for a while, the company did not immediately register the trademark and instead waited until the debut of the prototype in June 2012. When the company introduced the boat to the market and began vigorously advertising it, Apple, Inc. brought suit for trademark infringement asserting a family of marks claim under likelihood of confusion. Shanghai Pirates had already taken out ads in major newspapers such as the *New York Times* and print publications such as *Time*, *Newsweek*, and *Vogue*. Shanghai Pirates had also advertised on billboards, in boating stores and showrooms, and on the radio. Apple conducted an independent national survey that found four out of ten people surveyed asked if Apple had gone into boating. Apple also gained evidence from the depositions of boating showroom owners that customers had called inquiring about the boat and asked if Apple was associated with it. Shanghai Pirates received notice of the litigation and, having already spent a large amount on advertising the boat, decided to continue to advertise it under the “iBoat” trademark. What should the court’s result be given the foregoing case law and analysis?

The court will proceed to analyze Apple’s claim of trademark infringement against Shanghai by first determining whether Apple owns a family mark in the “i” prefix and then determining whether Shanghai’s mark presents a likelihood of consumer confusion. Under the first level of analysis Apple must show: (1) that it has a number of prior registrations or uses of “i” marks such that it is possible that the public recognizes the “i” family; (2) that its family mark is distinctive enough to warrant protection; (3) that its use of the family has been substantial resulting in consumer recognition; and (4) that the defendant’s mark is similar enough to Apple’s to proceed to a likelihood of confusion analysis, and Apple must show that there are not numerous third party registrations suggesting a bar on protection.<sup>226</sup>

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<sup>225</sup> *But see Cruising Boats*, iBOAT TRACK, <http://iboattrack.com/cruising.html> (last visited Feb. 13, 2012).

<sup>226</sup> *See Motorola, Inc. v. Griffiths Elecs., Inc.*, 317 F.2d 397, 398 (C.C.P.A. 1963); *McDonald’s*, 649 F. Supp. at 1274.

Apple will likely be able to satisfy the first element because its number of “i” products is enough to qualify for family protection. Courts have accepted that a company has established a family with evidence of as few as six registrations with a common formative.<sup>227</sup> Apple has twenty-six registered marks bearing the “i” prefix.<sup>228</sup> This would place Apple in a similar category to McDonald’s, who had over twenty registrations of the “Mc” or “Mac” prefix at the time of its litigation with McBagels.<sup>229</sup>

Under the second element, Apple may have a more difficult time arguing for the distinctiveness of its family. The court will address the distinctiveness of Apple’s “i” prefix family by placing it somewhere on Judge Friendly’s spectrum of trademark distinctiveness: arbitrary/fanciful, suggestive, descriptive, or generic.<sup>230</sup> Because most of Apple’s “i” products involve computer technology equipment, which has a high association to the internet, it is arguable whether the “i” prefix is descriptive for use on the internet. If this is true, Shanghai could argue that the “i” mark is not entitled to protection, because, under Judge Friendly’s test, the “i” mark conveys an immediate idea of the ingredients, qualities, or characteristics of the goods.<sup>231</sup> Apple may counter, however, that it is not necessarily the case that the “i” prefix is meant to denote use on the internet. Its initial iPod format was simply a media player that played mp3 files and did not have free access to the internet. That product was one of Apple’s first with the “i” prefix and was not linked necessarily to the internet and was also a tremendous success.<sup>232</sup> Other products such as iLife and iDVD pertain to computer applications or software and also do not have an immediate relation to the internet. Thus, Apple may argue that the “i” family mark is suggestive because it requires imagination, thought or perception to reach the nature of the goods from reading the “i” prefix in conjunction with the rest of the mark.<sup>233</sup> However, whether the “i” family is suggestive or descriptive under Judge Friendly’s test may not ultimately matter in a full analysis of the family mark’s distinctiveness. Even when a family mark is descriptive it may be entitled to

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<sup>227</sup> See *Motorola*, 317 F.2d at 398; *E. & J. Gallo Winery, v. Gallo Cattle Co.*, No. CV-F-86-183, 1989 U.S. Dist. LEXIS 7950, at \*10 (E.D. Cal. June 19, 1989).

<sup>228</sup> *Apple Trademark List*, APPLE, <http://www.apple.com/legal/trademark/appletmlist.html> (last visited Nov. 22, 2013) (iBook, iBooks, iCal, iChat, iDVD, iLife, iMac, iMessage, iMovie, iPad, iPhone, iPhoto, iPod, iPod Classic, iPod Hi-Fi, iPod nano, iPod shuffle, iPod Socks, iPod touch, iSight, iTunes, iTunes Logo, iTunes Pass, iTunes U, iWeb, and iWork).

<sup>229</sup> *McDonald’s*, 649 F. Supp. at 1274.

<sup>230</sup> See *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 11 (2d Cir. 1976).

<sup>231</sup> *Id.*

<sup>232</sup> *Apple, Inc.*, WIKIPEDIA, <http://en.wikipedia.org/wiki/iPod> (last visited Nov. 20, 2013).

<sup>233</sup> See *Abercrombie*, 537 F.2d at 11.

protection if the proponent demonstrates secondary meaning in the mark.<sup>234</sup> Courts address substantially the same factors to determine secondary meaning as they do in determining consumer recognition for purposes of family mark protection.<sup>235</sup> This is to say that, even if Apple's "i" family is found to be descriptive, Apple has likely achieved secondary meaning in the marketplace and, therefore, qualifies for protection of its family of "i" marks.

