

Table of Contents

Geographical Scope of Trademark Registrant's Right to Enjoin Use that Commenced after Registration

1	Issue	1
	1.1 Model Situation	1
	1.2 Difficulty	2
	1.3 Lanham Act	2
	1.4 <u>Dawn Donut</u> Rule	3
2	Background	4
	2.1 Constitutional Ground	4
	2.2 Registration	5
	2.2.1 Nonexistence of Other's Right	5
	2.2.2 Concurrent Registration	6
	2.3 Effect of Registration	7
	2.3.1 Right of Registrant	7
	2.3.2 Likelihood Requirement	8
	2.3.3 Possible Defenses	10
	2.4 Superiority in Future	11
	2.4.1 <u>Fairway Foods</u>	12
	2.4.2 Analysis on Superiority in Future	14
	2.4.3 Reasoning in <u>Fairway Foods</u>	15
3	<u>Dawn Donut</u> and Followers	16
	3.1 <u>Dawn Donut</u>	16
	3.1.1 Facts in <u>Dawn Donut</u>	17
	3.1.2 Conclusion in <u>Dawn Donut</u>	17
	3.1.3 Reasoning in <u>Dawn Donut</u>	18
	3.1.4 <u>Dawn Donut</u> and <u>Fairway Foods</u>	19
	3.1.5 Origin of <u>Dawn Donut</u> Rule	20
	3.2 <u>American Foods</u>	21
	3.2.1 Facts in <u>American Foods</u>	21
	3.2.2 Conclusion in <u>American Foods</u>	22
	3.3 Other Followers	23
	3.4 Supporting from Law and Economics	24
	3.4.1 Law and Economics on Trademark	24
	3.4.2 Limited Trademarks Argument	24
	3.4.3 Appreciation of <u>Dawn Donut</u>	26
	3.4.4 Difficulties	26
	3.4.5 Legislative Proposal	27
4	Conflicting or Distinguishing Cases	28
	4.1 <u>Tisch Hotels</u>	28
	4.1.1 Facts in <u>Tisch Hotels</u>	29
	4.1.2 Conclusion in <u>Tisch Hotels</u>	29
	4.1.3 <u>Tisch Hotels</u> and <u>Holiday Inns</u>	30
	4.2 <u>Foxtrap</u>	30
	4.2.1 Facts in <u>Foxtrap</u>	30
	4.2.2 Conclusion in <u>Foxtrap</u>	31
	4.2.3 Analysis of <u>Foxtrap</u>	32
	4.3 <u>Park 'N Fly</u>	33

Geographical Scope of Trademark Registrant's Right to Enjoin Use that Commenced after Registration

There are some trademark-infringement cases where an injunctive claim was dismissed, while the court admitted the registrant-plaintiff's priority, because of lack of likelihood of confusion. While the statute does not provide for such defense, those courts appear to have created a rule which allows same. However, the rule, if any, creates a paradoxical situation. As well as the rule conflicts with the original intent of the legislation, it does not go well with the recent amendment of the statute. Whether it is currently the law is doubtful.

1 Issue

Suppose a party, A, which does business only in a small area of the nation. Party A federally registered its trademark. Suppose further another party, B, which is conducting a business within a small distinct area far from A's location. B commenced the use of the same trademark as A's one after A's federal registration of that mark. Can party A enjoin B from using the registered trademark?

1.1 Model Situation

Even if an enterprise uses a trademark only in a geographically limited area, it can register the trademark under the Lanham Act, 15 U.S.C. secs. 1051 - 1127 (1988),¹ without any specific limitation as to the territory. If A got such a registration, based on the face of the Act, A is entitled to the effect of the registration without any territorial limitation. Suppose such a local enterprise registrant, A, would like to enjoin the use by a party, B, in a place far from the registrant's business.

1.2 Difficulty

Here, the necessity of injunction is arguable. Concurrent use by both of them will not, on this assumption, cause any confusion as to the source. Therefore, there is no need to enjoin the use to avoid confusion. Further, the number of phonetically valuable trademarks is limited. If we note this fact, the argument of this direction is of rationale.

1.3 Lanham Act

1 The Lanham Act was amended significantly in 1988, effective November 16, 1989. While all of the cases referred to are under the Act prior to the amendment, the cited provisions are those after the amendment as codified in 15 U.S.C. secs. 1051 - 1127 (1988). There is no relevant effect in the context except as discussed in Section 5.4.

The Lanham Act permits any defense that would be possible in case of no registration. 15 U.S.C. sec. 1114 (a), second sentence. Even after the registration became incontestable, a party that began the use of the trademark before the registration and before the use by the registrant there ("pre-registration senior user") may be able to continue the use. 15 U.S.C. sec. 1115 (b) (5). This is one aspect of the result of the limited effect of registrations under the Lanham Act.

Nonetheless, the Lanham Act as a whole leads to the conclusion unfavorable to B. In other words, a party that commenced the use after the registration cannot continue the use in case of the registrant's claim for injunction. The registration under the Lanham Act has an effect of constructive notice. 15 U.S.C. sec. 1072. Thus, a user that commenced the use after the registration can never be in good faith. This leads to the conclusion that such a user can never be allowed to continue the use.

1.4 Dawn Donut Rule

However, it is arguable that injunction in the model situation is excessive. This may have rationale especially from the view point that the principal purpose of the trademark law is avoidance of confusion of source. This argument leads to the conclusion to dismiss the registrant's

injunctive claim, denying the apparently straightforward interpretation of the law as mentioned above.

In some cases, the court actually dismissed the injunctive claim solely due to the lack of the likelihood of confusion because of the distance between the parties. In those cases, it appears as if an established rule exists as follows: a registrant cannot enjoin a use that started after the registration in geographically separated area unless plaintiff is likely to expand its business into defendant's area. Hereinafter this rule shall be called as the "Dawn Donut rule" after the name of the leading case.² The main theme of this paper is to analyze, to render an answer to the aforementioned question, the conflict between the Dawn Donut rule and the straight forward construction of the statute.

2 Background

There are some points that can possibly be interpreted to support the Dawn Donut rule. However, the face of the statute conflicts with the same. Further, no legislative history or others support the rule.

² Dawn Donut Co. v. Hart's Food Stores, Inc., 267 F.2d 358 (2nd Cir. 1959). This case is well known also as refers to abandonment of a trademark right.

