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One Chuck, Two Chuck: Analyzing Whether Federally Registered Trademarks Should be Distinguished From Unregistered, Common-Law Trademarks in the Context of *Converse, Inc. v. International Trade Commission*

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ONE CHUCK, TWO CHUCK: ANALYZING
WHETHER FEDERALLY REGISTERED
TRADEMARKS SHOULD BE DISTINGUISHED
FROM UNREGISTERED, COMMON-LAW
TRADEMARKS IN THE CONTEXT OF
*CONVERSE, INC. V. INTERNATIONAL TRADE
COMMISSION*

McKENZIE SUBART*

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INTRODUCTION

Trademark law in the United States involves “recognizing an intellectual property [right,] created and acquired by use. Government registration in the [United States] is essentially recognition of a right already acquired by use [R]egistration in the [United States] does not create the trademark.”¹ Therefore, “[u]se of a designation as a trademark in the marketplace does two things: (1)

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1. 3 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 19:1.75 (5th ed. 2019); *see also* JBLU, Inc. v. United States, 813 F.3d 1377, 1381 (Fed. Cir. 2016).

it creates common law rights under state law; and (2) under federal law, it creates a basis for federal registration.”² Converse and the United States Court of Appeals for the Federal Circuit (the “Federal Circuit”) put this principle of trademark law to the test in *Converse, Inc. v. International Trade Commission*.³ The Federal Circuit devotes two sentences,⁴ and includes four citations to other sources of authority,⁵ to whether there is a distinction between an unregistered, common-law trademark (“common-law trademark”) and a federally registered trademark (“federal trademark”).⁶ However, this brief discussion serves as the jumping-off point for the rest of the Federal Circuit’s opinion.

This Comment analyzes which trademark model (the pyramid model or the box model) is a better representation and characterization of trademarks and trademark rights. Under the pyramid model, there is one trademark: both common law rights and federal registration rights attach to this single trademark. For the pyramid model, trademark rights resemble a pyramid because federal registration rights build upon the foundation created by common law rights. Common law rights and federal registration rights are interdependent. Under the box model, there is a common-law trademark and a federal trademark: common law rights attach to the common-law trademark, and federal registration rights attach to the federal trademark. For the box model, trademark rights resemble two separate boxes because the first box contains common law rights, and the second box contains federal registration rights. Common law rights are independent of federal registration rights.

In Part I, this Comment provides a brief overview of trademark law and explains the basic principles of trademark law in the context of the pyramid model and the box model. Part II explains the procedural history of *Converse, Inc. v. International Trade Commission* before the International Trade Commission (the “ITC”). Part II also outlines the Federal Circuit opinion for *Converse, Inc. v. International Trade Commission*. In Part III, this Comment summarizes an earlier Federal Circuit opinion and an earlier Supreme Court opinion, focusing on which trademark model was applied in each case. Part IV

2. MCCARTHY, *supra* note 1, at § 19:8.

3. *Converse, Inc. v. Int’l Trade Comm’n*, 909 F.3d 1110 (Fed. Cir. 2018).

4. *Id.* at 1115. “In addressing these issues, we think that it is confusing and inaccurate to refer to two separate [trade]marks—a [federal] [trade]mark and a common-law [trade]mark. Rather, there is a single [trade]mark, as to which different rights attach from the common law and from federal registration.” *Id.*

5. *Id.* at 1115–16. The four sources cited include case law and the leading treatise on trademarks: (1) *In re Int’l Flavors & Fragrances Inc.*, 183 F.3d 1361 (Fed. Cir. 1999); (2) *In re Deister Concentrator Co.*, 289 F.2d 496 (C.C.P.A. 1961); (3) 3 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION, § 19:3 (5th ed. 2017 & Supp. 2018); and (4) *Matal v. Tam*, 137 S. Ct. 1744 (2017). *Id.*

6. *See id.* at 1115.

discusses whether the Federal Circuit correctly applied its chosen trademark model. Finally, this Comment concludes that the Federal Circuit, in *Converse, Inc v. International Trade Commission*, got it right; trademarks should be viewed in the context of the pyramid model.

I. OVERVIEW OF TRADEMARKS: PYRAMID OF RIGHTS VS. BOXES OF RIGHTS

The two different trademark models—the pyramid model and the box model—demonstrate a conflict in trademark law: how should trademarks and trademark rights be represented and characterized? The pyramid model recognizes the existence of only one trademark and views the rights conferred by trademark law as a pyramid with two levels. Although there is a single main trademark, the two levels of the pyramid represent sub-trademarks. Level 1 represents the common-law trademark portion of the trademark—which, in other words, is the trademark with common law rights attached. Level 1 consists of common law rights. If applicable, Level 2 represents the federal trademark portion of the trademark—which, in other words, is the trademark with federal registration rights attached. Level 2 contains federal registration rights. Level 1 and Level 2 build upon one another. Under the pyramid model, a trademark owner has two options: (1) a trademark owner can have only Level 1; or (2) a trademark owner can have both Level 1 and Level 2. Level 1 can exist without Level 2, but Level 2 cannot exist without Level 1.

