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## COMMENT

# Less Is More: Why a Preponderance Standard Should Be Enough for Trademark Abandonment

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## INTRODUCTION

ABC, a large grocery chain, aspires to become more competitive by acquiring smaller grocery chains.<sup>1</sup> Whenever it acquires a competitor, ABC rebrands and converts the acquired stores to its trademark.<sup>2</sup> It then eliminates all vestiges of the acquired entity's mark.<sup>3</sup>

A competitor, XYZ, concludes that GREAT NAME, one of the trademarks no longer used by ABC, is appealing.<sup>4</sup> Years after ABC has ceased using the GREAT NAME mark, XYZ decides to register and use GREAT NAME for its stores.<sup>5</sup> When ABC learns of this, it seeks to preserve GREAT NAME for its own use and files a trademark infringement action against XYZ.<sup>6</sup> As an affirmative defense, XYZ asserts ABC abandoned the trademark.<sup>7</sup>

This Comment examines the standard of proof for trademark abandonment for nonuse under the Lanham Act (the "Act").<sup>8</sup> Some courts apply a preponderance of the evidence standard.<sup>9</sup> Others apply the more stringent clear and convincing evidence standard.<sup>10</sup>

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<sup>1</sup> The following hypothetical is based in part on the facts of *Grocery Outlet Inc. v. Albertson's Inc.*, 497 F.3d 949, 949-54 (9th Cir. 2007) (per curiam).

<sup>2</sup> See generally Strategic Name Development, Company Naming Changes 2006, <http://www.namedevelopment.com/company-naming-changes.html> (last visited Feb. 11, 2008) (noting rebranding after acquisition is not uncommon and 1,900 companies located in America changed names in 2006); *id.* (stating 34% of company name changes in 2006 occurred as result of merger or acquisition).

<sup>3</sup> See *supra* notes 1-2.

<sup>4</sup> See *supra* note 1.

<sup>5</sup> See *supra* note 1.

<sup>6</sup> See *supra* note 1.

<sup>7</sup> See *supra* note 1.

<sup>8</sup> Federal Trademark Act of 1946, 15 U.S.C. §§ 1051-1127 (2006). See generally *Addington v. Texas*, 441 U.S. 418, 423-24 (1979) (explaining that evidentiary standard is more than empty semantic exercise and reflects societal values).

<sup>9</sup> See *infra* Part I.C.2.a. See generally 2 GEORGE E. DIX ET AL., MCCORMICK ON EVIDENCE § 339 (Kenneth S. Broun ed., 6th ed. 2006) (explaining that most acceptable view of preponderance in civil litigation is proof that leads jury to find existence of fact is more probable than nonexistence); J.P. McBaine, *Burden of Proof: Degrees of Belief*, 32 CAL. L. REV. 242, 246 (1944) (suggesting preponderance is equivalent of probably true, whereas clear and convincing is equivalent of highly probably true); Vern R. Walker, *Preponderance, Probability, and Warranted Factfinding*, 62 BROOK. L. REV. 1075, 1076-77 (1996) (exploring alternate meanings of preponderance).

<sup>10</sup> See *infra* Part I.C.2.b. The clear and convincing standard places a higher burden upon the challenger than a preponderance standard. See generally *United States v. Valenzuela-Puentes*, 479 F.3d 1220, 1228 (10th Cir. 2007) (endorsing view that judge should instruct jury they must be persuaded truth of contention is highly probable); *Angelia P. v. Ronald P.*, 623 P.2d 198, 204 (Cal. 1981) (stating clear and convincing

Moreover, many courts use imprecise language, subject to varying interpretations.<sup>11</sup> The Ninth Circuit Court of Appeals confronted, but did not resolve, this issue in *Grocery Outlet Inc. v. Albertson's Inc.*<sup>12</sup>

This Comment argues the appropriate standard under the Act is a preponderance of the evidence.<sup>13</sup> Part I reviews principles of trademark abandonment, the legislative history of the Act, and case law addressing the evidentiary standard in trademark abandonment proceedings.<sup>14</sup> Part II discusses the facts, procedure, and holding of *Grocery Outlet*.<sup>15</sup> Part III argues the appropriate evidentiary standard for trademark abandonment proceedings under the Act is the preponderance of the evidence standard.<sup>16</sup> Therefore, federal courts should explicitly adopt a preponderance standard.<sup>17</sup>

### I. BACKGROUND

A trademark is a word, name, symbol, device, or any combination thereof, used to identify and differentiate goods or services.<sup>18</sup> Common law protects and recognizes trademarks.<sup>19</sup> One may also

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evidence must be strong enough to command unhesitating assent of every reasonable mind); 2 DIX ET AL., *supra* note 9, § 340 (explaining variants of clear and convincing include clear, convincing, and satisfactory; clear, cogent, and convincing; and clear, unequivocal, satisfactory, and convincing); McBaine, *supra* note 9, at 246, 253-54 (observing that clear and convincing standard may best be explained as requiring jury to conclude truth of contention is highly probable).

<sup>11</sup> See *infra* Part I.C.2.c.

<sup>12</sup> 497 F.3d 949 (9th Cir. 2007) (per curiam).

<sup>13</sup> See *infra* Part III.

<sup>14</sup> See *infra* Part I.

<sup>15</sup> See *infra* Part II.

<sup>16</sup> See *infra* Part III.

<sup>17</sup> See *infra* notes 240-44 and accompanying text.

<sup>18</sup> 15 U.S.C. § 1127 (2006); see also *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 209 (2000) (noting trademark protection has been extended to design); *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 162 (1995) (extending trademark protection to color and referencing protection afforded to NBC television's distinctive chimes); *Nabisco Brands, Inc. v. Conusa Corp.*, 722 F. Supp. 1287, 1288 (M.D.N.C. 1989) (recognizing shape of LIFESAVER candy); *In re Clarke*, 17 U.S.P.Q.2d 1238, 1239 (T.T.A.B. 1990) (protecting sewing thread with floral fragrance). See generally 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 3:1 (4th ed. 2007) (explaining different types of trademarks).

<sup>19</sup> See *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 413 (1916) (stating that common law of trademarks is part of broader law of unfair competition); *In re Trademark Cases*, 100 U.S. 82, 92 (1879) (explaining trademarks and their functions); *McLean v. Fleming*, 96 U.S. 245, 255 (1877) (noting courts protect trademarks so party may not sell off goods as those of others).

register a trademark to acquire additional federal statutory protection under the Act.<sup>20</sup>

One may only acquire the right to a trademark through use, not mere adoption.<sup>21</sup> This requirement exists because only active use allows the public to associate a mark with particular goods or services.<sup>22</sup> In addition, one must associate the mark with a product.<sup>23</sup> This is traditionally accomplished by affixing the mark to the product or displaying the mark near the point of sale.<sup>24</sup>

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<sup>20</sup> Federal Trademark Act of 1946, 15 U.S.C. §§ 1051-1127 (2006). First, a trademark registration under the Lanham Act gives constructive notice of ownership. *Hearings on H.R. 3685 Before the Subcomm. on Courts, Civil Liberties and the Admin. of Justice of the H. Comm. on the Judiciary*, 96th Cong. 5 (1979) (statement of Sidney Diamond, Assistant Comm'r for Trademarks, Patent & Trademark Office), reprinted in 3 JEROME GILSON, *TRADEMARK PROTECTION AND PRACTICE* § 14-44 (3d ed. 1988). Second, registration is evidence of an exclusive right to use the mark, imposing on a challenger the burden of proof. *Id.* Third, a registered mark may, after five years, become incontestable evidence of the right to exclusive use. *Id.* Fourth, registration provides federal jurisdiction to hear infringement cases and related cases of unfair competition. *Id.* Fifth, domestic registration may be used as a basis for foreign registrations. *Id.* Sixth, a registered mark can be recorded with the U.S. Customs Service to prevent importation of foreign goods with infringing marks. *Id.* See generally Press Release, U.S. Patent & Trademark Office, USPTO 2007 Fiscal Year-End Results Demonstrate Trend of Improved Patent and Trademark Quality (Nov. 15, 2007), available at <http://www.uspto.gov/web/offices/com/speeches/07-46.htm> (stating that in fiscal year 2007, applicants filed more than 300,000 federal trademark registration applications).

<sup>21</sup> *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 97-98 (1918) (noting trademark is not subject of property right except in connection with business); *Blue Bell, Inc. v. Farah Mfg. Co.*, 508 F.2d 1260, 1265 (5th Cir. 1975) (explaining ownership requires appropriation and use); *Wallace & Co. v. Repetti, Inc.*, 266 F.307, 308 (2d Cir. 1920) (noting rights accrue when goods put on market).

<sup>22</sup> *T.A.B. Sys. v. Pactel Teletrac*, 77 F.3d 1372, 1376 (Fed. Cir. 1996) (stating use must have substantial impact on public); *Zazu Designs v. L'Oreal, S.A.*, 979 F.2d 499, 503 (7th Cir. 1992) (noting use requirement is neither glitch nor historical relic); *New England Duplicating Co. v. Mendes*, 190 F.2d 415, 418 (1st Cir. 1951) (requiring use adequate to establish appropriation and identification of goods by public).

<sup>23</sup> 15 U.S.C. § 1127 (requiring mark for goods be placed on goods, containers, displays, tags, or labels, or, if not practical, on documents associated with goods or their sale); see *Persha v. Armour & Co.*, 239 F.2d 628, 629-30 (5th Cir. 1957) (stating mark must be affixed to goods to establish trademark usage); *Pebble Beach Co. v. Tour 18 I, Ltd.*, 942 F. Supp. 1513, 1541 (S.D. Tex. 1996) (explaining public had come to associate mark used in connection with services as designator of source).

<sup>24</sup> More recently, courts have liberalized the affixation requirement. See *New W. Corp. v. NYM Co.*, 595 F.2d 1194, 1200 (9th Cir. 1979) (finding prepublicity and solicitation can result in totality of acts creating association with goods); see also *RESTATEMENT (THIRD) OF UNFAIR COMPETITION* § 18 cmt. d (1995) (noting prepublicity and solicitation may be adequate); 2 MCCARTHY, *supra* note 18, § 16:13 (observing that presales publicity and sales solicitation may suffice). Compare Graeme B.

Some abandonment principles apply equally to marks registered under the Act and to unregistered marks protected by the common law.<sup>25</sup> For example, in both instances abandonment is a question of fact and courts consider each case individually.<sup>26</sup> To avoid a finding of abandonment, courts require bona fide use of the mark in the ordinary course of trade, not merely use for the purpose of reserving the mark.<sup>27</sup>

#### A. Pre-Lanham Act Trademark Abandonment

Prior to the passage of the Act, the common law protected trademarks.<sup>28</sup> Under the common law, a challenger asserting trademark abandonment had to prove intent to abandon the mark.<sup>29</sup> The common law permitted courts to draw inferences about intent to abandon from nonuse.<sup>30</sup> However, the common law refused to

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Dinwoodie & Mark B. Janis, *Confusion Over Use: Contextualism in Trademark Law*, 92 IOWA L. REV. 1597, 1602 (2007) (urging rejection of requirement for trademark use in association with goods), with Margreth Barrett, *Internet Trademark Suits and the Demise of "Trademark Use,"* 39 UC DAVIS L. REV. 371, 375 (2006) (concluding that requirement for use of mark associated with goods is of continuing importance), and Stacey L. Dogan & Mark A. Lemley, *Grounding Trademark Law Through Trademark Use*, 92 IOWA L. REV. 1669, 1670 (2007) (urging continuing utility of requirement for use of mark in connection with goods).