2.1 Constitutional Ground

The basis of the Lanham Act is the limited power of the Congress under the Constitution. It is not an entire legislation to deal with the trademark issue. The basis of the Lanham Act is the interstate commerce clause.³ The Constitution explicitly empowers the Congress to legislate as to copyright and patent.⁴ However, it does not have a specific provision that empowers the Congress to deal with trademark matters on the federal basis. Therefore, the Lanham Act remains the state laws' applicability in case of a not-federally-registered trademark and others. It might constitute the reason the right of registrants has the limitation in the context hereof, as referred to in Fairway Foods, as further analyzed later.

2.2 Registration

2.2.1 Nonexistence of Other's Right

Principally, registration under the Lanham Act is available only if no other person has the right to use such mark in commerce. As to an application by a trademark owner,

3 U.S. Const. Art. I, sec. 8, cl. 18.

4 Id. cl. 8.

15 U.S.C. sec. 1051 (a) (1) (A), the Lanham Act sec. 1 (a) (1) (A), requires a written application including a statement as follows (underline added):

. . . a statement to the effect that the person making the verification believes himself, or the firm, corporation, or association in whose behalf he makes the verification, to be the owner of the mark sought to be registered, that the mark is in use in commerce, and that no other person, firm, corporation, or association, to the best of his knowledge and belief, has the right to use such mark in commerce either in the identical form thereof or in such near resemblance thereto as to be likely, when applied to the goods of such other person, to cause confusion, or to cause mistake, or to deceive

15 U.S.C. sec. 1051 (b), which provides for an intent-use application, has words of the same restriction effect.

2.2.2 Concurrent Registration

If any other person has right to use the trademark, only an application for concurrent registration is available. The part of sec. 1 (a) (1) (A) cited above is followed as follows (underline added):⁵

. . . Provided, That in the case of every application claiming concurrent use the applicant shall state exceptions to his claim of exclusive use, in which he shall specify, to the extent of his knowledge, any concurrent use by others, the goods in connection with which and the areas in which each

5 Sec. 1 (b) lacks a corresponding clause. In other words, in case of an intent-to-use application, it is impossible to apply for registration of a trademark which is already used by another party.

concurrent use exists, the periods of each use, and the goods and area for which the applicant desires registration;

Further, 15 U.S.C. sec. 1052 (d), the Lanham Act sec. 2 (d), provides about the concurrent registration, following the part to refer to the possibility of concurrent registration by the Commissioner's initiative, as follows (underline added):

. . . In issuing concurrent registrations, the Commissioner shall prescribe conditions and limitations as to the mode or place of use of the mark or the goods in connection with which such mark is registered to the respective persons.

In case of concurrent registration, each of the registrants should be entitled to enjoin the other from the use under 15 U.S.C. sec. 1114 (1). However, since each of them is entitled to use the mark by its own registration, it is free from the liability or possibility of enjoinder under 15 U.S.C. sec. 1114 (1) to the extent of its registration.

2.3 Effect of Registration

A registrant is given right and effect under the Lanham Act independently from possible protection by the common law. Against such a right, if the registration becomes incontestable, only listed defenses are available.

2.3.1 Right of Registrant

The registration under the Lanham Act has an effect of constructive notice, as provided for by 15 U.S.C. sec. 1072. Therefore, a user that commenced the use after the registration can never be in good faith. ⁶About the right of a registrant, 15 U.S.C. sec. 1114 (1), the Lanham Act sec. 32 (1), provides as follows:

Any person who shall, without the consent of the registrant--

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or . . .

shall be liable in a civil action by the registrant for the remedies hereinafter provided. . . .

Further, 15 U.S.C. sec. 1115 (a), the Lanham Act sec. 33 (a), provides that "[a] registration . . . shall be prima facie evidence of registrant's exclusive right to use the registered mark in commerce."

After a recent amendment, an application has the constructive use effect by 15 U.S.C. sec. 1057 (c), the Lanham Act sec. 7 (c). This point will be fully discussed later.

2.3.2 Likelihood Requirement

6 Park 'N Fly, Inc. v. Dollar Park And Fly, Inc., 469 U.S. 189, 200 (1985); Herrell, Concurrent Use And Registration Rights, 11 AIPLA Q.J. 177, 178 (1983).

In the interpretation of this sec. 32 (1), the critical point is what extent the limitation by the phrase "on or in connection with which such use is likely to cause confusion, or . . ." has effect.

Grammatically, it appears to go just to "any goods or services" only. On this understanding, it works just to limit the type of relevant defendant's goods or services. The comparison with 15 U.S.C. sec. 1052 (d), the Lanham Act sec. 2 (d), supports this construction. Sec. 2 (d) provides as follows:

(d) Consists of or comprises a mark which so resembles a mark registered in the Patent and Trademark Office or a mark or trade name previously used in the United States by another and not abandoned, as to be likely, when applied to the goods of the applicant, to cause confusion, or to cause mistake, or to deceive: Provided, That when the Commissioner determines that confusion, mistake, or deception is not likely to result from the continued use by more than one person of the same or similar marks under conditions and limitations as to the mode or place of use of the marks or the goods in connection with which such marks are used, concurrent registrations may be issued to such persons when they have become entitled to use such marks as a result of their concurrent lawful use in commerce prior to (1) the earliest of the filing dates of the applications pending or of any registration issued under this chapter . . .

Here, the wording before "Provided" is basically the same as in sec. 32 (1), including the reference to the likelihood to cause confusion. Nonetheless, after "Provided," it refers to the situation where confusion becomes not likely if the place of use is limited. This means that the wording before

"Provided" requires merely the general likelihood of confusion without consideration of geographical aspect. The likelihood may be negated after consideration of the geographical factors, as suggested in the latter part.

Also, it is worthwhile to make comparison with 15 U.S.C. sec. 1125, the Lanham Act sec. 43. Sec. 43 provides for false designations of origin and false descriptions forbidden. In sec. 43, it is forbidden, among others, to use any word or others that is likely to cause confusion affiliation of such person with another person. Here, the likelihood requirement clearly refers to the parties. In sec. 32 (1), contrary, the requirement refers only to "goods or services."

In Dawn Donut,⁷ however, it is understood that, to have this section applied, the likelihood of confusion must exist between actual registrant's business and defendant's.

2.3.3 Possible Defenses

15 U.S.C. sec. 1115 (a), the Lanham Act sec. 33 (a), further provides, following the phrase referred to above, that "[a registration] shall not preclude an opposing party from proving any legal or equitable defense or defect which might have been asserted if such mark had not been registered."