Under the third element, Apple will be able to demonstrate that its use of the "i" family has been substantial, and, therefore, there is measurable consumer recognition of the mark. Courts look to four factors to determine substantiality of use: (1) the amount of business through which the family is marketed; (2) the value of the products sold under the family mark; (3) the period of time over which the proponent has marketed the family; and (4) whether the proponent is well established in the industry at the time of the defendant's entry.<sup>236</sup>

Under the first factor, Apple does a considerable amount of business under its "i" related products. In weighing the amount of business done under the family mark, courts look to the number of distributors, retailers, and service organizations that handle the goods.<sup>237</sup> In the *Motorola* case, the court found that Motorola "sells through 98 distributors who sell, in turn, to more than 23,000 retailers and about 25,000 service and repair organizations," and concluded that those figures support a finding of substantial business done under the family.<sup>238</sup> In *McDonald's*, 9,000 restaurants suggested substantial business.<sup>239</sup> Apple has nearly 400 Apple Stores in 14 different countries, over 250 of which are in the United States.<sup>240</sup> In addition, there are thousands of authorized Apple retailers worldwide, including Verizon, Sprint, Best Buy, and Target. Therefore, under the *Motorola* and *McDonald's* standards, Apple conducts a sufficient amount of business under the family mark.

Under the second factor, the value of the products sold under Apple's "i" family is great. In *Motorola* and *McDonald's*, revenues of \$230 million and \$2.5 billion, respectively, supported family protection.<sup>241</sup> Apple has sold over 300 million iPods since its launch ten years ago, with a corresponding 78% market

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<sup>234</sup> See *id.* at 10.

<sup>235</sup> *Aloe Crème Labs., Inc. v. Aloe 99, Inc.*, 188 U.S.P.Q. (BNA) 316, 1975 TTAB LEXIS 114, at \*30–32 (T.T.A.B. Oct. 29, 1975).

<sup>236</sup> See *Motorola, Inc. v. Griffiths Elecs., Inc.*, 317 F.2d 397, 399 (C.C.P.A. 1963); *McDonald's Corp. v. McBagel's, Inc.*, 649 F. Supp. 1268, 1274 (S.D.N.Y. 1986).

<sup>237</sup> See, e.g., *Motorola*, 317 F.2d at 399.

<sup>238</sup> *Id.*

<sup>239</sup> *McDonald's*, 649 F. Supp. at 1270.

<sup>240</sup> *Apple, Inc.*, WIKIPEDIA, [http://en.wikipedia.org/wiki/Apple\\_Store](http://en.wikipedia.org/wiki/Apple_Store) (last visited Nov. 20, 2013).

<sup>241</sup> See *Motorola*, 317 F.2d at 399; *McDonald's*, 649 F. Supp. at 1274.

share in the music market.<sup>242</sup> While Apple has lost market share to Google's Android phones, the iPhone is still at a 33.4% market share in the cell phone industry.<sup>243</sup> This suggests that one out of three cell phones sold is an iPhone. Its iPad market share has "slipped" to 50%, as it has only shipped a measly 14 million iPads worldwide from July to September of this year.<sup>244</sup> This would suggest that Apple ships roughly 50 million iPads per year. For the 2011 fiscal year, Apple reported revenue of \$108.25 billion and net profit of \$14.01 billion.<sup>245</sup> Apple's main "i" products—iPod, iPhone, iPad, and iTunes—accounted for 75% of its revenue, or roughly \$10.5 billion in net profits.<sup>246</sup> The value of only four of Apple's twenty-six "i" products was, in 2011, five times that of the amount of McDonald's' revenue that supported family protection when McDonald's sued to enforce its family mark against McBagel's. Therefore, the value of Apple's "i" products weighs in favor of protecting the family.

The third factor, the length of time over which Apple has promoted its family, also weighs in favor of family protection. In *Motorola*, the plaintiff's first registration of a mark with the "GOLDEN" formative was in 1935, it registered subsequent marks in 1947, 1948, 1955, 1956, and 1957, and it brought suit in 1963. McDonald's first began using the "McMuffin" mark in 1968 and the "McNuggets" mark in 1979, it initially began using the "McDonald's" mark in the late 1950s, and it brought suit in 1986.<sup>247</sup> Apple launched its first "i" product in 1998 with the iMac G3.<sup>248</sup> It launched its iBook product the following year and the first generation iPod in 2001.<sup>249</sup> Apple has been vigorously marketing its "i" family of products since 1998 and has steadily

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<sup>242</sup> Sherilynn Macale, *Apple Has Sold 300M iPods, Currently Holds 78% of the Music Player Market*, TNW (Oct. 4, 2011, 7:17 PM), <http://thenextweb.com/apple/2011/10/04/apple-has-sold-300m-ipods-currently-holds-78-of-the-music-player-market/>.

<sup>243</sup> *Android vs iPhone Market Share, 52 Against 33 Percent*, PHONES REVIEW (Sept. 5, 2012) <http://www.phonesreview.co.uk/2012/09/05/android-vs-iphone-market-share-52-against-33-percent/>.