<sup>25</sup> See *infra* notes 48-49 and accompanying text.

<sup>26</sup> *FirstHealth, Inc. v. CareFirst, Inc.*, 479 F.3d 825, 830 (Fed. Cir. 2007) (stating abandonment is question of fact); *On-Line Careline, Inc. v. Am. Online, Inc.*, 229 F.3d 1080, 1087 (Fed. Cir. 2000) (same); *Rivard v. Linville*, 133 F.3d 1446, 1449 (Fed. Cir. 1998) (same).

<sup>27</sup> 15 U.S.C. § 1127; see also *Stetson v. Howard D. Wolf & Assocs.*, 955 F.2d 847, 851 (2d Cir. 1992) (noting token use is insufficient and requiring use to be sufficient to maintain public identification); *AmBrit, Inc. v. Kraft, Inc.*, 812 F.2d 1531, 1550 (11th Cir. 1986) (finding 50 years of nonuse constituted abandonment); *Exxon Corp. v. Humble Exploration Co.*, 695 F.2d 96, 100-01 (5th Cir. 1983) (finding minimum sales and use of mark on invoices not associated with goods as inadequate); *La Societe Anonyme des Parfums le Galion v. Jean Patou*, 495 F.2d 1265, 1272 (2d Cir. 1974) (concluding 89 transactions in 20 years not sufficient use).

<sup>28</sup> See 1 MCCARTHY, *supra* note 18, § 5.2 (describing development of trademarks in Anglo-American common law); *supra* note 19 and accompanying text (explaining common law protected trademarks).

<sup>29</sup> *Baglin v. Cusenier Co.*, 221 U.S. 580, 598 (1911) (noting challenger must show actual intent); *Saxlehner v. Eisner & Mendelson Co.*, 179 U.S. 19, 31 (1900) (requiring showing of practical abandonment and actual intent to abandon); *Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169, 186 (1896) (explaining owner must consent to dispossession).

<sup>30</sup> *Baglin*, 221 U.S. at 597-98 (stating court may infer intent from facts); *Edward & John Burke, Ltd. v. Bishop*, 175 F. 167, 173 (S.D.N.Y. 1910) (explaining intent to abandon is necessarily inferred from facts); see 3 MCCARTHY, *supra* note 18, § 17:9 (observing courts may infer intent).

presume an owner intended to abandon a mark from mere nonuse, even if for lengthy periods.<sup>31</sup> Additionally, the common law required a challenger to prove the requisite intent without the benefit of statutory aids.<sup>32</sup> For example, while the Act provides that three years of consecutive nonuse constitutes prima facie evidence of abandonment, the common law afforded no such presumption.<sup>33</sup>

In applying the common law, some courts referred to trademark abandonment as being similar to forfeiture.<sup>34</sup> Since valuable rights were at stake, the common law required strict, high, or heavy proof in trademark abandonment cases before finding forfeiture.<sup>35</sup> Courts have described the requirement of strict proof as imposing a clear and convincing burden of proof.<sup>36</sup>

### B. Post-Lanham Act Trademark Abandonment

Congress enacted a series of trademark statutes in the late nineteenth and early twentieth centuries with limited attention to abandonment.<sup>37</sup> However, in 1946 Congress enacted the Act, which addressed abandonment in some detail.<sup>38</sup> The Act provides that an

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<sup>31</sup> *Imperial Tobacco Ltd. v. Philip Morris, Inc.*, 899 F.2d 1575, 1579 (Fed. Cir. 1990) (noting at common law there was no similar presumption from proof of nonuse); see *supra* note 29 and accompanying text.

<sup>32</sup> See *supra* note 31.

<sup>33</sup> See *infra* note 41 and accompanying text.

<sup>34</sup> See *Mathy v. Republic Metalware Co.*, 35 App. D.C. 151, 156 (D.C. Cir. 1910) (requiring strict proof and imposing clear and convincing standard); *Julian v. Hoosier Drill Co.*, 78 Ind. 408, 413 (1881) (per curiam) (requiring strict proof because abandonment is in nature of forfeiture); *Saunders v. Stringer*, 251 N.W. 342, 343 (Mich. 1933) (requiring strict proof where forfeiture claimed on ground of abandonment); *Neva-Wet Corp. v. Never Wet Processing Corp.*, 13 N.E.2d 755, 761 (N.Y. 1938) (explaining that party must strictly prove abandonment because it is in nature of forfeiture).

<sup>35</sup> See *supra* note 34 and accompanying text.

<sup>36</sup> See *Grocery Outlet Inc. v. Albertson's Inc.*, 497 F.3d 949, 952 (9th Cir. 2007) (Wallace, J., concurring) (asserting that meeting strict proof requirement demands proof by clear and convincing evidence); *Mathy*, 35 App. D.C. at 156 (imposing clear and convincing standard); *Julian*, 78 Ind. at 413 (requiring same).

<sup>37</sup> Compare Act of Mar. 3, 1881, ch. 138, 21 Stat. 502 (containing no mention of abandonment), with Act of Feb. 20, 1905, ch. 592, § 6, 21 Stat. 724, 728 (containing first mention of trademark abandonment, without definition, and simply providing registered mark may be cancelled if abandoned), and Act of Mar. 19, 1920, ch. 104, §2, 41 Stat. 533, 534 (using same language as 1905 Act without defining abandonment).

<sup>38</sup> Act of July 5, 1946, ch. 540, § 45, 60 Stat. 427, 444 (codified as amended at 15 U.S.C. §§ 1051-1127 (2006)).

owner may register a trademark to acquire additional federal statutory protection.<sup>39</sup> Only registered marks receive the Act's heightened protections.<sup>40</sup>

The Act provides that three years of consecutive nonuse constitutes prima facie evidence of abandonment.<sup>41</sup> This provision creates a presumption of abandonment and shifts the burden to the trademark owner to produce evidence rebutting that presumption.<sup>42</sup> The owner may rebut the presumption by demonstrating continuing use or explaining the nonuse.<sup>43</sup> However, the ultimate burden of persuasion remains with the party asserting abandonment.<sup>44</sup>

The Act allows courts to infer intent regarding use from the circumstances.<sup>45</sup> Unlike the common law cases requiring challengers

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<sup>39</sup> See *supra* note 20 and accompanying text.

<sup>40</sup> See *supra* note 20 and accompanying text.

<sup>41</sup> 15 U.S.C. § 1127 (2006); *Cerveceria Centroamericana, S.A. v. Cerveceria India, Inc.*, 892 F.2d 1021, 1026 n.6 (Fed. Cir. 1989) (citing *Hearings on H.R. 102, H.R. 5461 and S. 895 Before the Subcomm. on Trade-marks of the H. Comm. on Patents*, 77th Cong. 112 (1941) (testimony of Wallace Martin, Chairman, American Bar Association Comm. on Trademark Legis.), reprinted in 4 GILSON, *supra* note 20, § 33-29). See generally Uruguay Round Agreements Act, Pub. L. No. 103-465, § 521, 108 Stat. 4809, 4981-82 (1994) (amending this section of Lanham Act to extend minimum required period of nonuse to establish prima facie case from two to three consecutive years).

<sup>42</sup> Compare *Cerveceria*, 892 F.2d at 1026 (finding burden of production shifts to owner, with burden of proof, or persuasion, remaining with challenger), and *Roulo v. Russ Berrie & Co.*, 886 F.2d 931, 938 (7th Cir. 1989) (noting owner of mark need only produce evidence to rebut presumption, while ultimate burden rests with party asserting abandonment), with *E. Remy Martin & Co., S.A. v. Shaw-Ross Int'l Imports, Inc.*, 756 F.2d 1525, 1532 (11th Cir. 1985) (explaining, on prima facie showing, burden shifted to owner to demonstrate circumstances did not justify inference of intent not to resume use), and *Exxon Corp. v. Humble Exploration Co.*, 695 F.2d 96, 99 (5th Cir. 1983) (observing, after prima facie showing of nonuse, that owner has burden to demonstrate that circumstances do not justify inference of intent not to resume use).

<sup>43</sup> 15 U.S.C. § 1058(b)(2) (2006) (giving owner opportunity to explain nonuse due to special circumstances); see, e.g., *Star-Kist Foods, Inc. v. P.J. Rhodes & Co.*, 769 F.2d 1393, 1396 (9th Cir. 1985) (noting presumption may be rebutted by valid reasons for nonuse); *Kelly Liquor Co. v. Nat'l Brokerage Co.*, 102 F.2d 857, 860 (C.C.P.A. 1939) (holding inability to sell liquor during Prohibition excuses abandonment); *Emmpresa Cubana del Tabaco v. Culbro Corp.*, 213 F.R.D. 151, 157 (S.D.N.Y. 2003) (citing examples of excusable nonuse).

<sup>44</sup> See *Societe de Developments et D'Innovations des Marches Agricoles et Alimentaires-SODIMA-Union de Cooperatives Agricoles v. Int'l Yogurt Co.*, 662 F. Supp. 839, 845 (D. Or. 1987) (concluding better rule is presumption shifts only burden of producing); see also *supra* note 42.

<sup>45</sup> 15 U.S.C. § 1127.



to prove intent to abandon, Congress adopted a more lenient standard in the Act.<sup>46</sup> Congress required proof of intent not to resume.<sup>47</sup>

Owners may also abandon trademarks under other circumstances.<sup>48</sup> For instance, a court may deem a mark abandoned if it becomes generic or if the owner fails to protect the mark.<sup>49</sup> If the owner abandons a trademark, the mark becomes available to anyone.<sup>50</sup>

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<sup>46</sup> *Exxon*, 695 F.2d at 103 n.7 (citing *Trade-marks: Hearings on H.R. 82 Before the Subcomm. of the Comm. on Patents*, 78th Cong. 24 (1944) (statement of Daphne Robert, Member, American Bar Association Comm. on Trademark Legis.), reprinted in 9 JEROME GILSON & ANNE GILSON LALONDE, *TRADEMARK PROTECTION & PRACTICE* § 45-291 (2007)); see *infra* note 200.