⁷ Dawn Donut Co. v. Hart's Food Stores, Inc., 267 F.2d 358 (2nd Cir. 1959).

After the expiration of the required period and the required procedure, the registration becomes incontestable under 15 U.S.C. sec. 1115. An incontestable registration "shall be conclusive evidence of the registrant's exclusive right to use the registered mark in commerce" except against the listed eight defenses. Among them, the following is relevant in our context:

(5) That the mark whose use by a party is charged as an infringement was adopted without knowledge of the registrant's prior use and has been continuously used by such party or those in privity with him from a date prior to (A) the date of constructive use of the mark established pursuant to section 1057 (c) of this title, (B) the registration of the mark under this chapter if the application for registration is filed before the effective date of the Trademark Law Revision Act of 1988, or (C) publication of the registered mark under subsection (c) of section 1062 of this title: Provided, however, that this defense or defect shall apply only for the area in which such continuous prior use is proved;

Under this provision, in the model situation, if B commenced the use before A's registration without knowledge of A's use, B is superior to A in B's territory.⁸ Here, A cannot

8 Precisely, it may be within "natural area of expansion." Union National Bank Of Texas v. Union National Bank Of Texas, 909 F.2d 839, 842 (5th Cir. 1990). This case says "'Zone of expansion' doctrine represents a conundrum within the conundrum of trademark law." The theme of this paper may be a part of this "conundrum" so long as it also relates to the territorial limitation. Relating to the zone, Gross, Territorial Scope of Trademark Rights, 44 U. Miami L. Rev. 1075 (1990), discusses the confusion in cases among "zone of actual market penetration," "zone of reputation" and "zone of natural expansion."

enjoin B from the use there even if A expands its business to B's territory. Instead, B may be entitled to enjoin A from intruding B's territory. Burger King⁹ and Mister Donut¹⁰ are typical examples of cases of this type.

This defense is applicable only where defendant's use started before the registration. If this requirement and others are satisfied, however, defendant's right in defendant's area is superior to plaintiff: defendant can enjoin plaintiff's use, and plaintiff cannot enjoin defendant's use. Note, there is no tentativeness here.

2.4 Superiority in Future

Pursuant to the Dawn Donut rule, A can enjoin B from using the trademark in case of A's business expansion in the future. Dawn Donut supported A's superiority to B in this sense. However, there is a case which appears to deny this. Thus, before the consideration of the Dawn Donut rule, first this point is confirmed hereinafter. As a conclusion, while there is such a case, it is not the law. The Dawn Donut rule is the possible most favorable rule for B. The law is whether the Dawn Donut rule or the affirm of A's right to enjoin B

9 Burger King Of Florida, Inc. v. Hoots, 403 F.2d 904 (7th Cir. 1968).

10 Mister Donut Of America, Inc. v. Mr. Donut, Inc., 418 F.2d 838 (9th Cir. 1969).

immediately.

2.4.1 Fairway Foods¹¹

Fairway Foods is the case, as referred to above, which denied A's superiority in the model situation. This conclusion discourages the respect to the federal registration system. In Fairway Foods, despite the constructive notice provision, defendant was entitled to continue to use the mark permanently even if the plaintiff's business expands in the future.

Plaintiff is a Minnesota corporation, which has been operating a wholesale grocery chain. It has registered its trademark "Fairway" federally, and sells foodstuffs under the label "Fairway" only in the states of Minnesota, North and South Dakota, Wisconsin and Iowa.

Defendant is a grocery doing business only in one county in California. Namely, defendant has, since 1951, operated a retail food super market under the name of "Fairway Market" in Monterey Park, California. Plaintiff claimed injunction of defendant's use of the trademark.

The court affirmed the District Court's dismissal of plaintiff's claim. In this case, however, the conclusion was

11 Fairway Foods, Inc. v. Fairway Market, Inc., 227 F.2d 193 (9th Cir. 1955).

different from Dawn Donut as to the ultimate priority in defendant's area. Namely, the District Court affirmed defendant's cross-complaint to enjoin possible plaintiff's use in the defendant's area in the future. While the court of appeals reversed it, the reason for the dismissal was the lack of the "present impending injury."¹² The court said as follows: "if and when plaintiff acts to carry out its expressed intention to expand into the territory presently occupied by defendant,"¹³ it may be affirmed.

The conclusion in Dawn Donut¹⁴ is contrary. It stated that, in case of plaintiff's expansion into the defendant's area in the future, plaintiff would be able to enjoin the defendant's use.¹⁵ The Dawn Donut court says that it is natural since plaintiff has superiority to defendant due to the registration that took place before the adoption by defendant.

2.4.2 Analysis on Superiority in Future

Compared with the Dawn Donut rule, Fairway Foods is

12 Id. at 198.

13 Id.

14 Dawn Donut Co. v. Hart's Food Stores, Inc., 267 F.2d 358 (2nd Cir. 1959).

15 Id. at 365.

further more favorable for defendant. In Fairway Foods, in spite of the constructive notice provision, defendant that commenced the use after the registration was entitled to continue to use the mark permanently even if the plaintiff's business expands into defendant's territory in the future.

Fairway Foods is clearly erroneous if we assume the chronological order as taken here.¹⁶ By virtue of the effect of the registration as a constructive notice, defendant cannot be superior to plaintiff. On this point, the Supreme Court in Park 'N Fly¹⁷ says as follows:¹⁸

16 Possibly, in Fairway Foods, defendant commenced the use before the registration. The date of registration is not referred to here or at the district court report (118 F.Supp. 840). If so, it may be understandable that the court accepted the possibility of injunction of the use by plaintiff in the future. On this assumption, however, it is very strange that the court did not refer to the specific provision 15 U.S.C. Sec. 1115. In addition, it is needless for the court to say about constitutional basis, as did it.

Notwithstanding the possibility as referred to above, such assumption was not taken here. The reason is that Dawn Donut do not take such assumption. A law review article which refers to Fairway Foods, referred to later, either do not take that.

17 Park 'N Fly, Inc. v. Dollar Park And Fly, Inc., 469 U.S. 189 (1985). The issue in this case is not the same as ours. The part cited here is not a holding. The Supreme Court considered the relevancy of a defense based on the mark's unregistrability. Namely, the issue was whether an action to enjoin the infringement of an incontestable trade or service mark may be defended because the mark is merely descriptive. The court concluded that neither the language of the relevant statutes nor

. . . There is no question that the Lanham Act altered existing law concerning trademark rights in several respects. For example, sec. 22, 15 U.S.C. sec. 1072, provides for constructive notice of registration and modifies the common-law rule that allowed acquisition of concurrent rights by users in distinct geographic areas if the subsequent user adopted the mark without knowledge of prior use. . . .