<sup>244</sup> Anick Jesdanun, *iPad Market Share Drops: Apple Tablets Slip to 50 Percent of Devices Shipped in Q3 2012*, HUFFINGTON POST (Nov. 5, 2012, 5:38 PM), [http://www.huffingtonpost.com/2012/11/06/ipad-market-share-q3-2012\\_n\\_2079397.html](http://www.huffingtonpost.com/2012/11/06/ipad-market-share-q3-2012_n_2079397.html).

<sup>245</sup> Jordan Golson, *Apple Records Q4 2011 Earnings of \$6.6B on \$28.3B in Revenue, Tops \$100 Billion in Sales for Fiscal 2011*, MACRUMORS (Oct. 18, 2011, 2:36 PM), <http://www.macrumors.com/2011/10/18/apple-records-q4-2011-earnings-of-6-6b-on-28-3b-in-revenue-tops-100-billion-in-sales-for-fiscal-2011/>.

<sup>246</sup> *Id.*

<sup>247</sup> *Id.*

<sup>248</sup> *Apple, Inc.*, WIKIPEDIA, [http://en.wikipedia.org/wiki/Timeline\\_of\\_Apple\\_Inc.\\_products](http://en.wikipedia.org/wiki/Timeline_of_Apple_Inc._products) (last visited Nov. 20, 2013).

<sup>249</sup> *Id.*



created consumer recognition in the mark over the last fifteen years. This is a similar amount of time to the roughly twenty years over which McDonald's created its family at the time of its lawsuit against McBagel's. Therefore, because the fifteen-year period over which Apple has created and developed its "i" family mark is substantial, this factor weighs in favor of family protection.

Under the fourth factor, Apple is well-established in the technology industry at the time of Shanghai's entry. Courts look to the extent of the proponent's advertising, as well as evidence indicating consumer recognition of the family to determine the extent to which the proponent is established.<sup>250</sup> In *Motorola*, the proponent spent \$12 million in advertising over a period of roughly twenty years.<sup>251</sup> In *McDonald's*, McDonald's and its licensees spent over \$300 million in advertising (national and local television, radio, newspaper, magazine, billboard, etc.) in 1984 and \$350 million in 1985.<sup>252</sup> Additionally, there were indications of consumer recognition outside McDonald's advertising in the form of independently-created articles and stories in the media.<sup>253</sup> Such independent articles that focused on the formative itself implied a deep awareness in the culture of the derivation of the mark. Surpassing McDonald's' advertising and marketing expenditures, Apple has spent well over \$300 million in advertising in recent years.<sup>254</sup> It spent \$467 million in 2007, \$691 million in 2010, and \$933 million in 2011.<sup>255</sup> These numbers far exceed the \$350 million McDonald's spent on advertising in 1985, which was persuasive to the court in finding that McDonald's had a protectable family mark. Additionally, Apple may provide numerous independent news sources focusing on its "i" products and its "i" mark in particular. Examples include: "16 Wacky Apple Products You Can Only Imagine."<sup>256</sup> "Apple's Next Product,"<sup>257</sup> and "Jobs Says Apple's

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<sup>250</sup> See, e.g., *McDonald's Corp. v. McBagel's, Inc.*, 649 F. Supp. 1268, 1272 (S.D.N.Y. 1986); *Motorola, Inc. v. Griffiths Elecs., Inc.*, 317 F.2d 397, 399 (C.C.P.A. 1963).

<sup>251</sup> *Motorola*, 317 F.2d at 399.

<sup>252</sup> *McDonald's*, 649 F. Supp. at 1271.

<sup>253</sup> *Id.* at 1272 (news article describing a wedding at a McDonald's restaurant entitled, "Here comes the McBride," and a nationally syndicated political cartoon depicting President Reagan and a "McRonald's" sign playing off the formative and the President's first name).

<sup>254</sup> MG Seigler, *Apple Massively Ramped Up Ad Spending in 2010, but Sales Grew Even Faster*, TECHCRUNCH (Oct. 27, 2010), <http://techcrunch.com/2010/10/27/apple-ad-spending/>.

<sup>255</sup> *Id.*

<sup>256</sup> Michael Po, *16 Wacky Apple Products You Can Only Imagine*, HONGKIAT (2011), <http://www.hongkiat.com/blog/wacky-apple-products/> (last visited Nov. 12, 2012).

<sup>257</sup> Photo Effects Contests, *Apple's Next Product, How Do You Like Them Apples?*, WORTH 1000, <http://www.worth1000.com/contests/13700/contest/> (last visited Nov. 22, 2013).

“i” Products Score.”<sup>258</sup> These news articles, and the many others like them, derive meaning because the public recognizes Apple’s “i” prefix. Therefore, both Apple’s extremely high expenditures in advertising and the evidence of independent news articles suggesting public awareness of the “i” mark demonstrates that Apple’s mark is well-established in the market. Because all four factors of the third element weigh in favor of finding that Apple’s use of the family has been substantial, Apple will demonstrate consumer recognition.