<sup>47</sup> 15 U.S.C. § 1127; see *Silverman v. CBS Inc.*, 870 F.2d 40, 46 (2d Cir. 1989) (citing H.R. REP. NO. 76-4744 (1939) and H.R. REP. NO. 76-6618 (1939)) (explaining that Congress did not desire proof that owner never intended to resume use, but merely proof of no intent to resume in reasonably foreseeable future); RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 30(2) (1995) (noting dual requirement for abandonment of nonuse and intent not to resume use); see also M.L. Cross, Annotation, *Abandonment of Trademark or Tradename*, 3 A.L.R.2D 1226, 1230, at § 2 (1949) (compiling cases and noting dual requirements relating to use and intent). But see Stanley A. Bowker, Jr., *The Song Is Over but the Melody Lingers On: Persistence of Goodwill and the Intent Factor in Trademark Abandonment*, 56 FORDHAM L. REV. 1003, 1016-18 (1988) (urging that residual goodwill should be primary factor in determining abandonment); Michael S. Denniston, *Residual Good Will in Unused Marks — The Case Against Abandonment*, 90 TRADEMARK REP. 615, 633-35 (2000) (supporting residual goodwill as test for abandonment, but noting difficulty in squaring with language of Act); David Ruder, *New Strategies for Owners of Discontinued Brands*, 3 NW. J. TECH. & INTELL. PROP. 61, 69-70 (2004) (dismissing argument in support of residual goodwill).

<sup>48</sup> See 15 U.S.C. § 1127 (providing trademark is also deemed abandoned if it becomes generic for goods or services or if it otherwise loses its significance as mark); *Liberto v. D.F. Stauffer Biscuit Co.*, 441 F.3d 318, 325 n.11 (5th Cir. 2006) (explaining failure to police can result in abandonment); *Stanfield v. Osborne Indus., Inc.*, 52 F.3d 867, 871 n.3 (10th Cir. 1993) (finding naked license, without control by licensor, results in abandonment); 1 GILSON & LALONDE, *supra* note 46, § 3.05[9][a] (noting trademark can become abandoned due to genericness or by losing significance through naked licensing or failure to police). See generally *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1976) (explaining generic term refers to genus of which product is species); *King-Seeley Thermos Co. v. Aladdin Indus., Inc.*, 321 F.2d 577, 579 (2d Cir. 1963) (finding THERMOS generic and thus no longer protected); *Bayer Co. v. United Drug Co.*, 272 F. 505, 509 (S.D.N.Y. 1921) (holding ASPIRIN mark no longer protected because generic).

<sup>49</sup> See 15 U.S.C. § 1127; see also *supra* note 48 and accompanying text.

<sup>50</sup> *Baglin v. Cusenier Co.*, 221 U.S. 580, 598 (1911) (noting public domain originally enters, or re-enters, into possession of mark); *Stetson v. Howard D. Wolf & Assocs.*, 955 F.2d 847, 851 (2d Cir. 1992) (explaining that mark must be used or lost to another economic actor more willing to promote mark in commerce); *Defiance Button Mach. Co. v. C & C Metal Prods. Corp.*, 759 F.2d 1053, 1059 (2d Cir. 1985) (noting that after abandonment, others are not restrained from using mark); see

Further, to remove abandoned marks from the register, Congress provided that laches, acquiescence, and unclean hands equitable defenses do not apply to abandonment.<sup>51</sup>

### C. Case Law on the Evidentiary Standard

Courts interpret statutory language and legislative intent to determine the appropriate evidentiary standard to apply in abandonment actions.<sup>52</sup> Abandonment arises in two situations.<sup>53</sup> First, a petitioner may assert abandonment in a trademark proceeding before the U.S. Patent and Trademark Office ("PTO").<sup>54</sup> Second, a challenger may raise abandonment as an affirmative defense in a trademark infringement lawsuit.<sup>55</sup>

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Robert A. Kargen, *Trademark Law: The First User of an Abandoned Trademark Acquires the Secondary Meaning Associated with the Abandoned Mark by Virtue of His First Use*, 64 TRADEMARK REP. 8, 10-11 (1974) (stating abandonment of mark restores it to public domain).

<sup>51</sup> *Emmpresa Cubana Del Tabaco v. Culbro Corp.*, 213 F. Supp. 2d 247, 266-67 (S.D.N.Y. 2002) (stating equitable defenses not available in abandonment claims because of public interest in removal of abandoned registrations from register); see 1 GILSON & LALONDE, *supra* note 46, § 3.05[2].

<sup>52</sup> See generally *Addington v. Texas*, 441 U.S. 418, 423-24 (1979) (stating elevated clear and convincing standard utilized to protect civil liberties, guard against fraud and undue influence, or where claim disfavored on policy ground); *Cerveceria Centroamericana, S.A. v. Cerveceria India, Inc.*, 892 F.2d 1021, 1024 (Fed. Cir. 1989) (noting that absent statutory direction preponderance standard will usually be sufficient); 2 DIX ET AL., *supra* note 9, § 340 (stating only limited range of civil claims subject to more exacting standard than preponderance).

<sup>53</sup> 15 U.S.C. § 1064 (2006) (providing for trademark cancellation proceeding); 15 U.S.C. §§ 1114(1), 1125(a)(1) (2006) (providing for trademark infringement suits under § 32 for registered marks and § 43 for unregistered marks); see also RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 20 (1995) (providing for infringement action).

<sup>54</sup> See 15 U.S.C. § 1115(b)(2) (2006) (providing for affirmative defense of abandonment); see also 3 MCCARTHY, *supra* note 18, § 17:4 (stating registration of abandoned mark may be cancelled). See generally 15 U.S.C. § 1064 (providing petition to cancel existing registration may be filed with PTO's Trademark Trial and Appeal Board ("TTAB") by any damaged person).

<sup>55</sup> See 15 U.S.C. § 1115(b)(2) (providing for affirmative defense of abandonment in infringement action); see also 6 MCCARTHY, *supra* note 18, § 32:149 (stating abandonment is affirmative defense in infringement actions). See generally *infra* notes 74-81, 148-78 and accompanying text (discussing trademark infringement actions).

### 1. PTO Proceedings

There are generally two types of proceedings at the PTO for attacking trademarks.<sup>56</sup> First, in an opposition proceeding, a party opposes a pending trademark application.<sup>57</sup> Second, in a cancellation proceeding, the petitioner files a petition to cancel a trademark.<sup>58</sup> Many courts use PTO decisions to determine the standard of proof in infringement actions.<sup>59</sup>

Historically, the burden of proof for a petitioner in a cancellation proceeding was clear and convincing evidence.<sup>60</sup> For instance, in *W.D. Byron & Sons, Inc. v. Stein Bros. Manufacturing Co.*, the Court of Customs and Patent Appeals (“CCPA”), a predecessor of the Court of Appeals for the Federal Circuit, discussed cancellation.<sup>61</sup> In *W.D. Byron*, the court explained that cancellation proceedings involve vested and valuable rights and warned that courts should only grant a cancellation after a careful consideration of all facts.<sup>62</sup>

The CCPA subsequently modified its view.<sup>63</sup> For instance, in *Massey Junior College, Inc. v. Fashion Institute of Technology*, the CCPA acknowledged petitioners seeking cancellation had a difficult task due to the presumption of validity associated with registration.<sup>64</sup> Nonetheless, in *Massey Junior College*, the CCPA rejected a higher

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<sup>56</sup> See 15 U.S.C. §§ 1063, 1064 (2006).

<sup>57</sup> *Id.* § 1063 (authorizing party to file opposition to application for registration with PTO on ground registration may cause damage).

<sup>58</sup> *Id.* § 1064 (allowing party to file petition with PTO to cancel existing trademark registration).

<sup>59</sup> See *infra* note 63.

<sup>60</sup> See, e.g., *W.D. Byron & Sons, Inc. v. Stein Bros. Mfg. Co.*, 377 F.2d 1001, 1003 (C.C.P.A. 1967) (noting petitioner in cancellation proceeding has much heavier burden of proof than in opposition proceeding). But see *infra* note 63.

<sup>61</sup> 377 F.2d at 1003.

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

<sup>63</sup> *Massey Junior Coll., Inc. v. Fashion Inst. of Tech.*, 492 F.2d 1399, 1403 (C.C.P.A. 1974) (adopting preponderance standard in cancellation proceeding); see *Pizzeria Uno Corp. v. Temple*, 747 F.2d 1522, 1529 n.4 (4th Cir. 1984) (noting presumption of validity overcome under early rule by clear and convincing standard, but under modern rule, by preponderance); *Vuitton et Fils S.A. v. J. Young Enters., Inc.*, 644 F.2d 769, 775-76 (9th Cir. 1981) (explaining that CCPA has rejected clear and convincing standard of *W.D. Byron & Sons* and now requires only preponderance standard); *Keebler Co. v. Rovira Biscuit Corp.*, 624 F.2d 366, 373 n.6 (1st Cir. 1980) (explaining CCPA has rejected clear and convincing standard as articulated in *W.D. Byron & Sons* and adopted preponderance).

<sup>64</sup> See 492 F.2d at 1402 (explaining that holder of registered certificate benefits from prima facie evidence of validity, ownership, exclusive right to use, and of no likelihood of confusion); see also 15 U.S.C. §§ 1057(b), 1115 (2006).

standard in cancellation proceedings and embraced the preponderance standard.<sup>65</sup> Subsequent CCPA decisions confirmed the preponderance standard is appropriate in all trademark cancellation proceedings.<sup>66</sup>

The leading modern PTO trademark cancellation proceeding decision is *Cerveceria Centroamericana, S.A. v. Cerveceria India, Inc.*<sup>67</sup> In *Cerveceria*, the Federal Circuit considered an asserted abandonment.<sup>68</sup> The court applied the preponderance standard, seeing no basis for a higher burden for abandonment cases.<sup>69</sup> The Federal Circuit dismissed earlier CCPA decisions referring to petitioner's "heavy" burden.<sup>70</sup> The court interpreted these references as simple acknowledgments of the obvious difficulty a challenger faces against a presumptively valid registration.<sup>71</sup> Such references, the court explained, do not require a higher evidentiary standard.<sup>72</sup> The court concluded, absent statutory direction, a preponderance standard would suffice.<sup>73</sup>

## 2. Infringement Actions Involving Abandonment

In addition to cancellation proceedings, a party often asserts abandonment as an affirmative defense in infringement actions.<sup>74</sup> A plaintiff in a trademark infringement action alleges unauthorized use of a trademark that may confuse customers regarding the product's

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<sup>65</sup> 492 F.2d at 1403-04; see *Dan Robbins & Assocs., Inc. v. Questor Corp.*, 599 F.2d 1009, 1014 (C.C.P.A. 1979) (rejecting earlier approach embodying broad difference in decisional approach); *Dep't of Justice v. Calspan Corp.*, 578 F.2d 295, 301 (C.C.P.A. 1978) (criticizing requirement of higher standard).

<sup>66</sup> See *supra* note 65; see also *supra* note 63.

<sup>67</sup> 892 F.2d 1021 (Fed. Cir. 1989); accord *Rivard v. Linville*, 133 F.3d 1446, 1449 (Fed. Cir. 1998) (finding burden remained with petitioner to prove abandonment by preponderance of evidence).