Fairway Foods conflicts with this opinion by the Supreme Court as to the superiority in the future.

2.4.3 Reasoning in Fairway Foods

Nonetheless, the reasoning in Fairway Foods to dismiss plaintiff's claim is noteworthy. It refers to the constitutional basis of the Lanham Act, and states that the Lanham Act "as to the reach of a registered trade-mark extends protection only in interstate or foreign commerce."¹⁹ As cited by the court,²⁰ the District Court found that defendant purchased all their food and other products and sold all of

the legislative history supports such a defense.

Although the holding is different from the issue of this paper as referred to above, this case may be interpreted to negate the Dawn Donut rule. This will be fully discussed later.

18 Id. at 199.

19 Fairway Foods, Inc. v. Fairway Market, Inc., 227 F.2d 193, 197 (9th Cir. 1955).

20 Id. at 198.

them within California.²¹ The District Court concluded that the defendant's activity was out of the scope of the possible coverage of the Lanham Act.

3 Dawn Donut²² and Followers

Many cases refer to Dawn Donut, and do not negate the rule. Some articles refer to Dawn Donut as if the rule is firmly established. In a strict sense, however, only few of those cases hold the Dawn Donut rule, and no article points out persuasive ground for the rule. Instead, one of the articles admits that Dawn Donut made erroneous interpretation of the legislative intention.

3.1 Dawn Donut

This is one of the best known cases in this area. The court held that plaintiff cannot enjoin defendant, which commenced the use after plaintiff's registration, from using the trademark. The reason was the lack of likelihood of confusion due to geographical separation between them.

21 Fairway Foods, Inc. v. Fairway Market, Inc., 118 F.Supp. 840 (S.D.Cal. 1953).

22 Dawn Donut Co. v. Hart's Food Stores, Inc., 267 F.2d 358 (2nd Cir. 1959).

3.1.1 Facts in Dawn Donut

Plaintiff is a wholesale distributor of doughnuts and other baked goods. Plaintiff is a corporation of Jackson, Michigan, operating a manufacturing plant there. It federally registered its trademark "Dawn" in 1927 and renewed the same in 1947. Plaintiff has failed to employ the trademark "Dawn" in defendant's area for some thirty years, directly or indirectly.

Defendant owns and operates a retail grocery chain within New York counties. Defendant distributes doughnuts and other baked products in package printed "Dawn" through those stores since 1951. Before the commencement of this use, the constructive notice by plaintiff's registration had taken place as of the effective date of the Lanham Act in 1947.

Plaintiff claimed to enjoin defendant from using the mark "Dawn" with the retail sale of doughnuts and baked goods in defendant's market area in New York counties.

3.1.2 Conclusion in Dawn Donut

The District Court dismissed the claim. The court supported the District Court's dismissal saying as follows (underline added):²³

23 Id. at 360.

We hold that because no likelihood of public confusion arises from the concurrent use of the mark in connection with retail sales of doughnuts and other baked goods in separate trading areas, and because there is no present likelihood that plaintiff will expand its retail use of the mark into defendant's market area, plaintiff is not now entitled to any relief under the Lanham Act, 15 U.S.C.A. sec. 1114. Accordingly, we affirm the District Court's dismissal of plaintiff's complaint.

This is not to say that the defendant has acquired any permanent right to use the mark in its trading area. On the contrary, we hold that because of the effect of the constructive notice provision of the Lanham Act, should the plaintiff expand its retail activities into the six county area, upon a proper application and showing to the District Court, it may enjoin defendant's use of the mark.

The court dismissed the injunctive claim. On this point, the conclusion is not different from that in Fairway Foods, supra. However, there is a big difference between them: here, if plaintiff expands its territory in the future, plaintiff may enjoin defendant's use of the mark; in Fairway Foods, contrary, defendant may enjoin the expansion.

3.1.3 Reasoning in Dawn Donut

The reason for the conclusion to dismiss the claim was as follows:²⁴

The Lanham Act, 15 U.S.C.A. sec. 1114, sets out the standard for awarding a registrant relief against the unauthorized use of his mark by another. It provides that the registrant may enjoin only that concurrent use that creates a likelihood of public confusion as to the origin of the products with

24 Id. at 363.

which the marks are used. Therefore if the use of the marks by the registrant and the unauthorized user are confined to two sufficiently distinct and geographically separate markets, with no likelihood that the registrant will expand his use into defendant's market, so that no public confusion is possible, then the registrant is not entitled to enjoin the junior user's use of the mark.

The court interpreted the Lanham Act sec. 32 as entitles a registrant to "enjoin only that concurrent use which creates a likelihood of public confusion as to the origin of the products in connection with which the marks are used."²⁵ This interpretation leads the foregoing conclusion. The court understands that the descriptive limitation by the phrase including likelihood functions on the "use," including its geographical sense. As fully discussed later, however, this is not according to the face of the section.

3.1.4 Dawn Donut and Fairway Foods

On this point, the court refers to Fairway Foods as if the same held this interpretation. However, certain differences exist between them.

The important difference is the tentativeness of the defendant's right which Dawn Donut admitted. Fairway Food did not render such a tentative right. As easily understandable, tentativeness of a right to use a trademark raises a

25 Id. at 364.

difficulty. This point will be fully discussed later.

Additionally, they differ in reasoning. While Fairway Foods refers to the constitutional limitation, Dawn Donut leads the same conclusion simply relying on 15 U.S.C. sec. 1114.

3.1.5 Origin of Dawn Donut Rule

Dawn Donut refers to another authority to conclude the dismissal. That is a law review article.²⁶

The law review article refers to 15 U.S.C. sec. 1114 during discussion about the effect of the constructive notice provision, 15 U.S.C. sec. 1072. It says that 15 U.S.C. sec. 1114 "gives a registrant remedies against a subsequent user only when the mark is used in such a way as 'is likely to cause confusion . . . as to the source of origin' of the goods."²⁷ On this understanding, it tries to propose to cure the conflict, which it discovered, between sec. 1114 and sec. 1072. It admits that the statutory history of sec. 1072 supports that no likelihood of confusion is required in this context. Its proposal is "[t]hese two sections [sec. 1072 and sec. 1114] could be reconciled if the first user were entitled

26 Developments in the Law of Trademarks and Unfair Competition, Harv. L. Rev. 814, 857 - 860 (1955).

27 Id. at 859.

to an injunction only after he had expanded his business into the area of the second user, so that confusion would be likely."²⁸ On this proposal, it refers to no authority.

