

PLANTING



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Trademark Protection for Services and Software

by **Ray K. Harris** and **Stephen R. Winkelman**

The Arizona legislature has amended Arizona trademark law in several ways important to Arizona businesses that sell services or software. These amendments clarify and expand service mark protection and create a cause of action for “dilution” of a trademark. This article summarizes these amendments and identifies factors to consider when evaluating state or federal trademark registration.

Marks Eligible for Protection

1. Trademarks

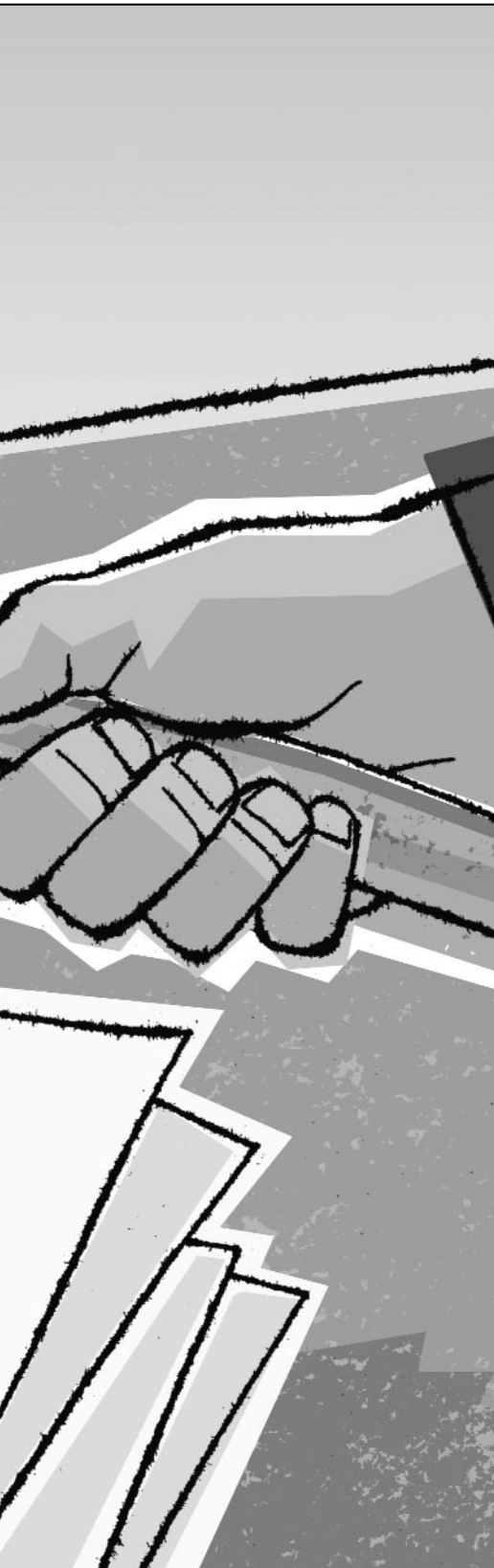
A trademark is any word, symbol (logo) or device¹ that identifies the source of goods and distinguishes those goods from competitors’ goods.² Trademarks can be registered under either federal³ or state⁴ law—or both.⁵ Trademarks are protected under state and federal law without any registration.⁶ The first person to use a trademark has the right to prevent use of a similar mark by a competitor that is likely to cause confusion in the marketplace.⁷

Trademark law protects both consumers (who can rely on trademarks to identify efficiently the product they want) and trademark owners (who can prevent piracy of their investment in reputation).⁸ Trademark protection prevents competitors from misusing the trademark of a successful product to confuse and divert customers. The same mark may be used for different goods if no customer confusion results. For example, the mark *Delta* can apply, without confusion, to both airline services and plumbing goods.⁹

2. Service Marks

Potentially significant differences previously existed between federal and state law with regard to “service marks.” A service mark is the equivalent of a trademark used in connection with services rather than goods.¹⁰ Federal law addresses trademarks and service marks in the same statute, thereby assuring identical treatment.¹¹ Arizona did not provide explicit statutory recognition of service marks. Consequently, the owner of a service mark either could try to register federally,¹² rely on common law rights (A.R.S. § 44-1452) or register a “trade-name” (A.R.S. § 44-1460 *et seq.*).¹³ Even after registration of a tradename, however, the remedies available were largely defined by common law.¹⁴

The recently enacted amendments to Arizona trademark law specifically define a service mark, A.R.S. § 44-1441(a)(6), and define the word *mark* to mean any trademark or service mark. (A.R.S. § 44-1441(a)(3)). This is a substantial benefit to Arizona businesses, many of which provide services rather than goods and



have been unable to point to specific statutory authorization for service mark protection against the use of confusingly similar marks by competitors.