<sup>68</sup> See Federal Courts Improvement Act of 1982, Pub. L. No. 97-164, 96 Stat. 25 (codified in scattered sections of 28 U.S.C.) (creating Federal Circuit by merging former U.S. Court of Customs and Patent Appeals and appellate division of U.S. Court of Claims); see also 15 U.S.C. § 1071(a) (2006) (providing for Federal Circuit review of decisions of PTO or T.T.A.B.); *id.* § 1071(b) (providing aggrieved parties can, as alternative to appealing to Federal Circuit, file civil suit in federal district court).

<sup>69</sup> *Cerveceria*, 892 F.2d at 1023. See generally *AmBrit, Inc. v. Kraft, Inc.*, 812 F.2d 1531, 1538 (11th Cir. 1986) (noting basic test, or touchstone, for infringement action is "likelihood of confusion" among consumers between two marks); 4 MCCARTHY, *supra* note 18, § 23:1 (observing same).

<sup>70</sup> *Cerveceria*, 892 F.2d at 1023.

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

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

<sup>73</sup> *Id.* at 1024.

<sup>74</sup> See *supra* note 55.

origin.<sup>75</sup> In infringement actions where the defendant raises abandonment as a defense under the Act, the only federal appellate courts that have explicitly considered the question have adopted the preponderance standard.<sup>76</sup> However, there are several federal appellate courts that refer to a “strict,” “high,” or “heavy” burden.<sup>77</sup> It is unclear what standard these courts refer to.<sup>78</sup> Some federal district courts also use similar language.<sup>79</sup> Some district courts interpret such language to mean “preponderance.”<sup>80</sup> Others interpret it to mean “clear and convincing.”<sup>81</sup>

*a. Decisions Supporting Preponderance Evidentiary Standard*

Two circuit courts explicitly adopt the preponderance standard when a party alleges abandonment in an infringement action.<sup>82</sup> Preceding *Cerveceria*, the Seventh Circuit Court of Appeals, in *Roulo v. Russ Berrie & Co.*, adopted the preponderance standard in a trade dress dispute where the defendant asserted abandonment.<sup>83</sup> Similarly, in *Emergency One, Inc. v. American FireEagle, Ltd.*, the Fourth Circuit Court of Appeals held the preponderance standard applied when the challenger asserted abandonment.<sup>84</sup> These two opinions, together with *Cerveceria*, are the only federal appellate decisions directly ruling on the appropriate standard.<sup>85</sup>

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<sup>75</sup> See *Pirone v. MacMillan, Inc.*, 894 F.2d 579, 581-82 (2d Cir. 1990) (noting trademark owner acquires right to prevent goods from being confused with others and to prevent mark from being diverted by misleading marks); *Commc'ns Satellite Corp. v. Comcet, Inc.*, 429 F.2d 1245, 1250 (4th Cir. 1970) (explaining essence of wrong of infringement is violation of trade name or identity); *Tisch Hotels, Inc. v. Americana Inn, Inc.*, 350 F.2d 609, 611 (7th Cir. 1965) (noting test of infringement is likelihood of confusion). See generally 4 MCCARTHY, *supra* note 18, § 23:1 (stating likelihood of confusion is basic tenet of both common law and federal statutory infringement).

<sup>76</sup> See *infra* Part I.C.2.a.

<sup>77</sup> See *infra* Part I.C.2.c.

<sup>78</sup> See *infra* Part I.C.2.c.

<sup>79</sup> See *infra* Part I.C.2.c.

<sup>80</sup> See *infra* Part I.C.2.a.

<sup>81</sup> See *infra* Part I.C.2.b.

<sup>82</sup> See *Emergency One, Inc. v. Am. FireEagle, Ltd.*, 228 F.3d 531, 536 (4th Cir. 2000); *Roulo v. Russ Berrie & Co.*, 886 F.2d 931, 938 (7th Cir. 1989).

<sup>83</sup> 886 F.2d at 938. See generally *AmBrit, Inc. v. Kraft, Inc.*, 812 F.2d 1531, 1535 (11th Cir. 1986) (quoting *John H. Harland Co. v. Clarke Checks, Inc.*, 711 F.2d 966, 980 (11th Cir. 1983)) (explaining trade dress involves total image of product and may include size, shape, color or color combinations, texture, graphics, or particular sales techniques).

<sup>84</sup> 228 F.3d at 536.

<sup>85</sup> *Accord Societe de Developments et D'Innovations des Marches Agricoles et*

*b. Decisions Supporting Clear and Convincing Standard*

Courts often apply the more exacting clear and convincing standard in a variety of proceedings.<sup>86</sup> However, no federal appellate court has explicitly adopted a clear and convincing standard in a trademark infringement abandonment case under the Act.<sup>87</sup> Nonetheless, there is a single, nearly 100-year-old decision of the Court of Appeals for the District of Columbia, *Mathy v. Republic Metalware Co.*, that adopted this standard.<sup>88</sup> The D.C. Circuit's decision in *Mathy* predated the Act and relied heavily on common law cases.<sup>89</sup>

However, several federal district court cases embrace a clear and convincing standard.<sup>90</sup> Some rely on language from older PTO cancellation decisions.<sup>91</sup> Others refer to common law principles.<sup>92</sup> Some courts simply cite to leading commentators such as J. Thomas

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*Alimentaires-SODIMA-Union de Cooperatives Agricoles v. Int'l Yogurt Co.*, 662 F. Supp. 839, 843 (D. Or. 1987) (reviewing cases and adopting preponderance standard).

<sup>86</sup> See *supra* note 52.

<sup>87</sup> *Grocery Outlet Inc. v. Albertson's Inc.*, 497 F.3d 949, 954 (9th Cir. 2007) (McKeown, J., concurring) (explaining that all appellate courts have consistently applied preponderance standard in trademark abandonment cases).

<sup>88</sup> 35 App. D.C. 151, 156 (D.C. Cir. 1910) (requiring strict proof of abandonment and clear and convincing evidence).

<sup>89</sup> See Act of Feb. 9, 1893, ch. 74, 27 Stat. 434 (establishing Court of Appeals of District of Columbia as one of original nine federal circuit courts of appeal); see also Act of June 7, 1934, ch. 426, 48 Stat. 926 (renaming court as U.S. Court of Appeals for District of Columbia Circuit); Federal Judicial History, U.S. Court of Appeals for the District of Columbia Circuit Legislative History, [http://www.fjc.gov/history/home.nsf/page/usca\\_dc\\_leg](http://www.fjc.gov/history/home.nsf/page/usca_dc_leg) (last visited Feb. 14, 2008) (summarizing history of court).

<sup>90</sup> See, e.g., *eMachines, Inc. v. Ready Access Memory, Inc.*, No. EDCV00-00374-VAPEEX, 2001 WL 456404, at \*5 (C.D. Cal. Mar. 5, 2001) (citing *Cervceria* incorrectly for support of clear and convincing standard); *Pilates, Inc. v. Current Concepts, Inc.*, 120 F. Supp. 2d 286, 295-96 (S.D.N.Y. 2000) (finding abandonment must be proved by clear and convincing evidence, and citing federal district court cases); *EH Yacht, L.L.C. v. Egg Harbor, L.L.C.*, 84 F. Supp. 2d 556, 564-65 (D.N.J. 2000) (explaining that majority rule is abandonment must be proved by clear and convincing evidence, and citing McCarthy treatise); *McKay v. Mad Murphy's, Inc.*, 899 F. Supp. 872, 879 n.5 (D. Conn. 1995) (explaining preponderance standard is minority view and not followed by Second Circuit, citing McCarthy treatise, and incorrectly citing *Cervceria* in opposition to preponderance standard); *Dial-a-Mattress Operating Corp. v. Mattress Madness, Inc.*, 841 F. Supp. 1339, 1355 (E.D.N.Y. 1994) (finding majority rule is clear and convincing standard after interpreting Second Circuit language and state court case based on common law to mean clear and convincing).

<sup>91</sup> See *supra* note 90.

<sup>92</sup> See *supra* note 90.

McCarthy and Rudolph Callmann who assert that the clear and convincing standard applies.<sup>93</sup>

However, treatises by both McCarthy and Callmann only briefly discuss the appropriate standard of proof in abandonment proceedings.<sup>94</sup> As support for a clear and convincing standard, McCarthy cites *Mathy*, several district court cases, and a common law case.<sup>95</sup> Callmann cites several district court cases and a common law case.<sup>96</sup> Like McCarthy, Callmann's brief discussion does not reference key Fourth and Seventh Circuit cases.<sup>97</sup> In addition, Callmann cites several cases that he claims support the clear and convincing standard, yet these decisions employ no such language.<sup>98</sup>

*c. Decisions that Adopt Neither Evidentiary Standard Explicitly*

Other courts use neither the preponderance nor the clear and convincing standards in trademark abandonment proceedings.<sup>99</sup>

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<sup>93</sup> See *supra* note 90. For criticism of the commentators' views, which generally support a clear and convincing standard, see *infra* Part III.A.

<sup>94</sup> For this and other criticism, see *infra* Part III.A.

<sup>95</sup> 3 MCCARTHY, *supra* note 18, § 17:12. For more information, criticism of commentators' views, and omitted cases, see *infra* Part III.A.

<sup>96</sup> 3 RUDOLPH CALLMANN, CALLMANN ON UNFAIR COMPETITION, TRADEMARKS AND MONOPOLIES § 20:74 (Louis Altman ed., 4th ed. 2005).

<sup>97</sup> For omitted cases, mischaracterized cases, and other criticism, see *infra* Part III.A.

<sup>98</sup> 3 CALLMANN, *supra* note 96, § 20:74. Judge McKeown's Ninth Circuit decision in *Electro Source, LLC v. Brandess-Kalt-Aetna Group, Inc.*, 458 F.3d 931 (9th Cir. 2006), and the Second Circuit's decision in *Saratoga Vichy Spring Co. v. Lehman*, 625 F.2d 1037 (2d Cir. 1980), are incorrectly cited as support for the clear and convincing standard. *Id.* Further, the Second Circuit's decision in *Warner Bros. Inc. v. Gay Toys, Inc.*, 724 F.2d 327 (2d Cir. 1982), is similarly mischaracterized. *Id.* Moreover, the Federal Circuit's decision in *Rivard v. Linville*, 133 F.3d 1446 (Fed. Cir. 1998), actually follows *Cerveceria Centroamericana, S.A. v. Cerveceria India, Inc.*, 892 F.2d 1021 (Fed. Cir. 1989), in supporting a preponderance standard. *Id.*

<sup>99</sup> The Fifth Circuit, in an early and often-referenced case, required strict proof, citing an early CCPA decision noting abandonment is akin to forfeiture. See *Am. Foods, Inc. v. Golden Flake, Inc.*, 312 F.2d 619, 625 (5th Cir. 1963) (citing *E.I. Du Pont De Nemours & Co. v. Celanese Corp.*, 167 F.2d 484, 489 (C.C.P.A. 1948)) (finding abandonment must be strictly proved). The Ninth Circuit in another early case said that the burden was high when a party asserts abandonment. See *Edwin K. Williams & Co. v. Edwin K. Williams & Co.-E.*, 542 F.2d 1053, 1059 (9th Cir. 1976) (citing *Am. Foods*, 312 F.2d at 625); see also *Prudential Ins. Co. v. Gibraltar Fin. Corp.*, 694 F.2d 1150, 1156 (9th Cir. 1982) (citing *U.S. Jaycees v. Phila. Jaycees*, 639 F.2d 134 (3d Cir. 1981)) (stating abandonment must be strictly proved). Similarly, the Second Circuit explained that abandonment, being in the nature of forfeiture, should be strictly proved. See *Saratoga Vichy Spring Co. v. Lehman*, 625 F.2d 1037, 1044 (2d Cir. 1980) (citing McCarthy treatise). The Third Circuit, relying on an