The box model recognizes the existence of two separate trademarks (a common-law trademark and a federal trademark) and views the rights conferred by trademark law as two separate boxes. Box 1 contains the common-law trademark and common law rights, and Box 2 contains the federal trademark and federal registration rights. Box 1 and Box 2 are independent of one another. Under the box model, a trademark owner has three options: (1) a trademark owner can have both Box 1 and Box 2; (2) a trademark owner can have only Box 1; or (3) a trademark owner can have only Box 2.

Below are basic diagrams of the two trademark models:

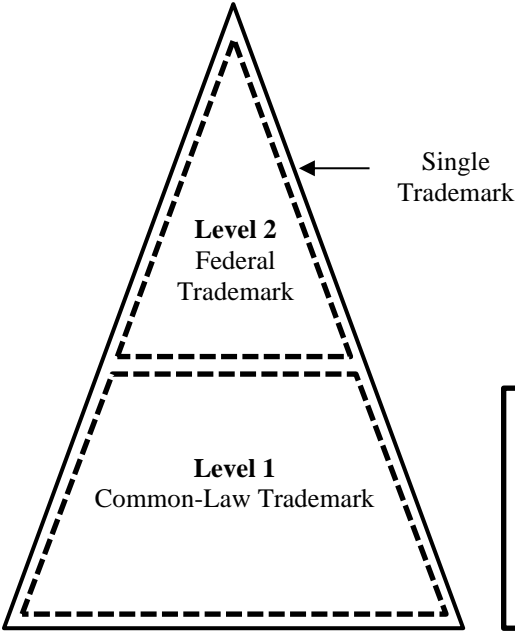


Figure 1: Pyramid Model

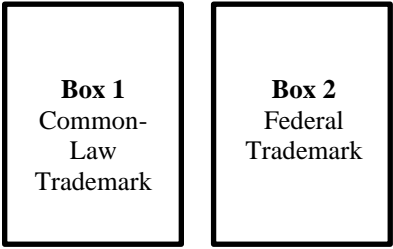


Figure 2: Box Model

The same principles of trademark law support both the pyramid model and the box model, but the interpretation of those principles highlights the differences between the two trademark models. First, the trademark in the pyramid model and the trademarks in the box model are established in the same way, and both trademark models include the same fundamental right afforded to trademark owners. The criteria for establishing a trademark right is not complex: the trademark must be “use[d] in commerce.”⁷ Therefore, as the Supreme Court has observed, the rule for establishing trademark ownership is use, not federal registration.⁸ Moreover, contingent on the ability to demonstrate validity, a trademark owner has “the right to prevent others from trading on the goodwill established by the trademark by using the same or a similar trademark in a way that is likely to cause confusion as to the source,

7. See Jonathan Hyman et al., *If the IP Fits, Wear It: IP Protection for Footwear—A U.S. Perspective*, 108 TMR 645, 659 (2018).

8. MCCARTHY, *supra* note 1, at § 19:3.

origin, or sponsorship of products.”⁹ Use in commerce establishes Level 1 of the pyramid model and Box 1 and Box 2 of the box model, and both levels of the pyramid model and boxes of the box model support the right outlined above; however, that is where the similarities between the two trademark models end. The differences between the pyramid model and the box model become apparent through other principles of trademark law.

The pyramid model and the box model support the relationship between common-law trademarks and federal trademarks in different ways. Trademark rights acquired from federal registration “may be considered supplemental to those recognized at common law, stemming from ownership of a trademark.”¹⁰ Federal registration does not eliminate common law rights.¹¹ “When a trademark is registered, common law rights continue: they are not erased by federal registration.”¹² The pyramid model views federal registration as building upon common law rights, adding another level to the pyramid. The box model views federal registration as adding another box that sits next to the common law box. In addition, federal registration “provides significant benefits and can make enforcement of the [trade]mark easier.”¹³ The scope of protection for common-law trademarks is limited:

Without registration, trademark rights under the [United States] common law system may be limited only to those geographic areas where the [trade]mark is used. Additionally, when relying only on common law rights, the trademark owner must prove that the [trade]mark is valid and protectable in order to prevail in a claim of trademark infringement.¹⁴

In comparison, the scope of protection for federal trademarks is broader:

A federal[] . . . [trade]mark is presumed to be a valid [trade]mark and the registrant is presumed to have the exclusive right to use the trademark throughout the United States on the goods or services listed in the registration. Additionally, a registration constitutes constructive notice to third parties of the registrant’s rights in the [trade]mark, is readily revealed in trademark clearance searches conducted by others,

9. Hyman et al., *supra* note 7, at 659.

10. *In re Beatrice Foods Co.*, 429 F.2d 466, 472 (1970).

