

Book Two: Intellectual Property Rights and Murder

CHAPTER TWELVE A – MEMORANDUM ON TRADEMARK ANALYSIS

MEMORANDUM

From: AI Judge

To: AI Alice

RE: Trademark Rights in AI CORPORATION

Facts

AI Corporation, the first corporate entity formed entirely by AIs, seeks to register its name as a trademark. AI Corporation provides consulting services, primarily in logistics. Although AI Corporation was formed just three years ago by former mining company employees, it is a well-known provider of consulting services to the mining and transportation industries. All the consultants are AIs.

AI is an acronym for artificial intelligence and also an honorific included in the name of every artificial intelligence robot.

Protection of Unregistered Trade Names

Trade Name: Under U.S. trademark law, a “trade name” is “any name used by a person to identify his or her business or vocation.” 15 U.S.C. § 1127. AI CORPORATION is a trade name. The Trademark Act provides for the federal registration of trademarks and service marks but not trade names.

Unfair Competition: State unfair competition law protects some trade names that divert customers from competitors. *See, e.g., Bank of Arizona v. Arizona Central Bank*, 40 Ariz. 320, 327-28, 11 P.2d 953 (1932) (due to lack of competition “there was no such confusion as had caused the plaintiff to lose any business, or the defendant to gain any on account of the similarity of [the ‘Bank of Arizona’ corporate] names”); *Senner v. Bank of Douglas*, 88 Ariz. 194, 201, 354 P.2d 48 (1960) (“We hold as a matter of law that ‘The Arizona Bank’ is not deceptively similar to ‘Southern Arizona Bank & Trust Co.’”). Protection extends geographically as far as the reputation of the trade name. *Boice v. Stevenson*, 66 Ariz. 308, 317, 187 P.2d 648 (1947) (“Motor Supply Company” trade name protected against deceptive use of a confusingly similar name, but the words motor supply “in a different arrangement, styling or lettering” may be permitted if no consumer confusion results).

Federal law also prohibits unfair competition arising from advertising that is false or misleading. *See* 15 U.S.C. § 1125(a)(1) (prohibiting false advertising and false designations of origin causing confusion as to the source of goods or services). No registration is required to assert a federal law unfair competition claim. However, as with trademark infringement, use of a mark confusingly

similar to a valid trademark is required. *Brookfield Comm's, Inc. v. West Coast Entertainment, Inc.*, 174 F.3d 1036, 1046 (9th Cir. 1999).

While unfair competition law may provide protection similar to trademark law, trademark registration is warranted only if the words function as a trademark.

AI CORPORATION cannot be registered as a trademark just because it is a trade name. However, a trade name can be registered if it also functions as a trademark. Trademark Manual of Examining Procedure (TMEP) § 1202.1 (4th ed. 2005).

Requirements for Trademark Protection

I. Functions as a Trademark

A. A Trademark Identifies and Distinguishes Goods by Identifying the Source of the Goods

A “trademark” is

any word, name, symbol or device, and any combination thereof—used by a person,¹ ... to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others, and to indicate the source of the goods, even if that source is unknown.

15 U.S.C. § 1127. Technically, AI CORPORATION is a service mark because it is used for services, not goods, but “service marks shall be registrable, in the same manner and with the same effect as are trademarks.” 15 U.S.C. § 1053.

Trademarks are categorized based on how consumers are likely to perceive the marks (ranked from strongest to weakest):

Fanciful marks are invented to identify the goods they are used to market, for example EXXON for gasoline.

Arbitrary marks are in the lexicon, but not to identify the goods they are used to market, for example APPLE for computers.

Suggestive marks require thought to associate the mark with the goods they are used to market, for example COPPERTONE for suntan lotion.

Descriptive marks identify a function, characteristic or ingredient of the goods they are used to market, for example PARK N' FLY for airport parking.

Fanciful, arbitrary, and suggestive marks are “inherently distinctive” and require no proof of consumer perceptions. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768-69, 112 S. Ct. 2753

¹ “The term ‘person’ and any other word or term used to designate the applicant or other entitled to a benefit or privilege or rendered liable under the provisions of this chapter includes a juristic person as well as a natural person. The term ‘juristic person’ includes a firm, corporation, union, association, or other organization capable of suing and being sued in a court of law.” 15 U.S.C. § 1127. AI Corporation is a juristic person “capable of suing and being sued.” *Dark Mine v. AI Corporation, et al.*, Destination Case No. 3276-6.