Several federal circuit and district courts use language similar to that previously invoked by early CCPA decisions.<sup>100</sup> Courts use terms like “heavy,” “strict,” and “high” without discussing their meaning.<sup>101</sup> The federal circuit courts that use this language have not explicitly decided whether such words are equivalent to clear and convincing or to preponderance.<sup>102</sup>

In *Cumulus Media, Inc. v. Clear Channel Communications, Inc.*, the Eleventh Circuit Court of Appeals candidly acknowledged the lack of clarity.<sup>103</sup> The court explained that because abandonment works as an involuntary forfeiture, federal courts uniformly agree that the party alleging abandonment faces a strict, heavy, or stringent burden.<sup>104</sup> However, the Eleventh Circuit acknowledged wide disagreement about the meaning of these terms as they relate to an evidentiary standard.<sup>105</sup> The court concluded it need not resolve the issue in the case before it because under either standard the outcome would be the same.<sup>106</sup>

## II. GROCERY OUTLET

The Ninth Circuit’s decision in *Grocery Outlet Inc. v. Albertson’s Inc.* illustrates the divergent views on the appropriate standard of proof in trademark abandonment proceedings.<sup>107</sup> Judge J. Clifford Wallace supported a clear and convincing standard.<sup>108</sup> Judge M. Margaret

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earlier CCPA decision, noted that because abandonment is in the nature of forfeiture, it must be strictly proved. See *U.S. Jaycees v. Phila. Jaycees*, 639 F.2d 134, 139-40 (3d Cir. 1981) (citing *P.A.B. Produits de Appareils de Beaute v. Satine Societa in Nome Collettivo di S.A. e.M. Usellini*, 570 F.2d 328, 332-33 (C.C.P.A. 1978)) (stating abandonment, being in nature of forfeiture, must be strictly proved); accord *Doebler’s Pa. Hybrids, Inc. v. Doebler*, 442 F.3d 812, 822 (3d Cir. 2006) (referencing *U.S. Jaycees* and explaining that abandonment must be strictly proved and that there is high burden of proof). The Sixth Circuit cited with approval references to a high burden. See *Kellogg Co. v. Exxon Corp.*, 209 F.3d 562, 576 (6th Cir. 2000) (citing cases relying on *U.S. Jaycees*). The Tenth Circuit has said there is a stringent burden of proof in abandonment proceedings. See *Creative Gifts, Inc. v. UFO*, 235 F.3d 540, 548 (10th Cir. 2000) (citing cases relying on *American Foods*).

<sup>100</sup> See *supra* note 99.

<sup>101</sup> See *supra* note 99.

<sup>102</sup> See *supra* note 99.

<sup>103</sup> 304 F.3d 1167, 1175 (11th Cir. 2002).

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

<sup>105</sup> *Id.* at 1175 n.12.

<sup>106</sup> *Id.*

<sup>107</sup> See 497 F.3d 949, 949-54 (9th Cir. 2007) (per curiam).

<sup>108</sup> See *infra* Part II.B.



McKeown supported a preponderance standard.<sup>109</sup> As the third member of the panel, Judge D.W. Nelson, did not address the matter, there was no majority opinion on the issue.<sup>110</sup>

A. *Facts, Procedure, and Holding*

In 1999, Albertson's, a large grocery chain, acquired American Stores, another large grocery chain.<sup>111</sup> American Stores used the LUCKY service mark as its trademark for its grocery stores.<sup>112</sup> After the acquisition, Albertson's announced it would rename and rebrand all 400 LUCKY stores as Albertson's stores.<sup>113</sup>

In January 2006, Grocery Outlet, a chain of value-oriented grocery stores, filed an intent-to-use trademark application for the LUCKY mark for a planned grocery store.<sup>114</sup> Grocery Outlet alleged Albertson's had not used the LUCKY service mark for six years.<sup>115</sup> Grocery Outlet received a cease-and-desist letter and learned Albertson's planned to rebrand three stores as LUCKY.<sup>116</sup> Grocery Outlet filed for injunctive relief.<sup>117</sup> Albertson's cross-filed.<sup>118</sup> The district court enjoined Grocery Outlet's store opening.<sup>119</sup> An interlocutory appeal ensued.<sup>120</sup>

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<sup>109</sup> See *infra* Part II.C.

<sup>110</sup> See *infra* Part II.A.

<sup>111</sup> See Reply Brief of Appellant Grocery Outlet Inc. and Response Brief of Cross-Appellee Grocery Outlet Inc. at 2, *Grocery Outlet*, 497 F.3d 949 (Nos. 06-16380 & 06-16488), 2006 WL 3623279 [hereinafter Reply Brief of Appellant]; see also Reuters, *Albertson's Buyout by SuperValu Approved*, N.Y. TIMES, May 31, 2006, at C8 (explaining Albertson's was later acquired).

<sup>112</sup> Reply Brief of Appellant, *supra* note 111, at 2. See generally *Univ. of Fla. v. KPB, Inc.*, 89 F.3d 773, 776 n.4 (11th Cir. 1996) (explaining service mark is identical to trademark except it indicates origin of services, rather than goods).

<sup>113</sup> See Reply Brief of Appellant, *supra* note 111, at 2 (noting that while business name of company is Albertson's, its registered mark is ALBERTSONS, without apostrophe). See generally *id.* at 3-4 (explaining how Albertson's began liquidating LUCKY-branded goods, with unit sales dropping from 79 million in 2000 to 51 units in 2003-06).

<sup>114</sup> *Id.* at 19. See generally Federal Trademark Act Amendments of 1988, Pub. L. No. 100-667, § 103, 102 Stat. 3935 (codified at 15 U.S.C. § 1051(b) (2006)) (amending law to permit registration filing based on bona fide intent-to-use trademark).

<sup>115</sup> Reply Brief of Appellant, *supra* note 111, at 6 (explaining LUCKY mark had previously been used by American Stores and its predecessors since 1935).

<sup>116</sup> See *id.* at 19.

<sup>117</sup> See *id.* at 6.

<sup>118</sup> See *id.* at 6.

<sup>119</sup> *Grocery Outlet Inc. v. Albertson's Inc.*, 497 F.3d 949, 950 (9th Cir. 2007) (per

The Ninth Circuit affirmed the grant of the preliminary injunction, finding the trial court did not abuse its discretion in granting the motion.<sup>121</sup> Further, the court found no abuse of discretion in the lower court's ruling that Grocery Outlet had not established its defense of trademark abandonment.<sup>122</sup> However, Judges Wallace and McKeown filed separate concurring opinions expressing opposing views on the applicable standard of proof.<sup>123</sup>

### B. Judge Wallace's Opinion

Judge Wallace argued clear and convincing was the appropriate evidentiary standard.<sup>124</sup> Judge Wallace asserted the question of the applicable standard in trademark abandonment determinations in the Ninth Circuit was not an open one.<sup>125</sup> He maintained that references in two previous Ninth Circuit decisions to strict and high burdens were the equivalent of a clear and convincing evidence standard.<sup>126</sup>

Judge Wallace analogized trademark abandonment to forfeitures.<sup>127</sup> He cited cases involving leases, insurance, and contracts holding forfeitures require strict proof, clear and unequivocal proof, or clear and convincing proof.<sup>128</sup> In addition, Judge Wallace relied upon several older common law trademark abandonment state court decisions.<sup>129</sup> Further, he found persuasive the federal appellate

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curiam).

<sup>120</sup> See *id.*

<sup>121</sup> *Id.* at 951.

<sup>122</sup> *Id.* (finding Albertson's offered sufficient evidence of its intent to resume use within reasonably foreseeable future).

<sup>123</sup> *Id.* (ruling that while parties disputed evidentiary standard on appeal, Grocery Outlet waived its objections by adopting clear and convincing standard in briefings in district court).

<sup>124</sup> See *infra* notes 125-33 and accompanying text.

<sup>125</sup> *Grocery Outlet*, 497 F.3d at 952 (Wallace, J., concurring).

<sup>126</sup> *Id.* (citing *Prudential Ins. Co. v. Gibraltar Fin. Corp.*, 694 F.2d 1150, 1156 (9th Cir. 1982) (noting abandonment must be strictly proved) and *Edwin K. Williams & Co. v. Edwin K. Williams & Co.-E.*, 542 F.2d 1053, 1059 (9th Cir. 1976) (referring to burden as high)).

<sup>127</sup> *Id.*

<sup>128</sup> *Id.*

<sup>129</sup> *Id.*; see *Julian v. Hoosier Drill Co.*, 78 Ind. 408, 413 (1881) (per curiam) (requiring strictly proven by clear and unmistakable evidence); *Saunders v. Stringer*, 251 N.W. 342, 343 (Mich. 1933) (stating abandonment, being in nature of forfeiture, must be strictly proved); *Neva-Wet Corp. v. Never Wet Processing Corp.*, 13 N.E.2d 755, 761 (N.Y. 1938) (citing *Mathy v. Republic Metalware Co.*, 35 App. D.C. 151, 156 (D.C. Cir. 1910) and *Hoosier Drill*, 78 Ind. at 413).

decision, *Mathy*, which required clear and convincing evidence for trademark infringement.<sup>130</sup>

Judge Wallace acknowledged the legislative history of the Act was silent regarding the burden of proof for abandonment.<sup>131</sup> Therefore, he inferred that Congress did not intend to relax the common law abandonment standard.<sup>132</sup> Accordingly, Judge Wallace argued the appropriate standard was clear and convincing.<sup>133</sup>

### C. Judge McKeown's Opinion

In contrast, Judge McKeown argued the standard for trademark abandonment was unresolved in the Ninth Circuit.<sup>134</sup> She acknowledged the two Ninth Circuit decisions cited by Judge Wallace.<sup>135</sup> However, she explained the Ninth Circuit had not defined the terms "strict proof" or "high burden" in those opinions.<sup>136</sup>

Judge McKeown found no evidence in the legislative history to justify raising the standard above the typical standard of a preponderance of the evidence.<sup>137</sup> Further, she argued circuit courts that had explicitly ruled on the issue favored a preponderance standard.<sup>138</sup> Moreover, she asserted the trademark precedent on which Judge Wallace relied predated the Act.<sup>139</sup> Judge McKeown argued those cases were inapposite, cautioning against indiscriminately applying common law cases to the Act.<sup>140</sup>

## III. ANALYSIS

The proper standard in trademark abandonment proceedings under the Act is a preponderance of the evidence.<sup>141</sup> First, the weight of

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<sup>130</sup> *Grocery Outlet*, 493 F.3d at 952 (Wallace, J., concurring); see *Mathy v. Republic Metalware Co.*, 35 App. D.C. 151, 156 (D.C. Cir. 1910).