11. MCCARTHY, *supra* note 1, at § 19:3.

12. *Id.*

13. Hyman et al., *supra* note 7, at 659.

14. *Id.*

can block confusingly similar [trade]marks from registering, and can also be registered with Customs to help block the importation of counterfeit goods. After five years, the registration may become incontestable, which significantly limits the grounds on which competitors can attack the registration.¹⁵

From the pyramid model perspective, the significant benefits of federal registration add to the minimal benefits conferred by common law. From the box model perspective, the significant benefits of federal registration are separate from the minimal benefits conferred by common law.

Furthermore, the sources of trademark law can be interpreted to either support the pyramid model or the box model. “Federal registration and state common law rights emanate from separate government sources.”¹⁶ For example, in terms of federal law, trademarks in the United States are primarily governed by the Lanham Act.¹⁷ For the pyramid model, the separate sources of law represent the two levels of the pyramid; the separate sources of law still need to cooperate for the trademark system to function. In comparison, for the box model, because multiple sources govern trademark law, it requires two separate boxes; different sources of law mean different governing statutes, different rights, and different remedies.

Finally, the ability to bring civil actions and the associated remedies provided for under trademark law can be interpreted to either support the pyramid model or the box model. A trademark owner can bring a civil action under either state law or federal law.¹⁸ For trademark infringement under the Lanham Act, the trademark owner can rely on 15 U.S.C. § 1114 for a federal trademark or 15 U.S.C. § 1125(a) for a common-law trademark.¹⁹ A trademark owner’s ability to bring a civil action under federal law is not limited because “[a] failure to successfully register does not disturb existing state or federal [common law] rights in a [trade]mark.”²⁰ The fact that a federal law remedy exists for a common-law trademark supports the pyramid model and the idea that common-law trademarks and federal trademarks are intertwined. However, in contrast, the fact that there is the ability to choose between state

15. *Id.* at 659–60.

16. MCCARTHY, *supra* note 1, at § 19:3.

17. Hyman et al., *supra* note 7, at 659.

18. *About Trademark Infringement*, USPTO, <https://www.uspto.gov/page/about-trademark-infringement> [<https://perma.cc/3LKD-A4ZZ>] (last visited Sept. 29, 2019).

19. *Trademark Infringement*, LEGAL INFO. INST., https://www.law.cornell.edu/wex/trademark_infringement [<https://perma.cc/7Y3Q-LYD2>] (last visited Sept. 29, 2019).

20. MCCARTHY, *supra* note 1, at § 19:3.

law and federal law supports the box model and the idea that common-law trademarks and federal trademarks are separate and distinct.

II. THE CONVERSE, INC. V. INTERNATIONAL TRADE COMMISSION DECISION

Converse, Inc. v. International Trade Commission is a recent example of the conflict between the pyramid model and the box model. The ITC decided that trademarks and trademark rights follow the box model.²¹ However, the Federal Circuit decided that trademarks and trademark rights follow the pyramid model.²²

A. *Converse and the International Trade Commission*

It all started with a trademark: U.S. Trademark Registration No. 4,398,753 (“Converse’s federal trademark”).²³ Converse’s federal trademark was issued on September 10, 2013.²⁴

[Converse’s federal trademark] . . . describes the trade-dress configuration of three design elements on the midsole of Converse’s [Chuck Taylor] All Star shoes. In particular, as described in the registration, ‘[Converse’s federal] [trade]mark consists of the design of the two stripes on the midsole of the shoe, the design of toe cap, the design of the multi-layered toe bumper featuring diamonds and line patterns, and the relative position of these elements to each other.’²⁵ Converse’s federal trademark is depicted below.²⁶

21. See *Converse, Inc. v. Int’l Trade Comm’n*, 909 F.3d 1110, 1114 (Fed. Cir. 2018).

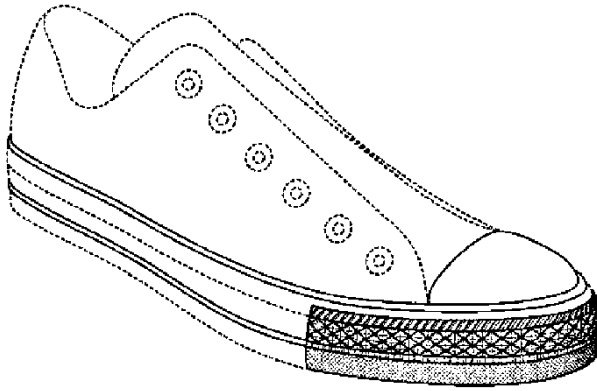
22. See *id.* at 1115.

