

Trademarks: Trademarks and Tradenames: Actions for Infringement of Technical Marks Equated with Those for Infringement of Nontechnical Marks Which Have Acquired a Secondary Meaning. (First Wisconsin National Bank of Milwaukee v. Wichman).

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tionalized the child from birth and visit the child for several hours on the average of once every two months, it is hard to justify allowing the parents to retain the same dominant power over health care decisions as they would if the child were living at home. Such parents are not in as good a position to judge the best interests of the child as those who have become the "psychological parents"⁵⁸ making the day-to-day custodial decisions for the child. The parents should make medical decisions when they are qualified to do so. However, as the United States Supreme Court indicates, when their commitment to the child has been less than that of the day-to-day parent, a lesser emphasis should be placed on their decisions.⁵⁹

WILLIAM A. MOELLER

TRADEMARKS — Trademarks and Tradenames — Actions for Infringement of Technical Marks Equated with Those for Infringement of Nontechnical Marks Which Have Acquired a Secondary Meaning. *First Wisconsin National Bank of Milwaukee v. Wichman*, 85 Wis. 2d 54, 270 N.W.2d 168 (1978). In the recent case of *First National Bank of Milwaukee v. Wichman*,¹ the Wisconsin Supreme Court abolished the traditional common-law distinctions between actions brought for infringement of technical trademarks² and those commenced to protect nontechnical trademarks³ which had acquired a secondary meaning.⁴ By its decision, the court expanded the scope of protection available to nontechnical marks with secondary meaning and eliminated the necessity of a plaintiff's proving

58. See J. GOLDSTEIN, A. FREUD & A. SOLNIT, *BEYOND THE BEST INTERESTS OF THE CHILD* 17-21 (1973).

59. *Quilloin v. Walcott*, 434 U.S. 246 (1978).

1. 85 Wis. 2d 54, 270 N.W.2d 168 (1978).

2. 3 R. CALLMAN, *THE LAW OF UNFAIR COMPETITION, TRADEMARKS AND MONOPOLIES* (3d ed. 1969), § 66.1, at 21-22 [hereinafter cited as 3 R. CALLMAN].

3. *Id.*

4. 25 Mo. L. REV. 100, 101 (1960).

direct competition with,⁵ and the fraudulent intent of⁶ the defendant in an action to protect a nontechnical mark. The *Wichman* holding appears to indicate that the proper focus of analysis in trademark infringement cases is upon the nature of the defendant's conduct and its effect on the plaintiff rather than upon the nature or character of the mark involved. The court's apparent recognition of the artificiality of distinctions previously drawn between technical marks and nontechnical marks which have acquired a secondary meaning is defensible both in theory and when considering the realities of the marketplace.

I. THE CASE

The First Wisconsin National Bank of Milwaukee adopted its name in 1919. The bank first registered its tradename, "First Wisconsin," with the Wisconsin Secretary of State in 1967 with the registration restricted to banking. The First Wisconsin Bankshares Corporation is a bank holding company which registered the name "First Wisconsin" with the United States Patent Office in 1969, such registration being limited to use in connection with "general banking services." Beginning in 1967, the bank and the bank holding company emphasized this tradename in their advertising and promotions, and since 1966 they spent more than one million dollars per year advertising the name.⁷

In 1970, Gerald E. Wichman began doing business as a builder and seller of homes in the Milwaukee area under the name of "First Wisconsin Home Company." Wichman registered the name of his company with the Wisconsin Secretary of State in 1970 as a tradename limited to the business of building and selling homes. Wichman built over 100 homes between 1970 and 1975 and established a good reputation for honesty and fine workmanship.⁸

In 1973, the plaintiffs, First Wisconsin National Bank of Milwaukee and First Wisconsin Bankshares Corporation, brought an action to enjoin Wichman's use of the name "First

5. 85 Wis. 2d at 66.

6. *Id.* at 64-65.

7. *Id.* at 58-59.

8. *Id.* at 57.