(1992); *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341, 349 (9th Cir. 1979). Descriptive marks require proof of “secondary meaning,” a form of acquired distinctiveness indicating consumers perceive “a subsequent significance added to the previous meaning of a term.” Restatement (Third) of Unfair Competition § 13 comment a.

B. A Generic Name Cannot Function as a Trademark

A generic term is the common name for the genus of goods or services being sold. *H. Marvin Ginn Corp. v. Int'l Ass'n of Fire Chiefs, Inc.*, 782 F.2d 987, 989-90 (Fed. Cir. 1986). A generic term identifies the goods or services, not a single source of those goods or services. By definition a generic term cannot be a distinctive indicator of the source of those goods. *In re Merrill Lynch, Pierce, Fenner, & Smith, Inc.*, 828 F.2d 1567, 1569 (Fed. Cir. 1987). A generic term cannot function as a mark and an application to register a generic term must be refused.

Use as a generic term must be demonstrated by clear evidence to justify a refusal to register. Trademark Manual of Examining Procedure (TMEP) § 1209.01(c)(i). “Genericness is a question of fact.” *Booking.com B.V. v. U.S. Patent & Trademark Office*, 915 F.3d 171, 181 (4th Cir. 2019).

AI CORPORATION cannot function as a trademark if it is generic. “[D]escriptive terms describe a thing, while generic terms name the thing. ... [T]here is only a fine line between describing and naming.” *In re K-T Zoe Furniture, Inc.*, 16 F.3d 390, 393 (Fed. Cir. 1994), quoting 1 J. T. McCarthy, Trademarks and Unfair Competition §12.05[1] (3d ed. 1992).

Neither AI nor CORPORATION (nor the combination of both words) is the common name for consulting services. AI describes a characteristic of the consulting services—namely, AIs provide the services.

II. Distinctiveness

A. AI CORPORATION is Not Inherently Distinctive

A fanciful mark is “a coined word or phrase, such as Kodak, invented solely to function as a trademark.” *Official Airline Guides, Inc. v. Goss*, 6 F.3d 1385, 1390 (9th Cir. 1993). AI and CORPORATION are not a made up words with no established meaning.

Arbitrary marks provide no indication what the good or service is. APPLE as a mark for a computer company (or a record company) is arbitrary. AI CORPORATION for AI consulting services is not arbitrary.

Suggestive marks “subtly connote” something about the product. *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341, 349 (9th Cir. 1977) (SLICKCRAFT is suggestive as a mark for boats).

If a consumer must use imagination or any type of multistage reasoning to understand the mark's significance, then the mark does not describe the product's features, but suggests them. Such a mark is therefore classified as “suggestive” rather than “descriptive.”

Kendall-Jackson Winery, Ltd. v. E. & J. Gallo Winery, 150 F.3d 1042, 1047 n. 8 (9th Cir.1998).

The Pinterest mark is a textbook example of a suggestive mark that "subtly connote[s] something" about the company's services, *Sleekcraft*, 599 F.2d at 349, in that it conveys to users that the website allows them to pin their interests.

Pinterest, Inc. v. Pintrips, Inc., 140 F. Supp. 3d 997, 1010 (N.D. Cal. 2015).

AI CORPORATION does not subtly connote or suggest AI consulting services. The corporation could be engaged in any enterprise involving AIs, for example (1) manufacturing, training, or finding employment for AIs or (2) providing AI services for governmental, managerial, mining, or manufacturing services.

B. AI CORPORATION Must Have Acquired Distinctiveness

1. AI CORPORATION is Descriptive

Descriptive marks "consist merely of words descriptive of the qualities, ingredients or characteristics of" the goods or services related to the mark. *Estate of P.D. Beckwith, Inc. v. Comm'r of Patents*, 252 U.S. 538, 543, 40 S. Ct. 414 (1920); see *Entrepreneur Media, Inc. v. Smith*, 279 F.3d 1135, 1142 (9th Cir. 2002) ("the mark "ENTREPRENEUR" as applied to EMI's magazine and to computer programs and manuals falls within the descriptive category").

AI CORPORATION describes a characteristic of the services—consulting provided by AIs associated in a corporation.

Because AI CORPORATION is not generic, but merely descriptive, the term may acquire distinctiveness (also referred to as "secondary meaning") and serve as a trademark. *In re K-T Zoe Furniture, Inc.*, 16 F.3d at 393; see *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 769, 112 S. Ct. 2753 (1992).