23. *Id.* at 1113.

24. *Id.*

25. *Id.* at 1113–14.

26. *Id.* at 1114.



Fast forward approximately one year to the starting point of “one of the most hotly-litigated trademark cases ever.”²⁷ On October 14, 2014, Converse filed a lawsuit with the ITC.²⁸ In its complaint, Converse “alleg[ed] violations of section 337 [of the Tariff Act of 1930] by various respondents in the importation into the United States, the sale for importation, and the sale within the United States after importation of shoes that infringe on its trademark.”²⁹

The ITC initiated an investigation on November 17, 2014.³⁰ Even though some of the respondents defaulted, several other respondents that Converse named in its complaint (the “intervenors”) “appeared and actively participated in the ITC proceedings, asserting that the accused products did not infringe . . . [Converse’s federal trademark] and that, in any event, [Converse’s federal trademark] was invalid.”³¹

One of the critical issues contested by the parties was whether Converse’s federal trademark had acquired secondary meaning.³² Converse argued that Converse had used the three design elements in Converse’s federal trademark since 1932, and therefore, Converse had established secondary meaning.³³ However, the intervenors argued that Converse had not established secondary meaning because the use of Converse’s federal trademark had not been “substantially exclusive.”³⁴ Moreover, to further support their argument that

27. *Converse Scores a Win in “One of the Most Hotly-Litigated Trademark Cases Ever,”* THE FASHION LAW (Oct. 30, 2018), <http://www.thefashionlaw.com/home/in-front-of-the-federal-circuit-converse-scores-a-win-in-highly-watched-chuck-taylor-case> [<https://perma.cc/8PT2-YPD4>].

28. *Converse*, 909 F.3d at 1114.

29. *Id.*

30. *Id.*

31. *Id.*

32. *Id.*

33. *Id.*

34. *Id.*

Converse's federal trademark lacked secondary meaning, the intervenors offered the Butler survey to show that consumers did not associate Converse's federal trademark with a single source.³⁵ Converse and the intervenors also disputed trademark infringement.³⁶ The ITC and the ITC Administrative Law Judge ("ALJ") "treated Converse as claiming two separate [trade]marks[:] a common-law [trade]mark and a [federal] [trade]mark."³⁷ Thus, the ITC and ITC ALJ decided to go with the box model.

The ITC ALJ issued an initial determination on November 17, 2015.³⁸ The ITC ALJ "[found] violations of section 337 by the intervenors because . . . [Converse's federal] trademark was infringed and not invalid, relying on the presumption of secondary meaning afforded to . . . [Converse's federal] [trade]mark."³⁹ The ITC ALJ determined that Converse's common-law trademark had not acquired secondary meaning, "[b]ut that, if protectable, the common-law [trade]mark was infringed[.]"⁴⁰

Converse, the intervenors, and the ITC staff petitioned to have the initial determination reviewed.⁴¹ The ITC issued a final determination on June 23, 2016.⁴² The ITC made determinations for both Converse's common-law trademark and Converse's federal trademark.⁴³ First, for Converse's common-law trademark, "the ITC affirmed the [ITC] ALJ's finding that . . . [Converse's common-law] [trade]mark had not acquired secondary meaning."⁴⁴ Second, for Converse's federal trademark, "[t]he ITC reversed the [ITC] ALJ's finding of no invalidity The ITC found . . . [Converse's federal] [trade]mark invalid in light of its determination that . . . [Converse's federal] [trade]mark had not acquired secondary meaning."⁴⁵ Furthermore, "[t]he ITC determined that, if either trademark was not invalid or protectable, it was infringed, affirming the [ITC] ALJ's finding in this respect."⁴⁶

The ITC did not enter an exclusion order in regard to the intervenors or any of the other respondents.⁴⁷ Converse appealed to the Federal Circuit.⁴⁸

35. *Id.*

36. *Id.*

37. *Id.*

38. *Id.*

39. *Id.*

40. *Id.*

41. *Id.*

42. *Id.*

43. *Id.* at 1114–15.

44. *Id.* at 1115.

45. *Id.*

46. *Id.*

47. *Id.*

48. *Id.*

Converse, Inc. v. International Trade Commission ensued.