Wisconsin." The action, rather than being based upon the filings the bank and holding company had made with the Secretary of State and the patent offices, was founded upon the common-law torts of infringement and unfair competition.⁹ The trial court held that Wichman had infringed upon the plaintiffs' tradename and granted the injunction.

On appeal, the Wisconsin Supreme Court affirmed the trial court's finding that the defendant's use of the name "First Wisconsin Home Company" had infringed upon plaintiff's nontechnical mark, "First Wisconsin," which, it was admitted by defendant Wichman, had acquired a secondary meaning.¹⁰ Further, the court held that a showing of fraudulent intent on the part of the defendant, previously an element of an action to protect a nontechnical mark which had acquired secondary meaning, was no longer required.¹¹ Instead, the court appeared to hold that fraudulent intent merely constituted a factor to be considered in determining the likelihood of confusion between the marks. Finally, the court noted that there was no necessity of showing direct competition between the plaintiff and defendant in order to maintain an action for infringement, so long as there existed a likelihood of confusion of business — that is, confusion as to the sponsorship or origin of goods or services.¹²

II. BACKGROUND INFORMATION

A technical mark, known as a trademark at common law, is a name, sign, or mark which one adopts to denominate commercial goods originating from a particular source.¹³ Its primary purposes are to identify the source of goods or services and to distinguish them from other goods or services.¹⁴ To constitute a technical mark, the word, name, symbol, or device used to identify the goods or services and distinguish them

9. *Id.* at 56.

10. *Id.* at 64.

11. *Id.* at 65.

12. *Id.* at 67.

13. *Southwestern Bell Tel. Co. v. Nationwide Independent Directory Services, Inc.*, 371 F. Supp. 900, 907 (W.D. Ark. 1974).

14. *Developments in the Law - Trademarks and Unfair Competition*, 68 HARV. L. REV. 814, 822 (1955) [hereinafter cited as *Developments*]; see also Handler & Pickett, *Trade-marks and Trade Names — An Analysis and Synthesis*, 30 COLUM. L. REV. 168 (1930) [hereinafter cited as Handler & Pickett].

from the goods and services of others must reflect a certain originality. A technical mark is one which is fanciful, arbitrary, unique, distinctive, or nondescriptive.¹⁵ Upon first use¹⁶ of a technical mark, trademark rights accrue.¹⁷ When the mark qualifies as a technical trademark it is said that the mark has been exclusively "appropriated" by its owner,¹⁸ and the owner acquires a "monopoly" over the mark.¹⁹ A mark may be appropriated to the use of one person.²⁰

Nontechnical marks, "tradenames" in the old common-law nomenclature, are trade designations which fail to qualify under the standards for technical marks.²¹ For example, words descriptive of qualities of attributes of the product, personal names, geographical terms, and the like are designated as nontechnical marks.²² Such a mark is protected only after it has acquired "secondary meaning"²³ since it is not immediately distinctive as applied to the goods. Secondary meaning arises when the mark has been used in such a manner that, to the public mind, it is so associated with the goods that it serves to identify the goods and distinguish them from the goods of others.²⁴ In other words, when the symbol acquires source significance among consumers, it achieves a legally pro-

15. 3 R. CALLMAN, *supra* note 2, § 66.1, at 22.

16. Lane, *A Primer for the General Practitioner on Trademarks and Unfair Competition*, 34 Mo. B. J. 86, 87 (1978); *Developments, supra* note 14, at 819.

A trade-mark at common law is acquired not solely through origination of the mark but through its use in trade. No specific period of use is generally required; a single instance may be sufficient, if the circumstances show intent to continue. This use must generally be more than a shipment within the same business organization. There must be a bona-fide use in trade . . .

Id.

17. Treece, *Developments in the Law of Trademarks and Service Marks — Contributions of the Common Law, the Federal Act, State Statutes and the Restatement of Torts*, 58 CALIF. L. REV. 885, 890-91 (1970).

18. *American Plan Corp. v. Tate Loan and Fin. Corp.*, 365 F.2d 635, 637 (3rd Cir. 1966).

19. *Developments, supra* note 14, at 824.

20. 3 R. CALLMAN, *supra* note 2, § 66.1, at 21.