<sup>131</sup> *Grocery Outlet*, 497 F.3d at 953 (Wallace, J., concurring).

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

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

<sup>134</sup> *Id.* (McKeown, J., concurring).

<sup>135</sup> *Id.*

<sup>136</sup> *Id.* (quoting *Electro Source, LLC v. Brandess-Kalt-Aetna Group, Inc.*, 458 F.3d 931, 935 n.2 (9th Cir. 2006)) (stating question is open in Ninth Circuit, but need not be addressed in instant case).

<sup>137</sup> *Id.* at 954.

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

<sup>139</sup> *Id.* at 954 n.4.

<sup>140</sup> *Id.* (arguing that nontrademark cases cited by Judge Wallace did not shed light on issue).

<sup>141</sup> See *infra* Part III.A-C.

prior judicial decisions supports this view.<sup>142</sup> Second, the Act's legislative history supports a preponderance of the evidence standard.<sup>143</sup> Third, a preponderance standard best advances fundamental public policies underlying trademark law, including promoting competition and the production of high quality goods through active trademark use.<sup>144</sup>

#### A. Case Law Supports a Preponderance Standard

The weight of persuasive authority in trademark abandonment cases supports a preponderance standard.<sup>145</sup> In infringement actions, the only appellate courts that have ruled explicitly on the issue since the Act's passage have adopted the preponderance standard.<sup>146</sup> In addition, the Federal Circuit and its predecessor, the CCPA, have unequivocally adopted a preponderance standard.<sup>147</sup>

##### 1. Decisions in Infringement Actions Support Preponderance Standard

In trademark infringement cases under the Act where abandonment is an affirmative defense, the weight of persuasive authority supports a preponderance standard.<sup>148</sup> In fact, the only appellate courts that have explicitly ruled on the matter apply this standard.<sup>149</sup> Not a single circuit applies the clear and convincing standard in a trademark infringement proceeding under the Act.<sup>150</sup> As such, the other federal

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<sup>142</sup> See *infra* Part III.A.

<sup>143</sup> See *infra* Part III.B.

<sup>144</sup> See *infra* Part III.C.

<sup>145</sup> See *infra* Part III.A.1-2.

<sup>146</sup> *Emergency One, Inc. v. Am. FireEagle, Ltd.*, 228 F.3d 531, 536 (4th Cir. 2000) (noting burden of proof by preponderance of evidence remains on challenger); *Roulo v. Russ Berrie & Co.*, 886 F.2d 931, 938 (7th Cir. 1989) (explaining defendant must prove abandonment by preponderance); see also *Major League Baseball Props., Inc. v. Sed Non Olet Denarius, Ltd.*, 817 F. Supp. 1103, 1126 (S.D.N.Y. 1993) (stating party seeking abandonment must prove abandonment by preponderance standard), *vacated*, 859 F. Supp. 80 (S.D.N.Y. 1994); *Societe de Developments et D'Innovations des Marches Agricoles et Alimentaires-SODIMA-Union de Cooperatives Agricoles v. Int'l Yogurt Co.*, 662 F. Supp. 839, 843, 845 (D. Or. 1987) (adopting preponderance standard).

<sup>147</sup> See *infra* Part III.A.2.

<sup>148</sup> See *supra* note 85, and *infra* note 150, and accompanying text.

<sup>149</sup> See *supra* note 146.

<sup>150</sup> But see *Mathy v. Republic Metalware Co.*, 35 App. D.C. 151, 156 (D.C. Cir. 1910) (relying heavily upon common law precedents and adopting clear and convincing standard nearly 100 years ago and well before passage of Act). See generally *Imperial Tobacco Ltd. v. Philip Morris, Inc.*, 899 F.2d 1575, 1579 (Fed. Cir.

appellate courts, including the Ninth Circuit, should give due deference to their sister courts and avoid direct conflicts.<sup>151</sup>

Similarly, in trademark infringement cases not involving abandonment for nonuse, appellate courts apply the preponderance standard.<sup>152</sup> Notably, these decisions endorsing a preponderance standard involve a wide range of infringements, including those in which a party alleges abandonment for reasons other than nonuse.<sup>153</sup> Each of these courts found convincing the modern trend from a standard of clear and convincing toward preponderance.<sup>154</sup> As courts use the preponderance standard in these analogous causes of action, the standard should also apply in cases where one alleges abandonment for nonuse.<sup>155</sup>

Some critics argue the weight of authority does not support a preponderance standard.<sup>156</sup> These critics cite the Second, Third, Fifth, Sixth, Ninth, Tenth, and Eleventh Circuits, which invoke the terms “heavy,” “high,” or “strict” in characterizing the challenger’s burden.<sup>157</sup> In addition, the critics rely on district court decisions

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1990) (cautioning against application of common law precedents to issues involving trademark abandonment under Act).

<sup>151</sup> *Am. Vantage Cos. v. Table Mountain Rancheria*, 292 F.3d 1091, 1098 (9th Cir. 2002) (noting that where every other circuit has reached common result, weight should be given to such results in interest of uniformity); *James v. Sunrise Hosp.*, 86 F.3d 885, 889 (9th Cir. 1996) (recognizing virtue in uniformity of law as construed by federal circuits); *United States v. Chavez-Vernaza*, 844 F.2d 1368, 1374 (9th Cir. 1987) (explaining court will not create conflict with other circuits absent strong reason to do so); *Aldens v. Miller*, 610 F.2d 538, 541 (8th Cir. 1979) (commenting sister circuit’s decision deserves great weight and precedential value).

<sup>152</sup> See, e.g., *Pizzeria Uno Corp. v. Temple*, 747 F.2d 1522, 1529 n.4 (4th Cir. 1984) (adopting preponderance standard in trademark infringement case alleging likelihood of confusion); *Vuitton et Fils S.A. v. J. Young Enters., Inc.*, 644 F.2d 769, 775-76 (9th Cir. 1981) (adopting preponderance standard in trademark infringement case where challenger asserts mark is functional, and therefore, not entitled to trademark protection); *Keebler Co. v. Rovira Biscuit Corp.*, 624 F.2d 366, 373-74 (1st Cir. 1980) (adopting preponderance standard in trademark infringement case, alleging mark had become generic and, therefore, not entitled to trademark protection).

<sup>153</sup> See *supra* note 152.

<sup>154</sup> *Pizzeria Uno*, 747 F.2d at 1529 n.4 (explaining modern rule is preponderance of evidence); *Vuitton et Fils*, 644 F.2d at 776 (observing more recent CCPA decisions now require preponderance standard); *Keebler*, 624 F.2d at 373 n.6 (noting CCPA has since rejected clear and convincing standard and has agreed that better rule is preponderance).

<sup>155</sup> See *supra* notes 152-54 and accompanying text.

<sup>156</sup> See *supra* note 90 and *infra* notes 169-77 and accompanying text.

<sup>157</sup> See *Electro Source, LLC v. Brandess-Kalt-Aetna Group, Inc.*, 458 F.3d 931, 935 n.2 (9th Cir. 2006) (requiring strict proof); *Cumulus Media, Inc. v. Clear Channel Commc’ns, Inc.*, 304 F.3d 1167, 1175 (11th Cir. 2002) (noting strict burden);

interpreting the appellate verbiage to mean clear and convincing.<sup>158</sup> These critics interpret the aforementioned decisions to mean an elevated standard is appropriate and that the weight of authority actually supports a clear and convincing standard.<sup>159</sup>

However, this argument fails because appellate courts do not explain how these words relate to the standard of proof.<sup>160</sup> Instead, words such as heavy or high should be read as the more modern CCPA and Federal Circuit decisions read them.<sup>161</sup> They reflect the reality that the challenger's burden is difficult.<sup>162</sup> Moreover, the words demand careful consideration in light of the valuable rights at stake.<sup>163</sup> Nonetheless, they do not require a higher formal standard of proof.<sup>164</sup>

Further, many of the appellate decisions rely on outdated CCPA decisions or on commentators.<sup>165</sup> Similarly, many district court

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Creative Gifts, Inc. v. UFO, 235 F.3d 540, 548 (10th Cir. 2000) (noting stringent burden); Kellogg Co. v. Exxon Corp., 209 F.3d 562, 576 (6th Cir. 2000) (citing cases noting high burden); Prudential Ins. Co. v. Gibraltar Fin. Corp., 694 F.2d 1150, 1156 (9th Cir. 1982) (explaining abandonment must be strictly proved); U.S. Jaycees v. Phila. Jaycees, 639 F.2d 134, 139 (3d Cir. 1981) (requiring abandonment be strictly proved); Saratoga Vichy Spring Co. v. Lehman, 625 F.2d 1037, 1044 (2d Cir. 1980) (specifying strictly proved is requirement); Edwin K. Williams & Co. v. Edwin K. Williams & Co.-E., 542 F.2d 1053, 1059 (9th Cir. 1976) (noting high burden); Am. Foods, Inc. v. Golden Flake, Inc., 312 F.2d 619, 625 (5th Cir. 1963) (requiring strictly proved).

<sup>158</sup> See *supra* note 90.

<sup>159</sup> See *supra* notes 157-58 and accompanying text.

<sup>160</sup> *Cumulus Media*, 304 F.3d at 1175 n.12 (observing existence of disagreement about meaning of strict burden); see also *supra* note 102 and accompanying text.

<sup>161</sup> See *supra* note 63; see also *Cumulus Media*, 304 F.3d at 1175 n.12 (characterizing Federal Circuit's treatment of these words as merely talismanic).

<sup>162</sup> See *supra* notes 20, 64.

<sup>163</sup> *Dan Robbins & Assocs., Inc. v. Questar Corp.*, 599 F.2d 1009, 1014 n.8 (C.C.P.A. 1979).

<sup>164</sup> *Cerveceria*, 892 F.2d at 1023 (finding no basis for higher standard); *Dan Robbins & Assocs., Inc. v. Questar Corp.*, 599 F.2d 1009, 1014 (C.C.P.A. 1979) (rejecting earlier notion of broad difference in decisional approach); *Dep't of Justice v. Calspan Corp.*, 578 F.2d 295, 301 (C.C.P.A. 1978) (criticizing requirement of higher standard); *Massey Junior Coll., Inc. v. Fashion Inst. of Tech.*, 492 F.2d 1399, 1403 (C.C.P.A. 1974) (departing from earlier precedent requiring higher standard).