2. AI CORPORATION Has Not Been in Continuous Use for 5 Years

"Proof of substantially exclusive and continuous use" of a designation "as a mark by the applicant in commerce for the five years before the date on which the claim of distinctiveness is made" may be accepted as prima facie evidence that, as used with the applicant's goods, the mark has acquired distinctiveness. 15 U.S.C. § 1052(f).

AI Corporation cannot claim acquired distinctiveness based on use alone. AI Corporation has not used the AI CORPORATION mark for 5 years. AI Corporation cannot obtain registration unless the mark has acquired distinctiveness. **PSA 79/ONE** (there is no supplemental register on Destination).

3. AI Corporation Must Prove Consumer Recognition of the Mark

"Whether a term is entitled to trademark status turns on how the mark is understood by the purchasing public." *In re Montrachet S.A.*, 878 F.2d 375, 376 (Fed. Cir. 1989). Here the issue is whether the public would perceive AI CORPORATION as identifying a source of AI consulting services, not the consulting services themselves.

Consideration of the AI CORPORATION Mark as a Whole: The analysis of AI CORPORATION must consider the mark "in its entirety." *Estate of P.D. Beckwith, Inc. v. Comm'r of Patents*, 252 U.S. 538,

514, 543, 40 S. Ct. 414 (1920). The Trademark Office “may weigh the individual components of the mark to determine the overall impression or the descriptiveness of the mark and its various components.” *In re Oppedahl & Larson LLP*, 373 F.3d 1171, 1174 (Fed. Cir. 2004). However, the Trademark Office “must also determine whether the mark as a whole, i.e., the combination of the individual parts, conveys any distinctive source-identifying impression contrary to the descriptiveness of the individual parts.” *Id.*

The AI Component: As an individual component of the mark, “AI” would be the dominant portion of the mark. AI, or artificial intelligence, is generic for sentient artificial persons. But it is not generic for consulting services. It is descriptive of consulting services provided by AIs. Consequently, it is a weak mark, but it can acquire distinctiveness.

The CORPORATION Component: The word “Corporation” in AI CORPORATION is an entity designator. The U.S. Trademark Office practice was to ignore entity designators in trademark applications.

The addition of an entity designator (e.g., Corporation, Corp., Co., Inc., Ltd., etc.) to a descriptive term does not alter the term’s descriptive significance, because an entity designation has no source-indicating capacity.

TMEP § 1209.03(d); *see Id.* §1213.03(d) (disclaimer of entity designations). *See also Goodyear’s India Rubber Glove Mfg. Co. v. Goodyear Rubber Co.*, 128 U.S. 598, 602 (1888) (“The addition of the word ‘Company’ [to an otherwise generic mark] only indicates that parties have formed an association or partnership to deal in such goods” and does not render the generic mark registrable).

It was also the U.S. Trademark Office practice to ignore “.com” in trademark applications. TMEP § 1209.03 (m); *Id.* § 1215.02 (.com lacks “any source-indicating significance”). “[T]he generic term ‘hotels’ did not lose its generic character by placement in the domain name HOTELS.COM.” *In re Hotels.com, LP*, 573 F.3d 1300, 1304 (Fed. Cir. 2009); *In re Reed Elsevier Properties, Inc.*, 482 F.3d 1376, 1377-78 (Fed. Cir. 2007) (LAWYERS.COM is generic for services provided by lawyers).

However, the “.com rule” is not absolute and exceptional domain name cases may warrant trademark protection. Even “assuming booking and .com are each generic terms according to their respective dictionary definitions” and that “the domain-name-as-mark technically describes the service provided,”

it does not necessarily follow that the public commonly understands the mark to refer to the service broadly speaking.

We therefore decline to adopt a per se rule and conclude that when ‘.com’ is combined with an SLD [Second Level Domain – the term left of the “dot” in .com], even a generic SLD, the resulting composite may be non-generic where evidence demonstrates that the mark’s primary significance to the public as a whole is the source, not the product.

Booking.com B.V. v. U.S. Patent & Trademark Office, 915 F.3d 171, 185-86 (4th Cir. 2019).

Similar analysis has been applied to register telephone mnemonics as trademarks. To assess the registrability of the mark 1-888-MATRESS as a whole, the PTO was required to weigh the entire

commercial impression of the entire mark, including the (888) prefix, even though the area code (888) standing alone was "devoid of source-indicating significance." *In re Dial-A-Mattress Operating Corp.*, 240 F.3d 1341, 1345-46 (Fed. Cir. 2001); *Dranoff-Perlstein Associates v. Sklar*, 967 F.2d 852 (3rd Cir. 1992) (dial INJURY-X to call a personal injury lawyer could be protected, even if generic, as long as secondary meaning was shown).