21. *Id.* at 21, 22.

22. *Beavers & Laney, Choosing and Protecting the Corporate Name*, 30 OKLA. L. REV. 507, 514 (1977) [hereinafter cited as *Beavers & Laney*]; *Southwestern Bell Tel. Co. v. Nationwide Independent Directory Services, Inc.*, 371 F. Supp. 900 (W.D. Ark. 1974).

23. *Beavers & Laney, supra* note 22, at 514.

24. *Southwestern Bell Tel. Co. v. Nationwide Independent Directory Services, Inc.*, 371 F. Supp. 900, 907 (W.D. Ark. 1974); 25 Mo. L. Rev. 100, 101 (1960).

tectable status. Therefore, a nontechnical trademark which acquires a secondary meaning essentially serves the same function as a technical trademark, namely, source identification.

At common law, the form and scope of relief available upon infringement of a trademark was very different than that granted for unfair use of a tradename which had acquired a secondary meaning.²⁵ A trademark, which was required to be affixed to the merchandise it was intended to identify, was protected by an action for infringement.²⁶ A tradename, after having acquired a secondary meaning, could be protected by an action to restrain "passing off" or unfair competition.²⁷ One commentator has described the differences between the two forms of relief in the following manner:

A trademark will be protected even against innocent infringement; a tradename only against fraudulent simulation. If a trademark is substantially copied, its use will be enjoined notwithstanding that it is accompanied by such distinguishing features as render it unlikely that the public will mistake the goods bearing the simulated mark for those stamped with the original. If a tradename is imitated, relief will be granted only if such confusion of the public is probable. The injunction against the imitation of a trademark is absolute, all use of the mark being prohibited; the injunction restraining simulation of a tradename is qualified or limited in scope preventing only those uses of the mark which render it likely that the public will confuse the products bearing the marks.²⁸

25. Generally, the remedies available to a plaintiff in an action to protect a mark, technical or nontechnical, include injunctions, damages, profits and attorneys' fees. Of these, injunctive relief is the most important. See B. PATTISHALL & D. HILLARD, *TRADE-MARKS, TRADE IDENTITY AND UNFAIR TRADE PRACTICES* § 10-1 (1974); *Developments*, *supra* note 14.

26. Trademarks may be classified as either "strong" or "weak." A strong mark is one which is fanciful or arbitrary. The strong mark is given protection against imitation on a wide variety of goods and services. A weak mark is one which is suggestive of the qualities of the product, generally laudatory or simply common in use. A weak mark is generally accorded less protection than a strong one. This particular system of classification of marks actually goes to the question of the likelihood of confusion of the marks and is merely one factor to consider when determining whether or not a mark has been infringed upon. See *Developments*, *supra* note 14, at 847-48.

27. Handler & Pickett, *supra* note 14, at 168-69.

28. *Id.*

Thus, although trademarks and tradenames which acquired a secondary meaning basically served the same purpose, the scope of protection and form of relief accorded each at common law were quite different.²⁹

29. An infringement action protecting a mark which serves the function of source identification should be distinguished from an action brought to prevent the "dilution" of the same mark. The infringement action is brought to prevent confusion as to the source of the goods or services to which the mark relates. Hence, in the infringement action the gravamen of the claim is whether the defendant's use of his symbol will create a likelihood of confusion as to the source of the goods or services.

In contrast, the action for dilution seeks to protect the distinctive quality of a mark. This is to say that the action for dilution seeks to preserve the uniqueness or individuality of the mark and thereby prevent the gradual whittling away or dispersion of the identity and hold upon the public mind of the mark.

Protection from dilution is a recent development in American trade identity law. It is ordinarily a statutorily created right. Generally, antidilution statutes require a plaintiff to prove that a distinctive quality has attached to the mark and that the defendant's use of his own mark is likely to dilute or diminish the distinctiveness of plaintiff's mark.

Distinctiveness may stem from the mark's uniqueness, or from its long use. It may stem from the superior quality of the goods or services with which it is associated. Or, the quality or extensiveness of the advertising promoting the mark may lend it distinctiveness.