Under the fourth element, Apple may run into difficulty. While a company may demonstrate entitlement to family protection, the defendant may argue that the existence of many third party registrations suggests that the proponent is not entitled to enforce the family mark.<sup>259</sup> Third party registrations, however, must be actually used by competitors, and there must be some evidence of consumer recognition in the competitor’s mark to weaken the proponent’s protection.<sup>260</sup> With respect to Apple, there are third party registrations or uses in the technology industry of “i” products.<sup>261</sup> For example, iHome markets speakers in the technology industry under that mark, and iHome is not an Apple product. There are other examples that reinforce this argument, such as Sony’s software registration using the “i” prefix.<sup>262</sup> However, Apple has a strong counter to this argument. Although third party registrations do exist, Apple may argue that they are either promoted by non-competitors or not actually used. In the case of Sony, that company no longer actively markets its “i” software. In the case of iHome, that company cannot really be considered a competitor of Apple’s because its goods are meant to be compatible and are used for non-competing purposes. Additionally, Apple and iHome exist at two very different ends of the technology market and, while they may appeal to a similar consumer, they do so for different reasons. Apple appeals because of the quality of its goods and because of the strength of its brand, whereas iHome appeals because its products are cheap, may be used in conjunction with Apple products, and because iHome derives a certain goodwill from the “i” mark that Apple made successful. Therefore, because such registrations cannot be said to be marketed by Apple competitors, a court will likely look beyond these

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<sup>258</sup> Matt Berger, *Jobs Says Apple’s “i” Products Score*, PC WORLD (Jan. 7, 2002, 1:00 PM), <http://www.pcworld.com/article/78364/article.html/>.

<sup>259</sup> See *Burroughs Wellcome & Co. Inc. v. Mezger Pharmacal Co., Inc.*, 228 F.2d 243, 244 (C.C.P.A. 1955); *Procter & Gamble Co. v. Cohen*, 375 F.2d 494, 496 (C.C.P.A. 1967).

<sup>260</sup> See *McDonald’s Corp. v. McBagel’s, Inc.*, 649 F. Supp. 1268, 1274 (S.D.N.Y. 1986).

<sup>261</sup> See, e.g., iHOME, <http://www.ihomeaudio.com/> (last visited Nov. 22, 2013); iLightz, iPRODUCTS, <http://www.iproducts.ws/> (last visited Nov. 22, 2013).

<sup>262</sup> See i.LINK FAM DRIVER, <http://web.archive.org/web/20130511014634/http://www.sonycreativesoftware.com/famdriver/> (accessed by searching <http://www.sonycreativesoftware.com/famdriver> in the Internet Archive index).

examples in protecting Apple's family. Additionally, because of the simplicity of the "i" formative, a court is likely to find any subsequent company's use of the "i" prefix to be similar enough to Apple's to proceed to an analysis of the likelihood of confusion. As Learned Hand pointed out, just because a potential infringer uses its mark in a different market does not mean it is shielded from an action for infringement.<sup>263</sup>

An argument may be made that, because the "i" prefix has become so pervasive, both in the culture and in the market, Apple cannot enforce the "i" prefix as a family mark because it has entered into the cultural property of our society.<sup>264</sup> Shanghai would have to argue that the use of the "i" prefix for all things internet-related has become ubiquitous in the culture such that the mark has become synonymous with an internet good. Using the holding in *Merlino*, Shanghai would have to argue that the "i" prefix has become as ubiquitous as the use of the "ettes" suffix for diminutives.<sup>265</sup> There is some support for this argument in our culture.<sup>266</sup> Practically every type of good you can think of is being marketed somewhere under the "i" prefix in attempt to usurp some of the mark's goodwill. However, this argument is ultimately harder to prove than third party registrations because it forces the judge to make an estimation as to the ubiquity of the use of the mark. While the "i" mark is tremendously popular right now, that popularity may have little to do with the fact that the mark is somehow cultural property, as is the French diminutive "ettes," and more to do with the fantastic success of the mark due to Apple's efforts in creating consumer recognition. Ultimately, this type of argument must be addressed from the standpoint of causation. Is the original user using a mark, or part of a mark, that has already been widely used in the culture before the use in question—similarly to the presence of "ettes" in the culture before Creamettes sought to enforce its family based on that suffix. If, instead, the mark was not widely used and the popularity of use can only reasonably be determined as deriving from the original user's secondary meaning and goodwill, then the judge should enforce a family of marks argument. The popularity of the mark that a company has legitimately created based upon that company's market success is exactly the intellectual property that the family of marks doctrine is meant to protect. Here, it seems as though the popularity of the "i" prefix derives from Apple's efforts at making the "i" prefix popular and not from any pre-existing popularity in the culture. Therefore, courts should recognize the

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<sup>263</sup> *Yale Elec. Corp. v. Robertson*, 26 F.2d 972, 975 (2d Cir. 1928) (“[A] merchant may have sufficient economic interest in the use of his mark outside the field of his own exploitation to justify interposition by a court.”).

<sup>264</sup> *See Creamette Co. v. Merlino*, 299 F.2d 55 (9th Cir. 1962).

<sup>265</sup> *Id.*

<sup>266</sup> *See, e.g.*, IBOATS, <http://www.iboats.com/> (last visited Nov. 22, 2013); *iGlasses*, ECAMM, <http://www.ecamm.com/mac/iglasses/> (last visited Nov. 22, 2013); IMART, <http://www.imartstores.com/> (last visited Nov. 22, 2013).

significant efforts Apple has made to develop the popularity of its marks and the corresponding consumer recognition achieved, and should protect Apple's use.