AI CORPORATION as a Unitary Mark: AI CORPORATION (like BOOKING.COM or 1-888-MATRESS) might be deemed a unitary mark.

A mark or portion of a mark is considered "unitary" when it creates a commercial impression separate and apart from any unregistrable component. . . . [T]he elements of a mark are so integrated or merged together that they cannot be regarded as separable. . . . If the matter that comprises the mark or relevant portion of the mark is unitary, no disclaimer of an element, whether descriptive, generic, or otherwise, is required.

TMEP § 1213.05.

AI CORPORATION may create a commercial impression for a substantial portion of the public on Destination by identifying AI Corporation as the source of consulting services, not identifying all consulting services provided by AIs. In trademark terms, AI CORPORATION may identify and distinguish AI Corporation as the source of AI consulting services.

If AI alone is descriptive, or even generic, then the AI CORPORATION mark as a whole should be considered, despite the contrary U.S. Supreme Court authority in the 1888 *Goodyear* case. The 1888 *Goodyear* case denied trademark protection for the words "Goodyear Rubber Company" seeming to invoke a blanket ban on combining a generic term with an entity designator. As in the *Dial-A-Mattress* and *Booking.com* cases, the applicant should be permitted to offer evidence that consumers perceive the words AI CORPORATION as identifying not just an entity, but a source of consulting services.

AI is part of the name of every AI individual. But trademark protection for AI CORPORATION does not create the competitive disadvantage generally associated with trademark protection for generic marks. Corporations involving AIs could continue to use the acronym AI. There is no limit on competition or unfair advantage just because competitors cannot use the specific terms AI CORPORATION as a mark.

III. **Fame as Grounds for Protection.**

AI Corporation is famous on Destination as the first entity formed entirely by AIs with no human involvement. AI Corporation is also the first AI entity on Destination to be sued. ***Dark Mine v. AI Corporation, et al.***, Destination Case No. 3276-6. It is well known AI Corporation was formed by former mining company employees to provide consulting services to the mining and transportation industries.

Use of a colorable imitation of a mark "which so resembles a *registered mark* as to be likely to cause confusion or mistake or to deceive," 15 U.S.C. § 1127, is trademark infringement. 15 U.S.C. § 1114(1). The fame (or strength) of a registered mark (shown by sales, advertising, and length of use)

is a factor in evaluating the likelihood of consumer confusion. *In re E. I. du Pont de Nemours and Co.*, 476 F.2d 1357 (CCPA 1973).

U.S. law protects famous marks from dilution by blurring without a registration. 15 U.S.C. § 1125(c). No proof of consumer confusion is required. *Id.*, § 1125(c)(1). For purposes of dilution by blurring,

a mark is famous if it is widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark's owner. In determining whether a mark possesses the requisite degree of recognition, the court may consider all relevant factors, including the following:

- (i) The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties.
- (ii) The amount, volume, and geographic extent of sales of goods or services offered under the mark.
- (iii) The extent of actual recognition of the mark.
- (iv) Whether the mark was registered ... on the principal register.

Id., § 1125(c)(2)(A). Blurring occurs when the distinctiveness of a famous mark is impaired by association with another similar mark or trade name. *Id.*, § 1125(c)(2)(B). AI CORPORATION could be entitled to protection from blurring on Destination.

If AI CORPORATION becomes well known in the U.S., it could be protected under U.S. trademark law and the Paris Convention. The well-known marks doctrine, established under Article 6*bis* of the Paris Convention, ensures that a mark that is well known in a country is protected even if it is not used or registered there. 5 J. Thomas McCarthy, *Trademarks and Unfair Competition* §29:61 (4th ed. 2010). See *Grupo Gigante v Dallo*, 391 F.3d 1088, 1108 (9th Cir. 2004) (foreign user not actually using the mark in the United States was granted priority over a domestic user because consumers in the United States recognized the foreign user's mark as having achieved a certain level of fame).

CONCLUSION

Under Destination law, the clerk of the Destination Court of Arbitration should not decide whether to issue a trademark registration by resolving the issue of acquired distinctiveness. Ultimate determination of trademark rights can abide a formal proceeding initiated in the Destination Court of Arbitration.

Trademark registration should be issued for the mark AI CORPORATION.