Once the plaintiff proves that his mark is distinctive and that the defendant's conduct is or is likely to dilute this distinctiveness, courts are generally empowered to enjoin the defendant's conduct. The injunction to be issued is generally limited in scope by statute to use by another of the same or any similar mark which creates a likelihood of injury to the distinctive quality of the mark.

As an example of the use and operation of antidilution statutes, see *Polaroid Corp. v. Polaroid, Inc.*, 319 F.2d 830 (7th Cir. 1963), perhaps the classic antidilution case. There, the court, using the Illinois antidilution statute, enjoined the use of "Polaroid," as in connection with the design and installation of heating and refrigeration systems, as a dilution of plaintiff's mark "Polaroid," as used primarily on a variety of consumer goods.

Thus, it should be clear that actions for infringement and dilution are complimentary. They protect different interests. An action for infringement protects against confusion as to source. In contrast, an action for dilution protects against erosion of the distinctive qualities of a mark; it is not dependent upon a showing of a likelihood of confusion as to source. Nevertheless, many courts have held that an action for dilution is dependent upon a showing of a likelihood of confusion as to source.

Having said all this, it should be noted that Wisconsin has not recognized a right of action based upon the concept of dilution either as a matter of common law or by statute. See generally B. PATTISHALL & D. HILLARD, *TRADEMARKS, TRADE IDENTITY AND UNFAIR TRADE PRACTICES*, ch.5 (1974); Pattishall, *The Dilution Rationale for Trademark — Trade Identity Protection, Its Progress and Prospects*, 67 T.M. Rep. 607 (1977); *Developments, supra* note 14, at 851-52.

III. ANALYSIS

A. *Unfair Competition and Infringement*

As noted in the preceding discussion, technical trademarks were generally protected in an action for trademark infringement, while nontechnical trademarks or tradenames were protected in an action for unfair competition. If it is granted that a technical mark and a nontechnical mark which have acquired a secondary meaning serve the same function, the question arises as to whether the extent and mode of protection ought to differ.

The historical basis for the distinction in actions proceeds from the nature of the symbols to be protected. That is, the justification for the difference stems not from a focus upon the function of the symbol, but rather from a focus on the nature of the marks themselves. Since a technical mark must be fanciful or arbitrary, courts have held that no one is injured by allowing their owners a monopoly on the symbol.³⁰ On the other hand, when a symbol can be characterized as a nontechnical mark, it has been held to be the common property of mankind.³¹ A grant of monopoly over such a symbol could injure a competitor who has a commercially necessary reason for using the language constituting the mark to describe his product.³² The presence of secondary meaning justified the law in protecting a mark not otherwise eligible for protection, but limited the protection at common law to either denominative³³ uses by competitors,³⁴ or descriptive uses of the symbol when it was so used as to lead the public to believe that it was purchasing the goods of the original user.³⁵

The logic of the foregoing rationale is perhaps appealing on its surface, but is subject to criticism from two perspectives. First, the traditional rationale outlined above focused upon the assertion that a monopoly is granted to the holder of

30. Handler & Pickett, *supra* note 14, at 170.

31. *Id.* at 169.

32. *Developments, supra* note 14, at 824.

33. A denominative use is a use which designates a definite "species" of product. Perhaps the classic example of a unique symbol denominating a product is the trademark "Kodak" for a type (species) of camera. See Handler & Pickett, *supra* note 14, at 170.

34. 25 Mo. L. Rev. 100, 101 (1960).

35. *Id.*

a technical mark. However, "no monopoly is ever obtained in any mark."³⁶ Even in cases of fanciful or arbitrary marks, noncommercial³⁷ and descriptive uses of technical marks are allowed.³⁸ Furthermore, the extent of protection accorded a technical mark is rather narrowly defined in cases where the mark is similar to a general term necessary for another's use.³⁹ The extent of the first user's right to a mark seemingly is defined by the other's necessity.⁴⁰ Moreover, the "monopoly" granted to the first user of a technical mark is limited to the geographical area within which the goods or services are marketed.⁴¹ Therefore, the monopoly by argument is seriously undermined.