<sup>165</sup> See, e.g., *Electro-Source, LLC v. Brandess-Kalt-Aetna Group, Inc.*, 458 F.3d 931, 935 (9th Cir. 2006) (relying on *Prudential Insurance*); *Cumulus Media*, 304 F.3d at 1175 (relying upon early CCPA and other authority); *Creative Gifts, Inc. v. UFO*, 235 F.3d 540, 548 (10th Cir. 2000) (relying upon cases traceable to *American Foods*); *Kellogg Co. v. Exxon Corp.*, 209 F.3d 562, 576 (6th Cir. 2000) (relying on cases based on *U.S. Jaycees*); *Prudential Ins. Co. v. Gibraltar Fin. Corp.*, 694 F.2d 1150, 1156 (9th Cir. 1982) (relying upon *U.S. Jaycees*); *U.S. Jaycees v. Phila. Jaycees*, 639 F.2d 134, 139-40 (3d Cir. 1981) (relying upon older CCPA decision and on *Edwin K.*

decisions also depend on older CCPA decisions, which the more modern CCPA and Federal Circuit decisions have since rejected.<sup>166</sup> Some rely on common law authorities that courts must apply with caution.<sup>167</sup> Others rely on the commentators' questionable analyses.<sup>168</sup>

Unfortunately, the discussions of commentators McCarthy and Callmann that many courts depend on are too brief and have added to the confusion.<sup>169</sup> As noted above, the McCarthy treatise states the majority of courts interpret the strict language to mean clear and convincing.<sup>170</sup> As support, McCarthy cites *Mathy*, several district court cases, and a common law case.<sup>171</sup> However, McCarthy fails to reference the Seventh Circuit's decision in *Roulo* or the Fourth Circuit's decision in *Emergency One*, and he relegates the Federal Circuit's decision in *Cerveceria* to the minority view.<sup>172</sup>

Similarly, as previously noted, Callmann asserts that a clear and convincing standard governs.<sup>173</sup> Callmann cites several district court cases and a common law case for support.<sup>174</sup> Like McCarthy, Callmann does not reference the Seventh Circuit's decision in *Roulo* or the Fourth Circuit's decision in *Emergency One*.<sup>175</sup> Indeed, the treatise does not even reference the Federal Circuit's decision in *Cerveceria*.<sup>176</sup> In addition, Callmann mischaracterizes several important cases in stating they support a clear and convincing standard.<sup>177</sup> Therefore, the appellate and district court decisions upon which critics rely should not be afforded significant weight, and a preponderance standard should apply.<sup>178</sup>

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*Williams* which relied on *American Foods*); *Saratoga Vichy Spring Co. v. Lehman*, 625 F.2d 1037, 1044 (2d Cir. 1980) (relying upon McCarthy treatise); *Edwin K. Williams & Co. v. Edwin K. Williams & Co.-E.*, 542 F.2d 1053, 1059 (9th Cir. 1976) (relying upon *American Foods*); *Am. Foods, Inc. v. Golden Flake, Inc.*, 312 F.2d 619, 625 (5th Cir. 1963) (relying upon 1948 CCPA decision).

<sup>166</sup> See *supra* note 165.

<sup>167</sup> See *supra* note 165.

<sup>168</sup> See *supra* note 165.

<sup>169</sup> See *infra* notes 170-77 and accompanying text.

<sup>170</sup> 3 MCCARTHY, *supra* note 18, § 17:12.

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

<sup>172</sup> *Id.*

<sup>173</sup> See *supra* Part I.C.2.b.

<sup>174</sup> 3 CALLMANN, *supra* note 96, § 20:74.

<sup>175</sup> *Id.*

<sup>176</sup> *Id.*

<sup>177</sup> See *supra* note 98.

<sup>178</sup> See *supra* notes 160-77 and accompanying text.

## 2. The Federal Circuit and CCPA Have Adopted a Preponderance Standard

Federal Circuit and CCPA precedent, upon which other courts frequently rely in infringement actions, now clearly supports a preponderance standard.<sup>179</sup> The Federal Circuit and its predecessor have adopted the preponderance standard for trademark abandonment matters in both PTO opposition and cancellation proceedings.<sup>180</sup> Indeed, the Federal Circuit and the CCPA reject early CCPA decisions approving a clear and convincing standard.<sup>181</sup> These courts acknowledge the burden on the challenger asserting abandonment is heavy, high, or strict.<sup>182</sup> However, they refuse to conclude such words raised the evidentiary standard.<sup>183</sup> Accordingly, the Federal Circuit and CCPA cases are persuasive authority to support applying a preponderance standard in abandonment actions.<sup>184</sup>

### *B. The Legislative Intent of Congress in the Act Supports a Preponderance Standard*

The legislative history of the Act's provision on trademark abandonment is sparse.<sup>185</sup> Nonetheless, Congress clearly intended to aid those asserting abandonment and, therefore, would not have intended to impose a higher standard without explicitly saying so.<sup>186</sup> First, Congress created several statutory aids that eased the challenger's burden.<sup>187</sup> Second, Congress changed the relevant statutory language from "intent to abandon" to "intent not to resume."<sup>188</sup> Third, Congress strove to facilitate the removal of abandoned marks from the federal trademark register.<sup>189</sup>

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<sup>179</sup> See *infra* notes 180-83.

<sup>180</sup> See *supra* Part III.A.2.

<sup>181</sup> See *supra* note 164.

<sup>182</sup> See *supra* note 181.

<sup>183</sup> See *supra* note 181.

<sup>184</sup> See *supra* notes 179-83.

<sup>185</sup> See *supra* Part I.B-C.

<sup>186</sup> See *infra* Part III.B.1-3.

<sup>187</sup> See *infra* Part III.B.1.

<sup>188</sup> See *infra* Part III.B.2.

<sup>189</sup> See *infra* Part III.B.3.



### 1. Congress Created Statutory Aids to Ease Challenger's Burden

In the Act, Congress provided several statutory aids that eased the challenger's burden.<sup>190</sup> As described above, at common law, courts were not permitted to presume abandonment from proof of nonuse for any amount of time.<sup>191</sup> Indeed, common law required a challenger to prove not only nonuse, but also the user's intent to abandon.<sup>192</sup> Thus, it appears Congress intended to lower the required proof of abandonment by creating a presumption of abandonment with three years of consecutive nonuse.<sup>193</sup> In doing so, Congress eliminated the intent requirement from the initial part of a challenger's case.<sup>194</sup> Moreover, the Act also assisted challengers by providing that courts may infer abandonment from the circumstances.<sup>195</sup> These two aids are indicia of Congress's intent to ease, not increase, a challenger's evidentiary hurdles.<sup>196</sup> As such, Congress could not have intended to impose a higher standard and a preponderance standard should apply.<sup>197</sup>

### 2. Congress Eased Challenger's Burden by Modifying Statutory Language

In addition, Congress's decision to change the earlier relevant statutory language from "intent to abandon" to "intent not to resume" further assists those asserting abandonment.<sup>198</sup> Proving intent to abandon is very difficult as it connotes permanent relinquishment of rights in the mark.<sup>199</sup> However, proving intent not to resume use in

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<sup>190</sup> See, e.g., 15 U.S.C. § 1127 (2006) (creating presumption of abandonment after three consecutive years of nonuse).

<sup>191</sup> See *Imperial Tobacco Ltd. v. Philip Morris, Inc.*, 899 F.2d 1575, 1579 (Fed. Cir. 1990) (noting at common law there was no similar presumption from proof of nonuse).

<sup>192</sup> *Id.* (citing *Saxlehner v. Eisner & Mendelson Co.*, 179 U.S. 19, 31 (1900)).

<sup>193</sup> See 15 U.S.C. § 1127 (creating presumption of abandonment on three consecutive years of nonuse).

<sup>194</sup> *Imperial Tobacco*, 899 F.2d at 1579.

<sup>195</sup> 15 U.S.C. § 1127.

<sup>196</sup> See *Cumulus Media, Inc. v. Clear Channel Commc'ns, Inc.*, 304 F.3d 1167, 1174 (11th Cir. 2002).

<sup>197</sup> See *supra* notes 190-96 and accompanying text.

<sup>198</sup> See *supra* Part I.C.

<sup>199</sup> See *Silverman v. CBS Inc.*, 870 F.2d 40, 46 (2d Cir. 1989) (explaining that abandon connotes permanent relinquishment of mark); see also *Roulo v. Russ Berrie & Co.*, 886 F.2d 931, 938 (7th Cir. 1989) (noting greater difficulty in proving intent to abandon); *Exxon Corp. v. Humble Exploration Co.*, 695 F.2d 96, 102-03 (5th Cir. 1982) (explaining intent to abandon is more difficult to prove).

the reasonably foreseeable future is an easier standard to satisfy.<sup>200</sup> Therefore, Congress clearly intended to aid those asserting abandonment and could not have intended to require more than a preponderance of the evidence.<sup>201</sup>

### 3. Congress Facilitated Removal of Abandoned Marks from Federal Trademark Register

There is additional evidence that Congress intended to facilitate the elimination of unused or abandoned trademarks.<sup>202</sup> While deliberating the Act's passage, Congress recognized the need to remove abandoned marks from the register.<sup>203</sup> For example, Congress provided that laches, acquiescence, and unclean hands equitable defenses do not apply to abandonment.<sup>204</sup> As Congress provided assistance to those asserting abandonment they could not have intended an elevated evidentiary standard.<sup>205</sup>

Despite the three aforementioned actions taken by the legislature, critics such as Judge Wallace argue the Act is silent on the standard.<sup>206</sup> Therefore, Judge Wallace infers Congress did not alter the traditional standard for common law trademark abandonment.<sup>207</sup> He reads the

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<sup>200</sup> See *Silverman*, 870 F.2d at 46 (stating intent not to resume means intent not to resume within reasonably foreseeable future); *Roulo*, 886 F.2d at 938 (describing requirement of intent to resume use within reasonably foreseeable future); *Exxon*, 695 F.2d at 102-03 (explaining difference between intent to abandon and intent to resume).

<sup>201</sup> See *supra* notes 198-200 and accompanying text.

<sup>202</sup> See *infra* notes 203-05 and accompanying text.

<sup>203</sup> *Hearings on H.R. 6248 Before the H. Comm. on Patents*, 69th Cong. 75 (1926) (testimony of Walter Hughes, Secretary, National Confectioners' Association), reprinted in 9 GILSON & LALONDE, *supra* note 46, § 45-26; see S. REP. NO. 100-515, at 6-7 (1988), as reprinted in 1988 U.S.C.C.A.N. 5577, 5583 (amending Act to include language addressing increasing problem of deadwood where trademark owners were warehousing marks or engaging in token use); see also Ruder, *supra* note 47, at 66-67 (noting goal of 1988 Amendments was to make it easier to use abandoned trademarks). Compare Act of March 3, 1881, ch. 138, § 5, 21 Stat. 502, 503 (providing for 30-year registration), and Act of Feb. 20, 1905, ch. 592, § 12, 21 Stat. 724, 727 (reducing registration period to 20 years), with 15 U.S.C. § 1059(a) (2006) (reducing period to current 10-year term). See generally U.S. Trademark Ass'n (USTA) Trademark Review Comm'n, *Report and Recommendations to USTA President and Board of Directors*, 77 TRADEMARK REP. 375, 407-09 (1989) (concluding approximately 25% of registered marks over six years old were deadwood).

<sup>204</sup> See *supra* note 51.

<sup>205</sup> See *supra* notes 202-04 and accompanying text.