3.2 American Foods²⁹

This is a typical case that follows Dawn Donut. American Foods holds the Dawn Donut rule to the extent to dismiss plaintiff's claim at the moment. It is understood to be the leading case which approved the Dawn Donut rule in the Fifth Circuit.³⁰ In the Fifth Circuit, the Dawn Donut rule is referred to as "our American Foods rule."³¹

3.2.1 Facts in American Foods

Plaintiff is an Alabama corporation manufacturing food products. Plaintiff did some ninety-five percent of its total business in Alabama, and the remaining in the several states close to Alabama. Plaintiff registered its trademark "Golden

28 Id.

29 American Foods, Inc. v. Golden Flake, Inc., 312 F.2d 619 (5th Cir. 1963).

30 John R. Thompson Co. v. Holloway, 366 F.2d 108 (5th Cir. 1966). Also this case itself held the Dawn Donut rule and dismissed the injunctive claim.

31 Id. at 114.

Flake" in 1924 under the trademark Act of 1905, renewed in 1944.

One of defendants is a Texas corporation, and the other is its distributor in Alabama. They are dealing with food products. The defendant manufacturer first commenced to use the trademark "Golden Flake" on refrigerated dinner rolls in 1961. Plaintiff claimed to enjoin the use by defendants.

3.2.2 Conclusion in American Foods

The District Court enjoined defendants from using the trademark in what was found to be the plaintiff's trade territory. The court denied, relying on Dawn Donut, injunctive relief as to the remaining portion of the United States. Plaintiff contends that it has right to injunctive relief as to the entire United States instead as to its trade area only as held by the District Court.

The court granted the District Court's decision as follows:³²

The constructive notice provision of the Act does deprive a concurrent user of the good faith or ignorance of prior appropriation factor as a defense in sustaining the right to concurrent use. However, there may be other reasons under the Act for sustaining concurrent use. See the defenses under 15 U.S.C.A. sec. 1115. And that the Act eliminates this defense by the constructive notice provision

32 American Foods, Inc. v. Golden Flake, Inc., 312 F.2d 619, 626 (5th Cir. 1963).

in no wise means that the trade-mark law now is, absent some provision to the contrary to which our attention has not been called, that the registration carries with it the exclusive right to use the mark in interstate commerce notwithstanding lack of use. Indeed, the requirement of confusion as to source as a condition precedent to recovery, sec. 1114 (1), negatives such a proposition. The Lanham Act makes registration notice but it did not supplant the prior law as exemplified by Hanover Star Milling Company, and United Drug Company, supra, and take plaintiff's mark beyond where it had been used.

The ancient observation that each trade-mark case must be decided upon its own facts still obtains, and so it is that this case having been properly decided upon its own facts, the judgment as appealed from by both plaintiff and defendants is Affirmed.

Here, the court referred to Hanover Star Milling, which was negated by the Supreme Court in Park 'N Fly. Therefore, if the reasoning for the Dawn Donut rule as taken here is assumed, Park 'N Fly may be interpreted to deny the Dawn Donut rule.

3.3 Other Followers

There are some other followers. Namely, holding the Dawn Donut rule, each of Continnente,³³ and Holiday Inns,³⁴

33 Continnente v. Continnente, 378 F.2d 279 (9th Cir. 1967).

34 Holiday Inns Of America, Inc. v. B & B Corporation, 409 F.2d 614 (3rd Cir. 1969).

Comidas³⁵ dismissed the claim.

Additionally, other many cases refer to Dawn Donut or the followers not denying the Dawn Donut rule. However, most of them are distinguishing cases. In some of them, plaintiff and defendant have the same territory, and injunctive order was issued. In others, defendant commenced the use before the registration and thus has superiority to plaintiff.

On the face of those cases, including the Dawn Donut followers and acceptors, the Dean Donut rule appears as if steadily established. However, many of them do not hold the rule, but distinguish it. Therefore, it should be said that the rule is not established so well as referred to in them.

3.4 Supporting from Law and Economics

There are arguments to support the Dawn Donut rule from the viewpoint of Law and Economics. They argue, while admitting that the rule conflicts with the legislative intention, that the Dawn Donut rule is a court-created appropriate rule. It has some rationale. Especially, it is valuable as a legislative proposal. However, it does not seem persuasive as an argument on the current law.

35 Comidas Exquisitos, Inc. v. O'Malley & McGee's Inc.,
775 F.2d 260 (8th Cir. 1985).

3.4.1 Law and Economics on Trademark

Prof. Landes and Prof. Posner analyze the trademark registration system from the view point of law and economics.³⁶ Pursuant to them, the justification for the right given to a trademark owner is based on the benefit realized in reduction of the search cost incurred by the consumers. They call that "economizing function."³⁷

3.4.2 Limited Trademarks Argument

Referring to and relying on this Prof. Posner's argument, Prof. Stephen L. Carter appreciates Dawn Donut from the view point of Law and Economics.³⁸ Pursuant to him, the important function of trademarks is that "they lower consumer search costs,"³⁹ and the "justification for trademark law rests on the premise that the set of available marks is virtually infinite."⁴⁰ He negates this premise. He points out that the number of valuable trademarks, for example, in phonetical

36 Landes & Posner, Trademark Law: An Economic Perspective, 30 J.L. & Econ. 265 (1987).

37 Id. at 269.

38 Carter, The Trouble with Trademark, 99 Yale L.J. 759 (1990).

39 Id. at 759.

40 Id. at 760.

sense. He argues "that the protection of marks that convey no information to consumers carries significant but rarely mentioned costs."⁴¹

He names an assumption that "the set of marks appropriate to a given product category is practically infinite" IM.⁴² IM is for Irrelevant Mark. He argues that IM is not true, and supports that MIM, Modified Irrelevant Mark assumption may be true.⁴³

He argues, principally on MIM, that the current Lanham Act might be "granting too much in return for too little."⁴⁴ Further, he concedes that even on IM the enforcement of the letters of the Lanham Act is not appropriate.

3.4.3 Appreciation of Dawn Donut

He highly appreciates Dawn Donut. From his viewpoint, the Dawn Donut court tried, and succeeded, to limit the right of a trademark registrant that had not used the trademark sufficiently.