Because a court will likely find that Apple has a protectable family mark, it will then proceed to the second level of analysis, which is to determine whether Shanghai's "iBoat" presents a likelihood of confusion. To do so, the court will weigh the *McDonald's* factors: (1) the strength of the owner's mark; (2) the degree of similarity between the marks; (3) the proximity of the products; (4) the likelihood that the prior owner will expand; (5) evidence of actual consumer confusion; (6) whether the defendant adopted their mark in good faith; (7) the relative quality of the products; (8) the sophistication of the buyers; and (9) the relative harm to the parties should the court grant or deny the relief requested.<sup>267</sup>

The strength of Apple's mark favors a finding of a likelihood of confusion. Strength is "a function of its distinctiveness, or its tendency to identify the goods or services sold under the mark with a particular source."<sup>268</sup> Courts measure strength both in terms of the mark's distinctiveness on Judge Friendly's spectrum and in terms of whether the mark has gained distinctiveness through the proponent's marketing efforts or promotion.<sup>269</sup> McDonald's "massive" advertising efforts enhanced the distinctiveness of its "Mc" family.<sup>270</sup> Here, Apple's mark, as stated above, is likely either suggestive or descriptive, using Friendly's definitions. If the mark is suggestive it is considered distinctive and strong without Apple's showing that it has gained secondary meaning. So, if the court finds that the "i" mark is suggestive, this alone would result in a finding that it is strong. But even if the court finds the "i" mark descriptive, Apple's massive \$900 million advertising campaign in 2011 to promote its products places it in that upper echelon of companies whose efforts directly translate into consumer recognition. Also, the independent media articles referencing Apple's "i" mark suggest that Apple's promotion has become successful and that its "i" family mark is known. Therefore, regardless of whether Apple's "i" family is found to be suggestive or descriptive, Apple has created enough secondary meaning in the "i" mark to warrant a finding that the mark is strong. Shanghai may point to the ubiquity of use of the mark among third parties to argue under *Merlino* that such a mark that has entered the cultural lexicon is not strong within the meaning of the *McDonald's* factors. But to the extent that such an argument assumes the popularity created in the mark as being already present in the culture, it denies the reality that such popularity is the result of Apple's efforts. Therefore, Apple's use and success under the mark should be respected and the goodwill surrounding the mark should be considered Apple's property.

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<sup>267</sup> *McDonald's Corp. v. McBagel's, Inc.*, 649 F. Supp. 1268, 1273 (S.D.N.Y. 1986).

<sup>268</sup> *McGregor, Doniger, Inc. v. Drizzle, Inc.*, 599 F.2d 1126, 1131 (2d Cir. 1979).

<sup>269</sup> *McDonald's*, 649 F. Supp. at 1274.

<sup>270</sup> *Id.*

The similarity of Apple's and Shanghai's marks also favors a finding of confusion. Similarity is a function of whether the marks are similar in isolation and whether the advertising of the marks does nothing to distinguish that similarity.<sup>271</sup> The court in *McDonald's* found McBagel's' mark similar to the McDonald's mark in isolation and found that the way the defendant advertised its restaurant and bagels in newspapers, on the radio, and at the restaurant itself, enhanced the similarities between the companies.<sup>272</sup> The offending mark featured prominently in all three mediums and nothing printed eliminated the possibility that McDonald's sponsored the defendant's business.<sup>273</sup> Here, Apple's family mark is the "i" prefix, which is then applied to a specific product (usually technological). Shanghai's mark is also the "i" prefix, which it attaches to the word "boat." Although Apple has not marketed boats before, the fact that this boat is also highly technological increases the similarity between the marks. Additionally, Shanghai advertised its mark nationally in high profile publications that are the same publications Apple has used to market its goods; Shanghai also did nothing to distinguish their mark or goods from Apple's family of "i" marks in their advertisements. Such advertisements will also reach a similar cross section of the public—the cross section who reads such publications and who is influenced by such advertising—which further suggests the similarity of the marks. Therefore, the court will likely find the marks similar.

The proximity of the products may actually hurt Apple, however. Proximity is determined by whether the parties' industries are similar enough to suggest that a consumer could reasonably believe they come from the same commercial source.<sup>274</sup> McDonald's products were found proximate to McBagel's because both offered restaurant industry services—hamburgers and bagels, respectively.<sup>275</sup> Apple's products may generally be characterized as technology goods, but more specifically would fall under computers and digital media.<sup>276</sup> Shanghai ostensibly makes boats. Apple would want to point to the similarities between the products and avoid general differences. It could do so by arguing that what makes iBoat unique is its emphasis on technological innovation and its strong computer network, both of which are attributes that Apple products share. Thus, Shanghai's product is not just a boat, but a highly advanced piece of technological equipment that just so happens to operate on water. The question would be: are Apple's products to "iBoat" what a

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<sup>271</sup> *Id.*

<sup>272</sup> *Id.*

<sup>273</sup> *Id.*

<sup>274</sup> *Id.* at 1276.

<sup>275</sup> *Id.*

<sup>276</sup> See *Apple Inc.: Product Portfolio Analysis*, THE FREE LIBRARY BY FARLEX, <http://www.thefreelibrary.com/Apple+Inc.%3A+product+portfolio+analysis.-a0267976163/> (last visited Nov. 13, 2013).

hamburger fast food restaurant is to a bagel shop? The fact that the relative industries are very different likely suggests that the products are less than proximate. However, the “zone of protection may reach into the area of noncompeting goods . . . [and] extends to products . . . reasonably thought to originate from the same source.”<sup>277</sup> This factor, therefore, appears neutral.