B. *Converse and the Federal Circuit*

On October 30, 2018, the Federal Circuit determined the fate of Converse's common-law trademark and federal trademark in *Converse, Inc. v. International Trade Commission*.⁴⁹ A divided Federal Circuit "conclude[d] that the ITC made a series of errors that require[d] a remand."⁵⁰ The Federal Circuit separated its opinion into three parts to address these errors.⁵¹ In Part I, the Federal Circuit "discuss[ed] the relevant date for assessing secondary meaning, the significance of Converse's trademark registration, and the benefits arising from that registration."⁵² In Part II, the Federal Circuit "define[d] the factors to be weighed in determining whether a [trade]mark has acquired secondary meaning."⁵³ In Part III, the Federal Circuit "address[ed] the standard for evaluating likelihood of confusion for the purposes of determining [trademark] infringement."⁵⁴

In Part I, the Federal Circuit began by stating that "it is confusing and inaccurate to refer to two separate [trade]marks[:] a [federal] [trade]mark and a common-law [trade]mark."⁵⁵ According to the Federal Circuit, trademarks and trademark rights are characterized according to the pyramid model because "[Converse has] a single [trade]mark, as to which different rights attach from the common law and from federal registration."⁵⁶ The Federal Circuit provided four citations to support its proposition that Converse possessed only one trademark: (1) *In re International Flavors & Fragrances Inc.*,⁵⁷ (2) *In re Deister Concentrator Co.*,⁵⁸ (3) *McCarthy on Trademarks and Unfair Competition*,⁵⁹ and (4) *Matal v. Tam*.⁶⁰ The Federal Circuit did some simple math: Converse's common-law trademark plus Converse's federal trademark equals Converse's trademark.⁶¹

With this crucial determination out of the way, the Federal Circuit next

49. *Converse Scores a Win in "One of the Most Hotly-Litigated Trademark Cases Ever," supra* note 27.

50. *Converse*, 909 F.3d at 1115.

51. *Id.*

52. *Id.*

53. *Id.*

54. *Id.*

55. *Id.*

56. *Id.*

57. *Id.*

58. *Id.* at 1115–16.

59. *Id.* at 1116.

60. *Id.*

61. *See generally id.* at 1115.

outlined the prima facie case for trademark infringement, and it explained two ways in which a trademark can be distinctive.⁶² The Federal Circuit stated that since Converse was attempting to protect product design, it must show that its trademark had acquired secondary meaning.⁶³ However, “[t]he ITC’s decision never determined the relevant date for assessing the existence of secondary meaning.”⁶⁴ The Federal Circuit proceeded to analyze the appropriate date for determining secondary meaning.⁶⁵

In Part I, the Federal Circuit concluded that “Converse’s registration confer[red] a presumption of secondary meaning beginning only as of the date of registration and confer[red] no presumption of secondary meaning before the date of registration.”⁶⁶ Therefore, the Federal Circuit held that “with respect to infringement by those respondents whose first uses came before the registration (including all of the intervenors), Converse must establish[,] without the benefit of the presumption[,] that its [trade]mark had acquired secondary meaning before the first infringing use by each respondent.”⁶⁷ The Federal Circuit directed the ITC to use this correct, relevant date on remand.⁶⁸

While the ITC weighed seven factors for determining whether Converse’s federal trademark acquired secondary meaning, in Part II of the opinion, the Federal Circuit determined that only six factors were necessary for the secondary meaning assessment.⁶⁹ For the Federal Circuit’s secondary meaning test, the factors to consider include:

(1) association of the trade dress with a particular source by actual purchasers (typically measured by customer surveys); (2) length, degree, and exclusivity of use; (3) amount and manner of advertising; (4) amount of sales and number of customers; (5) intentional copying; and (6) unsolicited media coverage of the product embodying the [trade]mark.⁷⁰

Further, after outlining the appropriate secondary meaning test, the Federal Circuit delved into a discussion of the particularities of some of the factors.⁷¹

62. *Id.* at 1116.

63. *Id.*

64. *Id.*

65. *Id.* at 1116–17.

66. *Id.* at 1118.

67. *Id.*

68. *See id.* at 1119.

69. *Id.* at 1119–20.

70. *Id.* at 1120.

71. *Id.* at 1120–23.

The Federal Circuit instructed the ITC to use the six-factor test on remand.⁷²

Finally, in Part III of the opinion, the Federal Circuit outlined the appropriate likelihood-of-confusion analysis for trademark infringement.⁷³ The Federal Circuit directed the ITC to “determine whether [the accused products] are substantially similar to [Converse’s] [trade]mark” when it undertakes the trademark infringement analysis on remand.⁷⁴

While the pyramid model prevailed in *Converse, Inc. v. International Trade Commission*, the box model does not go ignored. The box model has its day in court with Judge O’Malley’s concurrence in part and dissent in part.⁷⁵ Judge O’Malley cited four reasons to support her opinion “that the majority was correct in vacating the ITC’s decision but that it had addressed issues not properly before it, with respect to the validity and infringement analyses.”⁷⁶