The second criticism which may be levied against the traditional rationale focuses upon the kind of protection and the scope of relief afforded a nontechnical mark which has acquired secondary meaning. Should there, as a practical matter, be any difference recognized between the two types of marks? With respect to the kind of protection available, it is helpful to recall that where secondary meaning has attached to a nontechnical mark, a second user's right to use the mark both adjectivally and substantively is qualified by the first user's right not to have another's goods sold as his own.⁴² It

36. Handler & Pickett, *supra* note 14, at 200.

37. A noncommercial use would, for example, be a use of the mark in a work of fiction. Handler and Pickett recognize that there is no authority on this point but feel, quite correctly, that there is no serious argument for extending protection of a mark so far. See Handler & Pickett, *supra* note 14.

38. *Id.*

Probably the best example of a commercially valid use of another's technical trademark is found in the "repair parts" cases. A manufacturer of repair or replacement parts for trademarked articles may make collateral reference to the mark in advertisements and upon the parts themselves so long as he does not create the impression that they were manufactured by the original manufacturer or that he is authorized by such manufacturer to make them.

Id. at 174.

39. See, e.g., *Clotworthy v. Schepp*, 42 F. 62 (C.C.S.D.N.Y. 1890) where use of the word "pudding" for uncooked pudding was allowed notwithstanding the previous adoption of "puddine." This discussion is continued in Handler & Pickett, *supra* note 14, at 178-79.

40. Handler & Pickett, *supra* note 14, at 179.

41. At common law, the rights in a technical trademark extended only to the specific trading areas of use where there were conflicting claims to the same mark. E. KINTNER & J. LAHR, AN INTELLECTUAL PROPERTY LAW PRIMER, at 244 (1975).

42. Handler & Pickett, *supra* note 14, at 181.

would seem that as a matter of fairness, the second user's use of the words constituting the first user's mark should be privileged when used in their ordinary or dictionary sense but not when used in their denominative sense; that is, in the special sense created by the first user.⁴³ The measure of the first user's rights and the second user's privilege should be the commercial necessity of the second user's employing the mark.⁴⁴ Thus, the test to determine the kind and extent of protection available to a nontechnical mark with secondary meaning should be identical to that available to a technical mark.

With respect to the scope of relief granted to holders of each type of mark, two important commentators in this area, Handler and Pickett, in their exhaustive work published in 1930, cited cases showing that both descriptive and denominative use of a nontechnical mark which had acquired secondary meaning could be made by a second user so long as care was taken to distinguish his goods from those of the first user.⁴⁵ They concluded, however, that courts, in fashioning relief in cases involving a mark based upon descriptive terms of slight commercial significance,⁴⁶ and geographical names,⁴⁷ relied upon the test advocated above.⁴⁸

Assessing the merits of the monopoly argument, Handler and Pickett concluded that "the question of monopoly is completely beside the point."⁴⁹ "Eliminating all false comparisons, the trademark and the tradename (non-technical mark) cases seem to present results which are profoundly alike. The scope of relief depends in both cases upon the defendant's necessity and not upon the etymological character of the plaintiff's mark."⁵⁰

The Wisconsin Supreme Court has joined a growing number of jurisdictions⁵¹ in discarding previous distinctions be-

43. *Id.* at 183.

44. *Id.* at 184.

45. *Id.* at 181.

46. *Id.* at 188.

47. *Id.* at 194-95.

48. Under the test referred to, the extent of a first user's rights in a mark is defined by the commercial necessity of the use of that mark by another.

49. Handler & Pickett, *supra* note 14, at 191.

50. *Id.*

51. 3 R. CALLMAN, *supra* note 2, § 66.1 at 23; American Plan Corp. v. Tate Loan &

tween the two actions, requiring only that secondary meaning attach to the nontechnical mark to afford it the same protection as a technical mark. In so holding, the court has chosen to equate symbols which serve the same purpose and which perform the same functions. Such a position appears reasonable on both a theoretical and practical basis.