The likelihood of expansion may work against Apple. A court measures the likelihood of expansion by determining whether there is substantial probative evidence that suggests the senior user may sell a similar product to the junior user’s in the future.<sup>278</sup> In *McDonald’s*, “substantial probative evidence” demonstrated that McDonald’s had an ongoing program to test new products, and that it tested bagels under this program.<sup>279</sup> Although Apple is a highly innovative company and likely has many ongoing programs to test new products, it has shown no signs of entering the transportation industry whether on land or on water. Apple may argue that because of its size and financial strength, no industry involving advanced technology is beyond its grasp. But the court will likely be more modest in providing scope to Apple’s protection; the court frowns on giving “boundless monopolies” even to such titans of industry as McDonald’s or Apple.<sup>280</sup> Therefore, because Apple has not shown any interest in entering the transportation industry, it will likely fail to show a likelihood of expansion into the boating market.

On the facts presented, Apple will be able to provide evidence of actual confusion. A court measures actual confusion in two ways: evidence of actual instances where consumers have been mistaken in the marketplace or survey evidence demonstrating that an objective subset of the consumer population would likely be confused by the similarity of the marks.<sup>281</sup> Evidence of actual confusion is not essential to prove confusion, but it is highly persuasive.<sup>282</sup> McDonald’s demonstrated actual confusion by providing evidence that one of its managers received several inquiries concerning whether McDonald’s was going into the bagel business. McDonald’s also provided national and local survey evidence indicating confusion.<sup>283</sup> Here, Apple may point to evidence demonstrating actual confusion. Apple has national and local survey evidence demonstrating that a substantial portion of the consumer population was mistaken by the marks. It also has the evidence of the boating showroom managers who testified that customers had inquired as to whether the iBoat was associated with Apple. Therefore, this factor weighs in favor of confusion.

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<sup>277</sup> See *King Research, Inc. v. Schulton, Inc.*, 324 F. Supp. 631, 637 (S.D.N.Y. 1971), *aff’d*, 454 F.2d 66 (2d Cir. 1972).

<sup>278</sup> *McDonald’s*, 649 F. Supp. at 1276–77.

<sup>279</sup> *Id.*

<sup>280</sup> *Id.* at 1282.

<sup>281</sup> *Id.* at 1277.

<sup>282</sup> *Id.*

<sup>283</sup> *Id.*

Shanghai's use of the "i" mark appears to have been made in less than good faith. A court measures good faith by weighing evidence that the junior user had either knowledge or awareness of the senior user's mark before adopting it for its own.<sup>284</sup> The court in *McDonald's* found that McBagel's had acted in less than good faith because it marketed products using the "Mc" formative after McDonald's had filed litigation. Also, McBagel's had attempted to exploit the notoriety of the litigation by referencing it in McBagel's marketing.<sup>285</sup> Here, the facts suggest that Shanghai received notice of Apple's litigation and still pursued marketing its product under the potentially infringing mark. Additionally, it is probably impossible for a company in today's market to argue a lack of awareness of Apple's dominant trademarks. Therefore, a court will likely find that Shanghai has acted with knowledge or awareness of Apple's marks and that Shanghai, therefore, acted in bad faith.

The relative quality of the parties' products "reflects the law's recognition that a prior owner should not be subjected to the risk that the public perception of the product will suffer if it is associated with a product of inferior quality."<sup>286</sup> Product quality is not an essential element because the proponent is entitled to protection regardless of the quality of the second user's product.<sup>287</sup> Here, it appears that both products are of high quality so this factor appears neutral.

The sophistication of the buyers weighs against Apple. Where buyers are unsophisticated or make their purchasing decisions quickly and casually, the likelihood of confusion increases.<sup>288</sup> The court in *McDonald's* found that consumers in the fast food industry do not make sophisticated restaurant choices.<sup>289</sup> Consumers of high-end technology goods such as personal computers and digital media make less casual decisions than consumers in fast food. Because of the high price of an iBoat and the niche consumer whom it would attract, it is likely that the sophistication of such a consumer is high. It is more likely that a consumer in these industries would do their due diligence to learn about the relative products before making a purchase. Therefore, the sophistication of the buyers weighs in favor of Shanghai.

In weighing the foregoing analysis, a court will likely find that the strength of Apple's "i" mark, the similarity of that mark to "iBoat," the evidence of actual confusion, and the evidence that the defendant acted in less than good faith favor a finding of the likelihood of confusion. However, it will likely find a lack of relatedness of the goods, the absence of a likelihood of expansion, a high

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<sup>284</sup> *Id.*

<sup>285</sup> *Id.*

<sup>286</sup> *Proctor & Gamble Co. v. Johnson & Johnson, Inc.*, 485 F. Supp. 1185, 1202 (S.D.N.Y. 1979), *aff'd mem.*, 636 F.2d 1203 (2d Cir. 1980).

<sup>287</sup> *McDonald's*, 649 F. Supp. at 1279.

<sup>288</sup> *Stix Prods., Inc. v. United Merchs. & Mfrs., Inc.*, 295 F. Supp. 479, 494 (S.D.N.Y. 1968).