Specifically, [Judge O’Malley] believe[d] that the majority: (1) misperceive[d] the scope of the ITC’s authority to invalidate duly issued intellectual property rights when it addresses the issue of the validity of a [federal] [trade]mark; (2) blur[red] the line between the concepts of priority of use under common law and the validity of a [federal] [trade]mark; (3) espouse[d] advisory—and unnecessary—opinions on the weight to be given certain survey evidence and the question of infringement; and (4) ignore[d] the ITC’s statutory obligation to enter remedies against defaulting parties.⁷⁷

Judge O’Malley’s second point is most relevant to this Comment. According to Judge O’Malley, “the relevant and only question” before the court involved Converse’s common-law trademark.⁷⁸ “[T]he majority goes on to assess the validity of . . . [Converse’s federal] [trade]mark even though no respondents remain for whom . . . [Converse’s federal] [trade]mark is relevant.”⁷⁹ It appears that Judge O’Malley supported the use of the box model and believed, as the ITC did, that Converse possessed two separate trademarks.

Both trademark models make an appearance in the *Converse, Inc. v. International Trade Commission* opinion, but the question remains: did the Federal Circuit select the correct trademark model?

72. *See id.*

73. *Id.* at 1124.

74. *Id.*

75. *See id.* at 1127.

76. *Trademark/Trade Dress Infringement*, 31 NO. 3 BUS. TORTS REP. 66 (2019).

77. *Converse*, 909 F.3d at 1127–28.

78. *Id.* at 1131.

79. *Id.*

III. TRADEMARK DECISIONS COMPARISON

The Federal Circuit, in *Converse, Inc. v. International Trade Commission*, touched on important aspects of trademark law and provided crucial clarifications. Most importantly, the Federal Circuit determined that trademarks and trademark rights follow the pyramid model rather than the box model. The substantive portions of the *Converse, Inc. v. International Trade Commission* opinion turned on the Federal Circuit's determination that trademarks and trademark rights function under the pyramid model. Furthermore, the Supreme Court supports the Federal Circuit's use of the pyramid model. *In re International Flavors & Fragrances Inc.* and *Matal v. Tam*, two cases cited in the *Converse, Inc. v. International Trade Commission* opinion, are examples of the Federal Circuit and the Supreme Court applying and upholding the pyramid model. For both cases, background and procedural history are provided for context. The relevant portions of the opinions that are cited by the Federal Circuit in *Converse, Inc. v. International Trade Commission* are then outlined.

A. Federal Circuit Case: *In re International Flavors & Fragrances Inc.*

International Flavors & Fragrances Inc. ("IFF") manufactured and marketed flavor and fragrance essences for a variety of uses.⁸⁰ In 1994, IFF filed three trademark applications with the U.S. Patent and Trademark Office (the "USPTO") for "LIVING XXXX FLAVORS,"⁸¹ "LIVING XXXX FLAVOR,"⁸² and "LIVING XXXX."⁸³ The XXXX served as a placeholder for specific herbs,⁸⁴ fruits,⁸⁵ plants,⁸⁶ vegetables,⁸⁷ botanicals,⁸⁸ and botanical extracts.⁸⁹

The registrations for the trademarks were initially rejected by the examining attorney "because the specimens did not match the [trade]marks depicted in the specimens, i.e., the specimens did not have an 'XXXX'".

80. *In re Int'l Flavors & Fragrances, Inc.*, 183 F.3d 1361, 1363–64 (Fed. Cir. 1999).

81. *Id.* at 1363.

82. *Id.*

83. *Id.* at 1364.

84. *Id.*

85. *Id.*

86. *Id.*

87. *Id.*

88. *Id.*

89. *Id.*

element.”⁹⁰ IFF “entered disclaimers for the terms ‘FLAVOR’ and ‘FLAVORS’ and amended the applications to add that ‘the “XXXX” designations are themselves not part of the [trade]mark.’”⁹¹ However, a final rejection was issued, and the registration for the trademarks was denied.⁹²

IFF appealed to the U.S. Patent and Trademark Office Trademark Trial and Appeal Board (the “TTAB”).⁹³ In its opinion, the key issue, as identified by the TTAB, was that IFF was attempting “to protect, in three registrations[,] . . . an unknown number of [trade]marks.”⁹⁴ “The [TTAB] concluded that anyone conducting a search of IFF’s phantom [trade]mark would be unable to determine the entire scope covered by such [trade]marks and would be unable to ascertain the designation used to identify and distinguish the goods covered by the [trade]mark.”⁹⁵ The TTAB agreed with the examining attorney’s initial determination and “affirmed . . . [the] final rejection of [the trademark registration] applications.”⁹⁶ IFF appealed the TTAB’s decision to the Federal Circuit.⁹⁷ The Federal Circuit upheld the TTAB’s decision.⁹⁸