He admits that Dawn Donut is erroneous on its interpretation of the legislative intention, as fully referred

41 Id.

42 Id. at 769.

43 Id. at 774.

44 Id. at 759.

to below. Nonetheless, he appreciates "this judicially created exception."⁴⁵ He says that "the courts were right to do what they did in curbing the excesses of the Lanham Act."⁴⁶

3.4.4 Difficulties

While appreciating Dawn Donut, he admits that it does not have any ground in the statute or its legislative history. He says as follows (underline added):⁴⁷

The difficulty with the Dawn Donut approach is that nothing in the Lanham Act carves out such an exception from the nationwide right to use the mark. But enforcing the Act to its letter would have the result of permitting senior user-registrant who is a small regional firm to prohibit use of the same mark by another larger firm thousands of miles away, even if the result is higher cost of entry for the junior user.

Further, while he does not refer to this, the Dawn Donut rule has difficulty due to the tentativeness of the right admitted thereby. Dawn Donut clearly says, contrary to Fairway Foods, that in case of entry by the registrant plaintiff into the defendant's area, defendant will be enjoined from using the trademark. Although, he appears as if he assumes that such situation never takes place. The economic analysis does not extend to the point of entry by the

45 Id. at 794.

46 Id.

47 Id. at 791.

registrant in the future.

He appreciates the Dawn Donut rule saying that it avoids the confusion, and the possible economical loss due to the same, in case of the stop of the use by defendant. However, we should note that such situation may take place. In such case, the confusion will be needlessly enlarged by the application of the Dawn Donut rule. It is strange that he ignores this difficulty.

3.4.5 Legislative Proposal

Prof. Carter's argument is very persuasive in the part of legislative proposal.⁴⁸ The point is that the Lanham Act gives geographically excessive right in many cases. The legislation is necessary to limit the geographical area of right rendered to a trademark registrant if it is not truly needed.⁴⁹

For this purpose, besides his proposal, it is necessary to consider other methods further. It seems reasonable to introduce significant amount of registration fee that corresponds to the degree of the area covered by the registration. It will be helpful to discourage applicants to obtain not needed geographically broad right.

48 Id. at 795.

49 Id. at 796.

4 Conflicting or Distinguishing Cases

There are many cases that refer to Dawn Donut. Some of them factually followed the same. However, most of them distinguished it. To distinguish Dawn Donut is very easy since it is enough simply to say that the likelihood of confusion exists in the given case, or easily to say that it found plaintiff's intent to expand its business to defendant's territory. Thus, the existence of many cases that refer to Dawn Donut, and not deny the same, does not support the rule strongly.

4.1 Tisch Hotels⁵⁰

Tisch Hotels is an example to show the ease to distinguish a case from the Dawn Donut rule by saying that the confusion is likely in the given situation. It points out the nature of the business concerned, namely, hotel business.

4.1.1 Facts in Tisch Hotels

Plaintiff operates hotels in Miami Beach, Florida, New York City, and San Juan, Puerto Rico with its service mark

50 Tisch Hotels, Inc. v. Americana Inn, Inc., 350 F.2d 609 (7th Cir. 1965).

"Americana" since 1956. It registered the same in 1962.

Defendant has been operating two motels, Americana Motel and Americana Inn, in the Chicago area, since 1957 and 1961, respectively. While defendant adopted the mark before the registration by plaintiff, defendant could not assert its priority since defendant adopted it knowing the use by plaintiff.

4.1.2 Conclusion in Tisch Hotels

The court does not refer to Fairway Foods⁵¹ or Dawn Donut.⁵² However, it states that likelihood of confusion, including that after geographical consideration, is required for the injunction. This portion is identical with Dawn Donut and the others. Defendant's hotels were far from plaintiff's, and, thus, no competition was found. Nonetheless, the court affirmed the likelihood saying that the likelihood exists due to the nature of hotel business that travelers from other area are the target of the business.

51 Fairway Foods, Inc. v. Fairway Market, Inc., 227 F.2d 193 (9th Cir. 1955).

52 Dawn Donut Co. v. Hart's Food Stores, Inc., 267 F.2d 358 (2nd Cir. 1959).

4.1.3 Tisch Hotels and Holiday Inns⁵³

The comparison between Tisch Hotels and Holiday Inns makes the point clear. Also in Holiday Inns, the court found that there was effect of the use by plaintiff to defendant. No substantial difference exists between them. Nonetheless, the conclusions are different. This shows the possibility of arbitrary discretion. In other words, the proposition of the Dawn Donut rule may lack the nature of a law.

4.2 Foxtrap⁵⁴

This example shows the easiness for a registrant to avoid the Dawn Donut rule by showing the likelihood of the registrant's entry into the disputed area.

4.2.1 Facts in Foxtrap

Plaintiff is a private social club located in the District of Columbia, which was incorporated in 1975. Plaintiff has, allegedly, 9,200 members in Maryland (40%), the District of Columbia (20%), Virginia (10%), New York (8%),

53 Holiday Inns Of America, Inc. v. B & B Corporation, 409 F.2d 614 (3rd Cir. 1969).

54 Foxtrap, Inc. v. Foxtrap, Inc., 671 F.2d 636 (D.C. Cir. 1982).

Georgia (5%), Philadelphia (1%) and elsewhere. Plaintiff obtained the federal registration of the mark in 1978.

Defendant is a Pennsylvania corporation, incorporated in 1977. It is operating in Pennsylvania a public disco and bar. It sometimes exacts a variable cover charge to keep a certain clientele out.

4.2.2 Conclusion in Foxtrap

The court affirmed, while the case was vacated in part and remanded due to the failure to satisfy the procedural requirement as to the monetary remedy amount, the District Court's granting injunction and monetary relief.

Defendant argued based on the distance. Defendant asserted that plaintiff is not entitled to injunctive relief because (1) the parties do not offer competitive services, and (2) plaintiff's rights in its mark do not extend to Philadelphia.

The court said that direct competition is not a prerequisite to protective relief. It said "[r]ather, the inquiry is whether the buying public is likely to believe that defendant's services come from the same source, or are affiliated with the trademark owner."⁵⁵ Further, it says as

55 Id. at 639.

follows (underline added):⁵⁶

The second prong to appellant's first "non-competitive" argument -- that injunctive relief does not lie because the two clubs operate in different geographical areas -- is also unavailing. Under the Lanham Act, a federal registrant is entitled to enjoin a remote junior user of the mark if there is a likelihood of the registrant's entry into the disputed area. Dawn Donut Co. v. Hart's Food Stores, Inc., 267 F.2d 358, 362 (2d Cir. 1959). Here, appellee's membership sales in Philadelphia predating appellant's use of the mark are sufficient to show that likelihood. So far as appellee is concerned, Philadelphia is not a remote or inaccessible area at all

Following this, the court refers to 15 U.S.C. sec. 1115 (b) (5). The court denied the applicability of this defense since defendant adopted the mark knowing plaintiff's use.