<sup>289</sup> *McDonald's*, 649 F. Supp. at 1279.

sophistication of the buyers and neutral findings as to relative quality favor a finding no likelihood of confusion. In *HBP, Inc. v. American Marine Holdings, Inc.*, the court granted summary judgment to the defendant against the plaintiff's likelihood of confusion claim because the plaintiff's product of car races was materially different from the defendant's boats.<sup>290</sup> The relatedness of the goods can be a dispositive factor in the family of marks analysis.<sup>291</sup> The outcome of this case will be determined by which factors the court chooses as most important. If the court rewards Apple for the substantial consumer recognition it has developed and finds persuasive Learned Hand's argument that protection may exist across markets, then it may find for Apple. If, however, the court feels the boating transportation industry is just too different from personal electronics and that Apple has shown no interest in expansion into the boating market, it may deny Apple's claim of infringement. If the court does not find that "iBoat" presents a likelihood of confusion, Apple may still have a claim for trademark dilution.

#### *B. Hypothetical #2: iRefrigerator*

An upstart technology company decided to switch gears recently from revolutionizing software to taking on the home appliance industry. The company's name is Prophecy, Inc., and it seeks to be the world's leader in home appliances. After numerous tries, it has come up with a working prototype for a new refrigerator. Prophecy's refrigerator has internal climate settings within the refrigerator's computer that allow different areas of the refrigerator to adapt to the different types of food stored there. The refrigerator's computer also offers access to the internet so that temperatures and climates may be controlled remotely, as well as offering up-to-the-second notice of the refrigerator's inventory, so that owners can simply check to see which groceries they need without having to make a physical list. The refrigerator also gives notices when certain products are close to expiring, provides health evaluations of the products stored in the refrigerator, and provides an environment for produce that simulates nature.

After considering various trademarks for the refrigerator, Prophecy has come up with "iRefrigerator." It debuted the product in early 2012 with an aggressive ad campaign that utilized marketing in newspapers, magazines such as *Vogue*, *Newsweek* and *Time*, billboards, TV commercials, and radio. Numerous third party tech blogs have noted that the sleekness of the design rivals LG and other producers. The iRefrigerator has already been picked up by major distributors such as Best Buy and Fry's and has received much consumer attention and favorable reviews. By mid-2012, Apple filed a lawsuit against

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<sup>290</sup> *HBP, Inc. v. Am. Marine Holdings, Inc.*, 290 F. Supp. 2d 1320, 1325 (M.D. Fla. 2003).

<sup>291</sup> *Han Beauty, Inc. v. Alberto-Culver Co.*, 236 F.3d 1333, 1338 (Fed. Cir. 2001).



Prophecy alleging that its iRefrigerator mark infringed Apple's "i" family of marks. What should the court's result be given the foregoing analysis?

The first level of analysis shown above for Hypothetical #1 applies equally to an analysis of whether Apple has a protectable family mark here. The conclusions of that analysis again were: (1) the business Apple does under the "i" family is substantial because Apple has over 400 stores worldwide and thousands of authorized distributors and dealers; (2) the value of the products marketed under Apple's "i" family is tremendous because 4 of Apple's 26 "i" products account for near 75% of Apple's \$12 billion dollar yearly net revenue; (3) the period of time over which Apple has marketed the "i" mark is extensive, lasting roughly 15 years; and (4) Apple's "i" mark is well established in the industry with strong corresponding consumer recognition because in 2011 alone it spent around \$900 million in advertising and evidence exists of countless third party articles referencing the popularity of Apple's "i" mark. Therefore, because Apple has a protectable family mark, a court will proceed to determine whether Prophecy's "iRefrigerator" presents a likelihood of confusion.

As stated above, Apple's "i" family is strong as reflected by the amount of money Apple has invested in advertising and the corresponding consumer recognition it has gained in the market. The fact that the "i" prefix may be considered descriptive is of no effect, again, because of the substantial consumer recognition Apple has achieved with the mark and the secondary meaning it has created. Therefore, this factor weighs in favor of protection. The similarity between Apple's "i" family and "iRefrigerator" also favors protection because both marks use the "i" prefix and both Apple's "i" family and the iRefrigerator attempt to be defined by technological excellence and innovation. Also, both marks are similarly advertised and to similar cross sections of the population. The similarities between the marks, therefore, favor protection.

Prophecy will likely argue that the products are not proximate because Apple's products focus on personal computers and digital media, whereas Prophecy markets its product in the home appliance market. The similarities between these industries, however, are far greater than the similarities between digital media and boats. This is a scenario where Learned Hand's reasoning in *Yale Electric v. Robertson* becomes more persuasive. Additionally, because other tech companies have successfully branched out in the home appliance industry—LG and Samsung—this further suggests that it would not be unreasonable to expect Apple to do so one day. Therefore, while the products themselves are not particularly proximate, they may be close enough for a court to overlook their dissimilarities. Moreover, because Apple is such a large tech company and has so greatly expanded in the last fifteen years, it is foreseeable that, if they have not done so already, they may have plans or prototypes for expansions into home appliances. Whereas Apple was once just a computer company, now, they are world leaders in multi-media formats. Therefore, the likelihood of expansion into this industry is foreseeable.

Although, no evidence of actual confusion exists on these facts, this factor is not necessary to a finding of likelihood of confusion. Again, because of

Apple's brand strength and widespread consumer recognition, it is almost impossible to imagine that a company could adopt an "i" trademark in good faith. A tech company would undoubtedly be aware of Apple's strong use of the mark and Apple's position in the field; therefore, any use of the mark subsequent to Apple's dominance cannot be considered to be in good faith. The relative quality of the goods, as demonstrated in *McDonald's*, is not essential to a finding of confusion and appears a non-factor on these facts. The sophistication of the buyers here works against Apple because consumers of Apple products are likely to be well educated and discerning.