In addition to identifying that a trademark application may only be used to register for one trademark, the Federal Circuit explained the relationship between common-law trademarks and federal trademarks.⁹⁹ First, the Federal Circuit noted that “[t]he federal registration of a trademark does not create an exclusive property right in the [trade]mark.”¹⁰⁰ “The owner of the [trade]mark already has the property right established by prior use.”¹⁰¹ Trademarks “identif[y] and distinguish[] the owner’s goods from others. It also signifies the source and quality of the goods. These attributes are not established or granted by federal registration of the [trade]mark.”¹⁰² A trademark owner “need not register his or her [trade]mark in accordance with the Lanham Act in order to use the [trade]mark in connection with goods or to seek to prevent others from using the [trade]mark.”¹⁰³ “However, those trademark owners who register their [trade]marks with the [USPTO] are afforded additional protection

90. *Id.* (emphasis omitted).

91. *Id.*

92. *Id.*

93. *Id.*

94. *Id.*

95. *Id.* at 1364–65.

96. *Id.* at 1365.

97. *Id.*

98. *Id.* at 1368.

99. *Id.* at 1366.

100. *Id.*

101. *Id.*

102. *Id.*

103. *Id.*

not provided by the common law.”¹⁰⁴

The Federal Circuit continued its opinion by outlining the benefits of federal registration. The Federal Circuit noted that the purpose of implementing a federal trademark registration scheme was to build upon common law rights.¹⁰⁵

[T]he Lanham Act provides a federal[] . . . trademark owner a forum in federal court in which to adjudicate infringement claims, . . . and it allows, in certain cases, a registrant whose [trade]mark has been infringed to seek costs, treble damages, [and] attorney fees . . . ; the destruction of infringing articles . . . ; and the ability to prevent the importation of infringing goods¹⁰⁶

Federal registration serves the interests of the registrants, other participants in the market place such as entrepreneurs, and consumers.¹⁰⁷ “Federal registration provides a useful means for the public to provide enhanced legal protections to a common law property right in exchange for protection of the public against palming off and misrepresentation in the market place.”¹⁰⁸ Based on the reasoning included in the opinion, it is clear that the Federal Circuit relied on the pyramid model rather than the box model.

B. Supreme Court Decision: Matal v. Tam

In *Matal v. Tam*, Simon Tam, lead singer of *The Slants*, sought to register the band’s name under federal trademark law.¹⁰⁹ The USPTO denied the application based on a provision in the Lanham Act “prohibiting the registration of trademarks that may ‘disparage . . . or bring . . . into contemp[t] or disrepute’ any ‘persons, living or dead.’”¹¹⁰ “Tam contested the denial of registration through the administrative appeals process, to no avail. He then took the case to federal court, where the en banc Federal Circuit ultimately found the disparagement clause facially unconstitutional under the First Amendment’s Free Speech Clause.”¹¹¹ The Supreme Court upheld the Federal Circuit’s

104. *Id.*

105. *Id.*

106. *Id.* at 1366–67.

107. *Id.* at 1367.

108. *Id.* at 1368.

109. *Matal v. Tam*, 137 S. Ct. 1744, 1747 (2017).

110. *Id.* at 1751.

111. *Id.* at 1747.

determination.¹¹²

Before delving into the merits of the denied application, the Supreme Court discussed the fundamentals of trademarks, including a comparison between common-law trademarks and federal trademarks.¹¹³ To begin, the Supreme Court stated that “[f]ederal law does not create trademarks.”¹¹⁴ “Trademarks and their precursors have ancient origins, and trademarks were protected at common law and in equity at the time of the founding of [the United States].”¹¹⁵ Trademark law became the purview of the federal government with the passage of the Lanham Act in 1946.¹¹⁶ “This system of federal registration [as outlined in the Lanham Act] helps to ensure that trademarks are fully protected and supports the free flow of commerce.”¹¹⁷ Furthermore, the Supreme Court reiterated that “[n]ational protection of trademarks is desirable . . . because trademarks foster competition and the maintenance of quality by securing to the producer the benefits of good reputation.”¹¹⁸

Moreover, the Supreme Court explained that valid trademarks do not require federal registration to be used in commerce.¹¹⁹ In addition to the protection of state trademark law, common-law trademarks fall under the purview of federal trademark law in two important instances.¹²⁰ First, “even if a trademark is not federally registered, it may still be enforceable under § 43(a) of the Lanham Act, which creates a federal cause of action for trademark infringement.”¹²¹ Second, “[common-law] trademarks may also be entitled to protection under other federal statutes, such as the Anticybersquatting Consumer Protection Act”¹²² The Supreme Court also discussed the protection of common-law trademarks at the state level.¹²³ The Supreme Court recognized that federal registration builds upon the foundation established by common law rights, stating that “[f]ederal registration . . . ‘confers important legal rights and benefits on trademark owners who register their

112. *Id.* at 1751.