B. *Fraudulent Intent*

Relying on *Vredenburg v. Safety Devices Corp.*,⁵² defendant Wichman argued that the plaintiff failed to prove fraudulent intent on the defendant's part to prey on the source connotation of plaintiff's mark. In *Vredenburg*, the court stated, "where no exclusive right to the use of a trade-mark exists, fraud—unfair competition—in the use of the mark by another must be proved . . ."⁵³ The difficulty with the defendant's reliance on this statement is that it was clearly dicta. The question before the court was the propriety of a trial court's grant of an injunction restraining the defendant's use of plaintiff's nontechnical mark, "handi-horse," for an adjustable saw horse where the plaintiff brought an action for trademark infringement. The court held that an injunction was not proper.⁵⁴ Therefore, the characterization of fraudulent intent as a requirement for a claim for unfair competition in Wisconsin was correctly held to be dicta.

Thus, the question of the necessity of proving fraudulent intent to establish a claim of unfair competition to protect a nontechnical mark which had acquired a secondary meaning remained open. As noted earlier, a technical mark traditionally has been protected even against innocent infringement.⁵⁵ A nontechnical mark, on the other hand, was historically protected only against fraudulent simulation.⁵⁶ Evidence of

Fin. Corp., 365 F.2d 635, 637 (3rd Cir. 1966); *Southwestern Bell Tel. Co. v. Nationwide Independent Directory Services, Inc.*, 371 F. Supp. 900, 907 (W.D. Ark. 1974); *Fuqua v. Roberts*, 269 Ala. 59, 110 So. 2d 886 (1949); *Eastern Columbia v. Waldman*, 30 Cal. 2d 864, 181 P.2d 865 (1947); *Coca-Cola v. Nehi Corp.*, 26 Del. Ch. 140 —, 25 A.2d 364, 369 (1942); *Koolvent Metal Awning Corp. of Am. v. Price*, 368 Pa. 528, 84 A.2d 296 (1951).

52. 270 Wis. 36, 70 N.W.2d 226 (1955).

53. *Id.* at 42, 70 N.W.2d at 230.

54. *Id.*

55. E. KINTER & J. LAHR, *AN INTELLECTUAL PROPERTY LAW PRIMER*, at 268 (1975).

56. 3 R. CALLMAN, *supra* note 2, § 86.1(a), at 1052-53.

fraudulent intent in infringement cases⁵⁷ is an important factor to be considered in establishing the "likelihood of confusion" between the marks.⁵⁸

As the law of trademarks developed, however, this distinction between technical and nontechnical marks which had developed a secondary meaning became unimportant. The requirement of proof of "fraud" has been relaxed to the extent that little attention has been paid to the defendant's motives or state of mind.⁵⁹ Handler and Pickett concluded that fraud "[is] merely a conscious use of a confusingly similar mark; and the difference between the two actions centers about the element of notice or knowledge."⁶⁰ Even in early decisions the only instance in which an action for infringement would lie when an action for unfair competition would not was where a defendant began using a mark without knowledge of the plaintiff's prior use and discontinued his use upon acquiring such knowledge. In such a case, the element of fraudulent intent could not be shown to exist. This particular set of circumstances, however, rarely occurred.⁶¹ In practice, therefore, the distinction between actions for infringement and unfair competition with respect to the element of fraudulent intent has largely become nonexistent.

Consonant with this reality, the modern trend appears to be that it is no longer essential to show fraudulent intent in cases involving protection of nontechnical marks.⁶² Furthermore, to circumvent the requirement of showing fraudulent intent, courts have simply created fictions such as constructive fraud, presumption of fraud from passing off, definition of fraud as a deceit foisted upon the public, or by a presumption that one intends the natural consequences of his act, to lessen

57. "Generally one infringes another's mark if he uses it or something confusingly like it to denominate his own goods and purchasers are likely to believe that the goods are those of the trademarked producer." Livermore, *On Uses of a Competitor's Trademark*, 20 STAN. L. REV. 448, 451 (1976).