4.2.3 Analysis of Foxtrap

In this case, Dawn Donut was referred to as restriction on the applicaiton of the Dawn Donut rule. Here, while plaintiff did not show no specific plan to do so, the court admitted the likelihood of registrant's entry. This example shows how it is easy to avoid the Dawn Donut rule relying upon the entry-likelihood restriction on its applicability.

4.3 Park 'N Fly⁵⁷

56 Id. at 640.

57 Park 'N Fly, Inc. v. Dollar Park And Fly, Inc., 469 U.S. 189 (1985).

Park 'N Fly is the case which was referred to above as denied Fairway Foods. While not explicitly, Park 'N Fly can be understood to negate further the Dawn Donut rule. It stresses the difference between the Lanham Act and the common law.

4.3.1 Facts in Park 'N Fly

Plaintiff operates long-term parking lots near airports in St. Louis, Cleveland, Houston, Boston, Memphis, and San Francisco. Plaintiff registered the mark "Park 'N Fly" in 1971. Nearly 6 years later, upon the completion of the required procedure, the registration became incontestable.

Defendant also provides long-term airport parking services called "Dollar Park and Fly" in Portland, Ore, only. Defendant argued that the registered mark is merely descriptive, thus injunction should not be given.

4.3.2 Conclusion in Park 'N Fly

The District Court granted the injunctive relief, denying, among others, alleged defense that the registered mark is merely descriptive. The Court of Appeals reversed. The reason was that incontestability provides only a defense against the cancellation, and that it may not be used

offensively.

The Supreme Court negated the decision by the Court of Appeals, and the case was reversed and remanded. The Supreme Court supported the offensive use of incontestability.

4.3.3 Analysis of Park 'N Fly

In this case, the Supreme Court clearly said "the Lanham Act altered existing law concerning trademark rights in several respects."⁵⁸ This point is noteworthy. As further discussed later, the Dawn Donut rule contains, in one sense, a partial residue of the common law before the Lanham Act enactment. While it depends on the extent of the negation of the prior common law, Park 'N Fly can be interpreted as a denial of the Dawn Donut rule.

5 Analysis of Dawn Donut Rule

5.1 Construction of Lanham Act in Dawn Donut⁵⁹

Dawn Donut refers to the Lanham Act sections, including the constructive notice provision. It leads the court to

58 Id. at 199.

59 Dawn Donut Co. v. Hart's Food Stores, Inc., 267 F.2d 358 (2nd Cir. 1959).

negate any defendant's permanent right to use the trademark in its trading area.⁶⁰ On this point, the court admitted the change by the Lanham Act from the common law.⁶¹ Nonetheless, it dismissed the claim relying on the construction of the Lanham Act sec. 32, supra. It permitted tentative right of defendant while it denied permanent right. The Dawn Donut rule can be understood as a compromise, which creates a paradox as discussed later.

5.1.1 Prior to Lanham Act

The Lanham Act changed the allotment of the right to use a trademark in a certain area. Even Dawn Donut admits the change. Before the enactment, under the common law, the first user in a particular area obtained the permanent right to use the trademark in that area.

Such right was not affected by prior use in another area. In other words, right to concurrent use can be obtained even after another person was entitled to use exclusively the trademark in another area.⁶² Note that under the common law right to a trademark can be obtained only by use.

60 Id. at 360.

61 Id. at 362.

62 Hanover Star Milling Co. v. Metcalf, 240 U.S. 403, 415 (1916).

5.1.2 Analysis of Dawn Donut

The contrary is lead by the foregoing straightforward interpretation of 15 U.S.C. sec. 1114. Namely, if a registration takes place, any other party cannot be entitled to use the same mark anywhere permanently or not. Hereinafter, this shall be referred to as the "registrant rule." The registrant rule is the opposite end to the common law conclusion. Namely, the registrant rule concludes that the registrant A, in the aforementioned model situation, has one hundreds percent of right in B's area. In other words, B does not have even tentative right to use the mark there, and A has every and all right as to the mark including the right to enjoin B from the use in B's area immediately.

The Dawn Donut rule can be understood as a compromise, or a mixture, between the common law rule and the registrant rule. It admits tentative right.

5.1.3 Difficulties Caused by Compromise

This nature leads to a paradox. Imagine the situation after a judgment which permitted a tentative right. Defendant continues the use. It will further accumulate goodwill. The longer the period of the use of the trademark become, the more difficult it will be for defendant to stop the use and abandon

the goodwill accumulated on the trademark. Notwithstanding, pursuant to the Dawn Donut rule, plaintiff may overthrow it.

Is it fair or just to render such a vulnerable position to defendant?

5.2 Criticism on Dawn Donut Construction

Dawn Donut admitted a defense which 15 U.S.C. sec. 1115 (a) does not provide. While it is different from the case of Dawn Donut, about possible defenses against an incontestable mark Park 'N Fly⁶³ says as follows:⁶⁴

The language of the Lanham Act also refutes any conclusion that an incontestable mark may be challenged as merely descriptive. A mark that is merely descriptive of an applicant's goods or services is not registrable unless the mark has secondary meaning. Before a mark achieves incontestable status, registration provides prima facie evidence of the registrant's exclusive right to use the mark in commerce. Sec. 33 (a), 15 U.S.C. sec. 1115 (a). The Lanham Act expressly provides that before a mark becomes incontestable an opposing party may prove any legal or equitable defense which might have been asserted if the mark had not been registered. Ibid. Thus, sec. 33 (a) would have allowed respondent to challenge petitioner's mark as merely descriptive if the mark had not become incontestable. With respect to incontestable marks, however, sec. 33 (b) provides that registration is conclusive evidence of the registrant's exclusive right to use the mark, subject to the conditions of sec. 15 and the seven defenses enumerated in sec. 33 (b) itself. Mere descriptiveness is not recognized

63 Park 'N Fly, Inc. v. Dollar Park And Fly, Inc., 469 U.S. 189 (1985).

64 Id. at 196.

by either sec. 15 or sec. 33 (b) as a basis for challenging an incontestable mark.