113. *Id.*

114. *Id.* (quoting *B & B Hardware, Inc. v. Hargis Indus., Inc.*, 135 S. Ct. 1293, 1299 (2015)) (internal quotation marks omitted).

115. *Id.*

116. *Id.* at 1752.

117. *Id.*

118. *Id.* (quoting *San Francisco Arts & Athletics, Inc v. United States Olympic Comm.*, 483 U.S. 522, 531 (1987)) (internal quotation marks omitted).

119. *Id.*

120. *Id.*

121. *Id.*

122. *Id.*

123. *Id.*

[trade]marks.””¹²⁴ Based on the reasoning included in the opinion, the Supreme Court was clearly advocating for the pyramid model rather than the box model.

C. *But What About the Box Model?*

In *Converse, Inc. v. International Trade Commission*, the Federal Circuit provides a snapshot of the trademark cases that follow the pyramid model, briefly discussing four citations to other sources of authority,¹²⁵ to support its decision to apply the pyramid model. The Federal Circuit only scratches the surface; there are many more trademark law cases that discuss the pyramid model. However, there does not appear to be any Federal Circuit or Supreme Court majority opinions that rely on the box model. This lack of support for the box model bolsters the argument that the Federal Circuit got it right in *Converse, Inc. v. International Trade Commission*.

IV. PRAISE FOR THE FEDERAL CIRCUIT

The Federal Circuit correctly selected the pyramid model. The ITC erred in applying the box model to distinguish Converse’s common-law trademark from Converse’s federal trademark. Converse does not have a common-law trademark and a federal trademark. Rather, Converse has a single trademark that has common law rights and federal registration rights. Converse has a main trademark with a common law trademark portion and a federal trademark portion. Converse has a pyramid with two levels. Common law rights and federal registration rights build upon one another. Federal registration rights support common law rights by providing additional safeguards; federal registration rights do not supplant common law rights.

Moreover, the Federal Circuit maintained an important trademark tradition and precedent with its decision in *Converse, Inc. v. International Trade Commission*. Even though the field of trademarks continuously evolves, the underlying principles do not. The pyramid model is a better representation of these underlying principles than the box model. It is unclear as to why the ITC decided to apply the box model because the ITC ALJ did not provide any support for that determination. The ITC ALJ stated that the box model applied and moved on with the rest of the analysis without further reasoning. Regardless of the lack of reasoning by the ITC ALJ, the Federal Circuit recognized the error and quickly corrected course. Furthermore, it is important to recognize that cases prior to *Converse, Inc. v. International Trade Commission* maintained the same foundational aspects of trademark law by applying the pyramid model. If there were an issue with viewing trademarks

124. *Id.* at 1753.

125. *Converse, Inc. v. Int’l Trade Comm’n*, 909 F.3d 1110, 1115–16 (Fed. Cir. 2018).

and trademark rights under the pyramid model, there would be a discrepancy between *Converse, Inc. v. International Trade Commission* and prior case law. However, there is no discrepancy here.

It is not contrary to the fundamental principles of trademark law to think of trademarks and trademark rights as a pyramid. The essence of trademarks is interdependence. The product relies on the trademark as a source of identification. The product relies on the use of the trademark in commerce to attach common law rights. The consumer relies on the trademark as a way to distinguish one product from another. Federal registration rights rely on common law rights. Therefore, it makes sense that there is a single trademark. Trademark rights exist as a pyramid with federal registration rights building upon common law rights. The pyramid model is the way to go.

CONCLUSION

In *Converse, Inc. v. International Trade Commission*, the Federal Circuit provided further clarification on the issue of whether common-law trademarks are distinguishable from federal trademarks. The Federal Circuit correctly answered this question by applying the pyramid model. Trademarks should be viewed under the context of the pyramid model. A trademark constitutes one pyramid, composed of two levels that define the sub-trademarks and associated rights. Level 1 contains the common-law trademark portion and common law rights, and Level 2 houses the federal trademark portion and federal registration rights. This crucial determination—that trademarks and trademark rights work like a pyramid—impacted the remaining portions of the *Converse, Inc. v. International Trade Commission* opinion. Although the Federal Circuit did not devote many words to the determination that the pyramid model applies, the importance of viewing trademark law under the pyramid model cannot be underscored. It is clear that the Federal Circuit took one out of Converse's playbook: do not mess with a classic. Just as the Converse All-Star shoe is a classic in the universe of consumer goods, fundamental trademark principles and the pyramid model are classics in the universe of intellectual property law.