58. E. KINTER & J. LAHR, AN INTELLECTUAL PROPERTY LAW PRIMER, at 226 (1975); Koolvent Metal Awning Corp. of Am. Price, 368 Pa. 528, 84 A.2d 296 (1951).

59. Handler & Pickett, *supra* note 14, at 769.

60. *Id.* at 770.

61. *Id.* at 775.

62. Beavers & Laney, *supra* note 22, at 534; E. KINTER & J. LAHR, AN INTELLECTUAL PROPERTY LAW PRIMER, at 274 (1975).

the burden of actually proving fraudulent intent.⁶³ Thus, there is a solid practical basis for the elimination of the requirement of proof of fraudulent intent in cases of this nature,⁶⁴ as well as a strong theoretical basis for its elimination. The traditional argument for the requirement was that while the owner of a technical mark had an absolute right to use his mark,⁶⁵ the nontechnical mark owner was protected only against a particular defendant's unfair use of his mark.⁶⁶ Due to the fact that there is little justification for separate causes of actions for infringement and unfair competition, the traditional justification for the requirement of fraudulent intent is unsound. Further, since the marks serve the same function when the nontechnical mark is accompanied by secondary meaning, they should be provided the same protection.

Therefore, the Wisconsin court, in rejecting *Wichman's* argument requiring proof of fraudulent intent in actions to protect a nontechnical mark which has acquired secondary meaning, acted upon firm practical and theoretical considerations. The net effect of its action is to change the focus of analysis from the defendant's intention to what the defendant has done. The focus of analysis now is whether or not the probable tendency of the defendant's act or conduct is to deceive the public as to the source of his goods.⁶⁷ This is not to say that fraudulent intent has become unimportant in actions of this nature. Most courts still regard it as an important factor to be considered in determining the existence of a "likelihood of confusion."⁶⁸

C. *Competition of Products of Services*

The defendant in *Wichman* also argued that a nontechnical mark which has acquired secondary meaning is not entitled to protection where there is no evidence of competition between the parties. According to this argument, since the plaintiff was involved in providing banking services while defendant was involved in home building, the plaintiff's mark was not enti-

63. 3 R. CALLMAN, *supra* note 2, § 86.1(a), at 1058-59.

64. *Id.* at 1060.

65. Handler & Pickett, *supra* note 14, at 769.

66. 3 R. CALLMAN, *supra* note 2, § 86.1(a) at 1055-56.

67. *Id.* at 1057.

68. E. KINTER & J. LAHR, AN INTELLECTUAL PROPERTY LAW PRIMER, at 266 (1975).

tled to protection. Historically, competition between the parties was necessary in order to assert a claim for unfair competition.⁶⁹ The theory behind such a requirement was that there can be no unfair competition without a competitive relationship.⁷⁰ This rationale obviously rests upon a narrow view of the protection afforded by an action for unfair competition. Courts, however, have taken a broader view of the law of unfair competition. In *Villager, Inc. v. Dial Shoe Co.*,⁷¹ the court noted, "under the authorities, competition is not a condition precedent to the granting of an injunction."⁷² Furthermore, the court held that infringement is present not only when products are sufficiently related to create a likelihood of confusion with respect to source, but also when there is a likelihood that purchasers would believe that they emanate from a single source or that they are sponsored by a single source.⁷³ Thus, courts have recognized that an injunction will lie in an infringement action where there is either a likelihood of confusion as to business or as to products.⁷⁴

Various reasons may be advanced in support of adopting this more expansive view of the action for unfair competition. First, the more expansive view appears to provide the public greater protection from "confusion, mistake, and deception."⁷⁵ Second, it does not tend to limit the plaintiff's protection to markets in which he currently operates.⁷⁶ Where a plaintiff has invested considerable resources in acquiring a reputation, it would appear to be most unfair to allow another to profit from the reputation and at the same time to restrict the plaintiff's movement into the new market. Third, under the narrower view, a diversion of trade may result causing a direct loss to the plaintiff where a defendant uses a mark which creates a likelihood of confusion as to sponsorship and where

69. *Id.* at 274.