Here, the Supreme Court strictly denied the possibility of defense not covered by sec. 33 (b) in case of an incontestable registration. Dawn Donut appears to conflict with this. While there is difference as to the incontestability, at least, the full application of the Dawn Donut rule was denied by Park 'N Fly.

5.3 Possible Support

The dismissal as Dawn Donut did may possibly be able to be supported by relying on another provision of the Lanham Act. Park 'N Fly also says as follows:⁶⁵

The Lanham Act, as the dissent notes, post, at 217, authorizes courts to grant injunctions "according to principles of equity." Sec. 34, 15 U.S.C. sec. 1116. Neither respondent nor the opinion of the Court of Appeals relies on this provision to support the holding below. Whatever the precise boundaries of the courts' equitable power, we do not believe that it encompasses a substantive challenge to the validity of an incontestable mark on the grounds that it lacks secondary meaning. To conclude otherwise would expand the meaning of "equity" to the point of vitiating the more specific provisions of the Lanham Act. Similarly, the power of the courts to cancel registrations and "to otherwise rectify the register," sec. 37, 15 U.S.C. sec. 1119, must be subject to the specific provisions concerning incontestability. In effect, both respondent and the dissent argue that these provisions offer insufficient protection against improper

65 Id. at 202.

registration of a merely descriptive mark, and therefore the validity of petitioner's mark may be challenged notwithstanding its incontestable status. Our responsibility, however, is not to evaluate the wisdom of the legislative determinations reflected in the statute, but instead to construe and apply the provisions that Congress enacted.

As suggested here, a court may possibly be able to dismiss an injunctive claim using 15 U.S.C. sec. 1119. However, once exclusive right is admitted, only rarely injunctive relief should be denied by 15 U.S.C. sec. 1119. Otherwise, it would result in the negation of the nature of the exclusive right.

Besides, the limited power of the Congress may reason the Dawn Donut rule. However, this reasoning is difficult because the Supreme Court in Park 'N Fly did not question the constitutionality of the Lanham Act to the maximum extent.

5.4 Effect of 1988 Amendment

In 1988, effective November 16, 1989, the Lanham Act was significantly amended by Pub. L. 100 - 667. Among others, the amendment abolished the pre-use requirement, and added the constructive use effect to a trademark application. This amendment can be understood to overrule the Dawn Donut rule. Union National Bank⁶⁶ says that "[t]his situation may have

66 Union National Bank Of Texas v. Union National Bank Of Texas, 909 F.2d 839 (5th Cir. 1990).

been changed by recent amendments to the Lanham Act."⁶⁷

5.4.1 Use Requirement and Abolition

Before the 1988 amendment, effectively, the Lanham Act had only sec. 1 (a) which provides that "the owner of a trademark used in commerce may apply to register his or her trademark . . ."

The 1988 amendment made it possible to apply and register a trademark without any prior use. For this purpose, 15 U.S.C. sec. 1051 (b), the Lanham Act sec. 1 (b), was added. It provides for an application by "[a] person who has a bona fide intention . . . to use a trademark in commerce."

5.4.2 Constructive Use

The constructive use effect was newly given to an application. For this purpose, 15 U.S.C. sec. 1057 (c), the Lanham Act sec. 7 (c), provides as follows:

Contingent on the registration of a mark on the principal register provided by this Act, the filing of the application to register such mark shall constitute constructive use of the mark, conferring a right of priority, nationwide in effect, on or in connection with the goods or services specified in the registration against any other person except for a person whose mark has not been abandoned and who, prior to such filing--

67 Id. at 842.

- (1) has used the mark;
- (2) has filed an application to register the mark which is pending or has resulted in registration of the mark; or
- (3) has filed a foreign application to register the mark on the basis of which he or she has acquired a right of priority, and timely files an application under section 44(d) [15 U.S.C. sec. 1126 (d)] to register the mark which is pending or has resulted in registration of the mark.

"Constructive use" means that the filing date is equivalent to a nationwide date of first use.⁶⁸ In our context, the constructive use provision has such effect to make the critical time point earlier. Namely, while the constructive notice takes effect as of registration, the constructive use takes effect as of filing date of application. The effect of constructive notice also prevents a third party from acquiring a common law right in a specific trading area based on its use after the applicant's filing date.⁶⁹

5.4.3 Relation to Dawn Donut Rule

The 1988 amendment does not directly or explicitly overrule or negate the possible Dawn Donut rule. Nonetheless, it can be interpreted to have done so in effect.

68 Leeds, Intent To Use -- Its Time Has Come, 79 Trademark Rep. 269, 279 (1989).

69 Id.

First, the effect of constructive use conflicts with the Dawn Donut rule. The Dawn Donut rule can apply only if the use by a registrant is geographically limited. By the constructive use provision, an application "shall constitute constructive use of the mark, conferring a right of priority, nationwide in effect." This may be interpreted to be a negation of the prerequisite of the Dawn Donut rule.

Further, the general direction of the 1988 amendment is in opposite to the Dawn Donut rule. The Dawn Donut rule is, in its most favorable evaluation, a court-created rule that limits the right given to a registrant that is not sufficiently using the trademark. In this sense, the Dawn Donut court tried to make the effect of the registration as small as possible. The 1988 amendment, contrary, enlarged the function of the registration system. "One objective" of the amendment "is to make it easier for individuals and companies to clear and acquire priority rights in new trademarks before going to the sometimes considerable expense of making a 'first use' of the mark in interstate commerce."⁷⁰

Under the current Lanham Act after the amendment, even a party who has never used the mark can apply for the registration of the mark so long as he has bona fide

70 Klein, The Trademark Law Revision Act Of 1988: An Analysis Of The Mechanics And Possible Effects Of Intent-To-Use Legislation, 16 AIPLA Q.J. 153, 156 (1988).

intention. The purpose of the amendment is to give stable position to such a party. This position does not have ground that it conveys certain information.

6 Conclusion

Many cases dealt with the Dawn Donut rule as the law. However, it is difficult to support the same as a fair construction of the Lanham Act. Nonetheless, it is also difficult to ignore those cases. It might be possible to say that it is a court created rule within permissible scope of the interpretation. On this understanding, the Dawn Donut rule is the law which the courts created.

However, it is noteworthy that the Dawn Donut rule was made out of the erroneous construction of wording of the statute and the legislative intention, and that it creates a paradoxical situation. Further, the Supreme Court in Park 'N Fly and the 1988 amendment may have overruled the Dawn Donut rule.

It must be understood and applied, if so at all, as has only limited scope of applicability.