<sup>206</sup> *Grocery Outlet Inc. v. Albertson's Inc.*, 497 F.3d 949, 953 (9th Cir. 2007) (Wallace, J., concurring).

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

common law as requiring strict proof in the form of clear and convincing evidence.<sup>208</sup>

Two canons of statutory construction support Judge Wallace's views.<sup>209</sup> The first is that a court should construe a statute to avoid repeal of the common law.<sup>210</sup> The second provides that statutes in derogation of the common law should be strictly construed or not extended by construction.<sup>211</sup> As Congress did not specifically address the appropriate evidentiary standard in the Act, critics argue that the common law's clear and convincing standard should govern.<sup>212</sup>

However, this argument is not persuasive.<sup>213</sup> As the Federal Circuit and Judge McKeown noted, one must be cautious in applying common law abandonment principles and precedents to the Act.<sup>214</sup> The Act fundamentally changed the legal landscape.<sup>215</sup> Further, Congress's silence and its accommodations and statutory aids to those asserting abandonment belie an intention to impose a higher standard of proof.<sup>216</sup> Additionally, there is nothing in the legislative history to suggest Congress intended to impose an elevated standard.<sup>217</sup>

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<sup>208</sup> *Id.* at 952-53.

<sup>209</sup> See Karl B. Llewellyn, *Remarks on the Theory of Appellate Decision and the Rules or Canons About How Statutes Are to Be Construed*, 3 VAND. L. REV. 395, 399 (1950) (explaining construction canons assist courts in interpreting statutes).

<sup>210</sup> See *United States v. Texas*, 507 U.S. 529, 534 (1993) (explaining that to abrogate common law, statute must speak directly to question addressed by common law); *Isbrandtsen Co. v. Johnson*, 343 U.S. 779, 783 (1952) (stating statutes invading common law to be read with presumption favoring long-established principles except when contrary statutory purpose is evident). See generally 2B NORMAN J. SINGER, SUTHERLAND STATUTES AND STATUTORY CONSTRUCTION § 50:1 (6th ed. 2007) (discussing canon on implied repeal of common law).

<sup>211</sup> See *Shaw v. Railroad Co.*, 101 U.S. 557, 565 (1879) (explaining no statute is to be construed as altering common law further than its words import). See generally 3 SINGER, *supra* note 210, § 61:1 (discussing canon on nonderogation of common law).

<sup>212</sup> See *supra* notes 206-08 and accompanying text.

<sup>213</sup> See *supra* notes 206-12 and accompanying text.

<sup>214</sup> *Grocery Outlet Inc. v. Albertson's Inc.*, 497 F.3d 949, 954 (9th Cir. 2007) (McKeown, J., concurring).

<sup>215</sup> See *id.*

<sup>216</sup> See *Grogan v. Garner*, 498 U.S. 279, 286 (1991) (stating that silence in text and legislative history of bankruptcy code is inconsistent with view that Congress intended to require special, heightened standard of proof); *Harrods Ltd. v. Sixty Internet Domain Names*, 302 F.3d 214, 227 (4th Cir. 2002) (concluding, in face of silence in text and legislative history of law relating to domain names, that usual preponderance standard applies); see also *Pricewaterhouse v. Hopkins*, 490 U.S. 228, 253 (1989) (plurality opinion) (explaining preponderance generally applies and exceptions are uncommon).

<sup>217</sup> See *Cerveceria Centroamericana, S.A. v. Cerveceria India, Inc.*, 892 F.2d 1021,

Therefore, courts should apply a preponderance standard in trademark cancellation and infringement proceedings where a party alleges abandonment for nonuse.<sup>218</sup>

### C. Policy Considerations Favor a Preponderance Standard

A preponderance standard furthers the fundamental policies underlying trademark law.<sup>219</sup> Trademarks encourage competition and the production of high quality goods and services.<sup>220</sup> The public can use marks to purchase products from the businesses that produce the products they like.<sup>221</sup> In doing so, consumers reward firms with their patronage and loyalty.<sup>222</sup> Trademarks also discourage those who hope to sell inferior products by trying to capitalize on consumers' inability to identify and evaluate the quality of the item.<sup>223</sup>

Further, marks promote economic efficiency by reducing search costs for consumers, including time, money, and energy, in identifying goods that meet their needs.<sup>224</sup> In other words, trademarks allow consumers to relocate goods they like more quickly than by searching for product attributes each time.<sup>225</sup> Trying to find a product is

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1024 (Fed. Cir. 1989) (stating unable to discern from legislative history intent to raise burden of proof); *Massey Junior Coll., Inc. v. Fashion Inst. of Tech.*, 492 F.2d 1399, 1403 (C.C.P.A. 1974) (noting without some statutory direction, preponderance will usually be sufficient).

<sup>218</sup> See *supra* notes 213-17 and accompanying text.

<sup>219</sup> See *infra* notes 220-39 and accompanying text.

<sup>220</sup> *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 198 (1985). See generally Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 YALE L.J. 1687, 1694-95 (1999) (noting primary function of trademarks is to promote quality for public benefit, and lamenting increasing treatment as property).

<sup>221</sup> *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 163-64 (1995) (explaining trademarks encourage competition and quality goods); see also S. REP. NO. 100-515, at 6-7 (1988), as reprinted in 1988 U.S.C.A.N. 5577, 5580 (noting trademarks ensure public can identify brands they prefer).

<sup>222</sup> See *supra* note 221; see also *Blau Plumbing, Inc. v. S.O.S. Fix-It, Inc.*, 781 F.2d 604, 609 (7th Cir. 1986) (enabling consumers to discover in less time, and with least head scratching, whether source of good is particular company or competitor).

<sup>223</sup> *Qualitex*, 514 U.S. at 163-64. See generally *James Burrough Ltd. v. Sign of Beefeater, Inc.*, 540 F.2d 266, 274 (7th Cir. 1976) (noting public interest is paramount and that people do not confuse trademarks, trademarks confuse people); *Metro. Life Ins. Co. v. Metro. Ins. Co.*, 277 F.2d 896, 900 (7th Cir. 1960) (explaining paramount concern of courts is to protect public).

<sup>224</sup> See 1 MCCARTHY, *supra* note 18, § 2.01[2]; William M. Landes & Richard A. Posner, *Trademark Law: An Economic Perspective*, 30 J.L. & ECON. 265, 269 (1987) (noting consumer finds it less costly to search for goods by identifying trademark than searching for desired attributes).

<sup>225</sup> See *New Kids on the Block v. News Am. Publ'g, Inc.*, 971 F.2d 302, 305 n.2 (9th

exceedingly difficult if producers neglect to brand products or brand several products in a confusingly similar manner.<sup>226</sup>

Granting exclusive rights to a mark guarantees to consumers that the quality of the product will meet expectations and be consistent with the last purchase.<sup>227</sup> Trademarks also assure that manufacturers, not third-party imitators, will reap the financial reputation-related rewards of investment in product quality.<sup>228</sup> Therefore, the essence of a trademark is use.<sup>229</sup> Without use, there is no trademark.<sup>230</sup> Use, in the form of labeling, advertising, marketing, quality control, and sales, enables consumers to associate marks with particular goods.<sup>231</sup> Abandonment is the antithesis of use.<sup>232</sup>

Therefore, a preponderance standard best serves the public policy behind trademarks.<sup>233</sup> A preponderance standard encourages the owner to promote and use his mark.<sup>234</sup> If the owner does not invest in branding, promoting, and assuring quality, the mark will be more vulnerable to legal challenge.<sup>235</sup> In contrast, a clear and convincing standard makes the owner less vulnerable because the challenger must meet a higher burden of proof to prove abandonment.<sup>236</sup> Such

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Cir. 1992) (noting trademarks reduce consumer search costs by informing people that trademarked products come from same source).

<sup>226</sup> See 1 MCCARTHY, *supra* note 18, § 2.01[2] (stating trademarks reduce customers' cost of shopping and making purchasing decisions).

<sup>227</sup> See *Qualitex*, 514 U.S. at 163-64 (noting trademarks encourage quality products).

<sup>228</sup> *Id.* (explaining trademarks assure producer of goods will reap rewards of desired product).

<sup>229</sup> *Zazû Designs v. L'Oréal, S.A.*, 979 F.2d 499, 503 (7th Cir. 1992) (noting only active use allows consumers to associate mark with goods).

<sup>230</sup> *Id.*

<sup>231</sup> *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 97-98 (1918) (noting trademark is not subject of property right except in connection with business); *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 413-14 (1916) (explaining property right in trademark exists only appurtenant to business).

<sup>232</sup> *United Drug Co.*, 248 U.S. at 97 (explaining that unlike patent or copyright, trademark exists only appurtenant to business).

<sup>233</sup> See *supra* notes 218-32, and *infra* notes 235-39, and accompanying text.

<sup>234</sup> Cf. Elmer W. Hanak, III, *The Quality Assurance Function of Trademarks*, 43 *FORDHAM L. REV.* 363, 363-64 (1974) (observing in modern world primary function of trademark is to indicate quality rather than source).

<sup>235</sup> See FED. TRADE COMM'N, *TO PROMOTE INNOVATION: THE PROPER BALANCE OF COMPETITION AND PATENT LAW AND POLICY*, Executive Summary at 8-9, ch. 5, at 28 (2003), available at <http://ftc.gov/os/2003/10/innovationrpt.pdf> (recommending evidentiary standard in patent law be changed to preponderance standard to make questionable patents more susceptible to challenge and weeding out).

<sup>236</sup> See Patent Reform Act of 2007, H.R. 1908, 110th Cong. § 328 (2007) (changing

a standard provides less motivation to use and promote the mark and to invest in improving the quality of goods.<sup>237</sup> Under a clear and convincing standard, the complacent owner is more likely to fail to use and promote his mark.<sup>238</sup> As such, courts should apply a preponderance of the evidence standard to encourage use of trademarks and further public policy concerns underlying trademark law.<sup>239</sup>

#### CONCLUSION

The appropriate evidentiary standard for courts to apply in trademark abandonment proceedings is a preponderance of the evidence standard.<sup>240</sup> First, case law supports a preponderance standard in trademark cancellation and infringement proceedings where a party alleges abandonment.<sup>241</sup> Second, the statutory aids and challenger-friendly provisions of the Act indicate Congress did not intend to impose a higher standard of proof.<sup>242</sup> Third, a preponderance standard best promotes public policy concerns of competition and the production of higher quality goods.<sup>243</sup> While abandonment claims should be carefully scrutinized and strictly proved, the standard of proof should be a preponderance of the evidence.<sup>244</sup>

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evidentiary standard in certain patent law proceedings to preponderance standard to make questionable patents more vulnerable to challenge).

<sup>237</sup> See *supra* note 236.

<sup>238</sup> See *supra* note 236.

<sup>239</sup> See *supra* notes 219-38 and accompanying text.

<sup>240</sup> See *supra* Part III.

<sup>241</sup> See *supra* Part III.A.

<sup>242</sup> See *supra* Part III.B.

<sup>243</sup> See *supra* Part III.C.

<sup>244</sup> See *supra* Part III.