Therefore, because a majority of the *McDonald's* factors weigh in favor of a finding of confusion, a court will likely find in Apple's favor that Prophecy's mark is infringing and will proceed to balance the relative harm to the parties. Here, because Prophecy proceeded to market its iRefrigerator with full awareness of Apple's prior use, a court will likely find, similarly to the court in *McDonald's*, that the junior user committed the infringement with awareness that it could be forced to abandon the mark.

A disclaimer of association as discussed in *Gallo* would not be appropriate for the same reasons addressed in that case, mainly because such a disclaimer would not alleviate consumer confusion and could potentially dilute the strength of Apple's family. Therefore, a court will likely grant a full injunction to Apple.

### C. Hypothetical #3: iTV

Recently, an overseas company that had been doing research in the computer monitor field got an idea. It decided that it would use its knowledge of flat screen computer monitors to create a line of ultra-modern, ultra-stylish TVs that incorporate computer technology. The company is called Corsaire, Inc., and has developed a cult-like status in the electronics business for developing interesting patents and selling them to major manufacturers who are more able to develop the ideas. It finally has generated enough capital and has decided to go into business for itself. It created a prototype for a new TV, which will be a very narrow flat screen that offers wireless access to the internet and ideal picture quality. Corsaire is marketing 42-inch, 50-inch, and 64-inch models and believes the product will be an instant hit. After debating what trademark it should use, Corsaire settled on "iTV" because it thought that the mark described perfectly what the TV does and because it believed that, because Apple does not offer a competing television, Apple's marks should not apply to them. Corsaire debuted the product in early 2012 and marketed it to major distributors and in major publications. Initially, the market was skeptical of the product, but eventually it caught on. Corsaire gained significant market share when the product began to be distributed in Costcos throughout the United States. In mid-2012, Apple brought a trademark infringement action against Corsaire arguing that its "iTV" mark was confusingly similar to Apple's family of "i" products.

Corsaire stated in various publications that it plans to vigorously fight the litigation. What should the court's result be given the foregoing analysis?

Apple will be able to demonstrate that it is entitled to family mark protection in its "i" mark; therefore, a court will proceed to a likelihood of confusion analysis. Under this analysis, Apple will be able to demonstrate that its family mark is strong and that Corsaire's mark is similar to Apple's due to: (1) Apple's immense consumer recognition in the technology industry, (2) the similarity in style of the respective marks, and (3) similar marketing channels used by the companies.

Additionally, Apple has created products that attempt to bridge the gap between digital media and TV.<sup>292</sup> Apple has also speculated on creating a device extremely similar to Corsaire's in media sources, and it is likely that Apple has tested a similar product.<sup>293</sup> Therefore, both the proximity of Apple's products and the likelihood of its expansion into the TV market favor protection of Apple's family mark. In addition, because consumer expectation and a certain amount of the population already anticipate that Apple's product will be entitled "iTV," there will undoubtedly be examples of actual consumer confusion.<sup>294</sup> Because of Apple's size and power, no tech company using an "i" mark to seriously market their products could be found to have adopted such a mark in good faith. Therefore, this factor would weigh against Corsaire. Finally, the relative quality of the goods and the sophistication of the parties appear to be non-factors in this analysis. Because six of the eight factors under the likelihood of confusion favor protecting Apple's family mark, a court is likely to find that Corsaire has infringed Apple's mark. After weighing the relative harm to the parties and determining that the court cannot mitigate the harm to Corsaire without diluting Apple's family, a court should grant Apple a full injunction.

#### CONCLUSION

While initially of uncertain birth, the family of marks doctrine has grown to be a viable common law protection within intellectual property law. Debate may be fruitful concerning whom this doctrine truly benefits—seemingly large companies with the ability to throw as many products as possible in front of consumers in order to gain recognition and promotion—as well as whether it is worth providing additional protection to companies of the stature of a McDonald's or Apple, whose products themselves so clearly dominate their respective markets. However, the doctrine is consistent with providing

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<sup>292</sup> *Apple, Inc.*, WIKIPEDIA, [http://en.wikipedia.org/wiki/Apple,\\_Inc#Apple\\_TV](http://en.wikipedia.org/wiki/Apple,_Inc#Apple_TV) (last visited Nov. 19, 2013).

<sup>293</sup> Michael Comeau, *Four Reasons Why iTV Will Be the Easiest Money Apple's Ever Made*, MINYANVILLE (Oct. 27, 2011, 11:40 AM), <http://www.minyanville.com/businessmarkets/articles/apple-products-smartphone-iphone-biographer-walter/10/27/2011/id/37612/>.

<sup>294</sup> *Id.*

protection to the ingenuity of a company's development and marketing strategy.<sup>295</sup> No greater example of such a strategy can be seen than in the way Apple has used the spirit behind the family of marks doctrine to promote its company over the last fifteen years. With the barbarians of the market encircling Apple's Tiber, Apple must consider using the shield and sword of the family of marks doctrine before its "i" mark is lost to history.<sup>296</sup>

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<sup>295</sup> It makes sense that, in a nation that rewards innovation with legal protection, a similar and near absolute protection would be afforded the name under which that innovation is sold.

<sup>296</sup> Alternate ending: In moving forward with its dominance of the technology market, Apple may likely rely legally on a doctrine that was almost certainly born of market ingenuity.