70. 1 R. CALLMAN, *THE LAW OF UNFAIR COMPETITION, TRADEMARKS AND MONOPOLIES* (3d ed. 1969), § 5.1, at 142.

71. 256 F. Supp. 694 (E.D. Pa. 1966).

72. *Id.* at 702 (quoting *North Am. Aircoach Sys., Inc. v. North Am. Aviation, Inc.*, 231 F.2d 205, 211 (9th Cir. 1955), *cert. denied* 351 U.S. 920 (1956)).

73. 256 F. Supp. at 694.

74. 3 R. CALLMAN, *supra* note 2, § 80.3, at 550-51.

75. 256 F. Supp. at 702.

76. 3 R. CALLMAN, *supra* note 2, § 80.2, at 548.

there is an absence of direct competition.⁷⁷ For example, a seller's reputation may extend to a geographical market in which he has never sold goods. A defendant may cause diversion of trade by selling a product in that market bearing a mark which creates a likelihood of confusion with respect to whether the plaintiff or defendant is the source of the product. Since there is no direct competition, the narrow view would deny relief to the plaintiff even though some buyers may go to the seller's market to purchase the goods or services. A similar problem arises with respect to movements into new product lines. Finally, and perhaps most importantly, the more expansive view will protect the plaintiff from damage to his reputation which could result from the public attributing to him goods or services provided by the defendant. Head to head competition is not required to satisfy the "likelihood of confusion" standard which is the gravamen of this type of action. Even if it is unlikely that there may exist confusion as to the origin of products or services, there still may arise a likelihood of confusion with respect to approval or sponsorship.⁷⁸ Confusion as to sponsorship includes situations where there is confusion as to the existence of any relationship between the plaintiff and the defendant. It has been noted that confusion of business may arise: (1) where the defendant was thought to be an affiliate of the plaintiff; or (2) where the defendant enjoys a special status with the plaintiff such as that of an authorized dealer; or (3) where the mark identifies the defendant as a branch of the plaintiff manufacturer; or (4) where the mark appears to be the plaintiff's endorsement of the defendant's activities; or (5) where, based upon some trade custom, the public will assume a connection between the parties.⁷⁹ In such situations it is of no consequence that the defendant's reputation is good.⁸⁰ It is the plaintiff's reputation and good will which are subject to the risk of harm from the defendant since the plaintiff's reputation is no longer of his own making.⁸¹ The plaintiff's reputation may also be affected in ways not directly related to potential aspersions cast upon

77. *Developments, supra* note 14, at 844.

78. *Id.*

79. 3 R. CALLMAN, *supra* note 2, § 80.2, at 545-47.

80. *Developments, supra* note 14, at 844.

81. 3 R. CALLMAN, *supra* note 2, § 80.2, at 547-48.

it by the defendant's reputation. For example, plaintiff's customers may be led to believe that the plaintiff, their supplier, has placed himself in direct competition with them.⁸² Perhaps, too, his good will with his dealers may be impaired by charges of favoritism⁸³ or that he has sold his goods to a class of retailer chain stores which constitutes a major rival to his usual clientele.⁸⁴ There may thus arise a number of important direct and indirect injuries to plaintiff's reputation and good will by a defendant's use of a mark which is confusingly similar to a plaintiff's nontechnical mark which has acquired a secondary meaning.

IV. CONCLUSION

In conclusion, *Wichman* adopts a less stringent standard for establishing actions for infringement of nontechnical marks which have acquired a secondary meaning by equating such actions with those brought for infringement of technical marks. This is defensible on both theoretical and practical grounds. Actions for protection of nontechnical marks which have acquired secondary meaning no longer require proof of fraudulent intent or competition. Instead, these are factors to be considered in determining whether a likelihood of confusion exists between the two marks.

It would appear that this decision shifts the focus from an analysis of the plaintiff's rights to the nature of the defendant's conduct and its effect on the plaintiff. This shift is an apparent recognition of the artificial nature of the distinctions heretofore justifying the separate causes of action and the requirement of fraudulent intent.

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82. *Id.* at 548-49.

83. *Id.* at 549.

84. *Id.*