Choosing State or Federal Registration

1. Federal Registration Requires Use in Interstate Commerce

Federal registration is available for trademarks used “in commerce.” *Commerce* means “all commerce which may lawfully be regulated by Congress.”¹⁵ The necessary “use in commerce” is a constitutional requirement and a relatively low threshold. For example, *Larry Harman Pictures Corp.*¹⁶ involved an application for registration by Bozo’s Pit Barbecue Restaurant in Mason, Tennessee, a one-hour drive from Memphis. Fifteen percent of Bozo’s business was with customers from other states. The court held that Bozo’s was involved with interstate commerce even though

It was not on an interstate highway or near a state line. It was not listed in any travel guide. It was not listed in any restaurant guide. It was not advertised in any out-of-state media. It had no liquor license, accepted no credit cards, and took no reservations.¹⁷

Congress “has broad powers under the commerce clause.”¹⁸ Some local businesses, however, will not qualify for federal registration.¹⁹

2. Descriptive Marks Can Be Federally Registered

There are two federal registers. The Principal Register is used for trademarks that are determined to be distinctive.²⁰ After five years of continuous use, filing an additional affidavit renders the work incontestable (except on limited grounds).²¹

The Supplemental Register is used for trademarks that merely describe the goods or services provided until the mark acquires secondary meaning.²² Registration on the Supplemental Register

helps create a presumption of secondary meaning, warranting registration on the Principal Register after continuous and exclusive use of the mark for five years.²³ Registration on the Supplemental Register prevents competitors from subsequently registering a similar mark on the Principal Register.²⁴

Arizona has no equivalent to the Supplemental Register. Merely descriptive marks are simply ineligible for state registration.²⁵

3. Marks Not in Use Can Be Federally Protected

Federal law allows an application for registration to be filed before the mark is actually “used in commerce.”²⁶

Registration cannot issue, however, until the mark is in use.²⁷ The advantage to registering under the intent-to-use provisions is that the registrant has the right to preclude subsequent

users from adopting the mark from the earlier filing date.²⁸ The intent to use registration, however, entails additional fees and additional procedural obligations either to extend the registration or certify actual use of the mark in commerce. Failure to comply with the statutory procedure will result in loss of the registration rights (but not necessarily loss of rights to the mark itself).

State law requires use of trademark and service marks prior to registration.²⁹ Only corporate names can be reserved for future use at the state level.³⁰

4. Geographical Priority

Federal registration constitutes constructive notice of nationwide use of the mark.³¹ A federally registered trademark, however, may be subject to the rights of prior users within limited geographical areas. If an Arizona business is the first to use the trademark (with or without any state registration), that business would have the right to continue using the trademark, even if a competitor subsequently obtained a federal registration.³²

Arizona trademark registration provides constructive notice that the mark is claimed in the state. Arizona-wide trade-



mark protection may not arise merely by filing a state registration.³³ Under Arizona common law, protection for a mark's owner "should extend as far as his business reputation and his goods have become known."³⁴

5. Internet Domain Name Protection

As local businesses turn to e-commerce to expand their markets, once local trademarks become national and international in reach. Similar trademarks can coexist in the traditional marketplace when they are used in connection with separate lines of goods or services. On the Internet, however, two registrants cannot use identical domain names. More and more businesses engaged in electronic commerce "prefer the customer simply be able to find a website directly using a corporate name, trademark or service-mark."³⁵ Until December 1, 1999, Network Solutions, Inc. (NSI) allowed the owner of a federal trademark (registered on the principal register) to prevent another person's use of a domain name identical to the registered trademark. This policy did not recognize common law (or state law) trademark rights. The trademark owner was not required to show infringement or dilution.³⁶

The Uniform Dispute Resolution Policy adopted by the Internet Corporation for Assigned Names and Numbers (ICANN) established an administrative procedure to prevent the registration in bad faith of any trademark or service mark (e.g., to sell it to the owner or a competitor, to prevent use by the owner, to disrupt a competitor's business or to divert customers). Use of the domain name in connection with a bona fide offering of services or goods before any notice of the dispute can rebut a claim of bad faith, as can proof that the registrant has been commonly known by the domain name. Where both disputants have trademark rights in the name, the courts must be invoked to resolve the dispute. Jurisdiction exists where the registrar has its principal office or at the location of the registrant as shown in the registrar's database.³⁷

Federal registration is not as powerful a weapon as it was under the NSI policy. Registration of domain names as trademarks, however, always should be considered.³⁸

6. Presumptions Arising From State Registration

The state of Arizona does not have the staff or finances to engage in the same detailed substantive review received by federal trademark applications. Consequently, there is, and should be, no presumption that state trademark registration establishes the existence of secondary meaning.³⁹ This is the rule in most states.⁴⁰

Arizona law provides that a certificate of registration is admissible as proof of registration of the mark in any judicial proceeding.⁴¹ A state or federal certificate of registration "is prima facie evidence of the facts stated in the certificate of registration."⁴²

7. Trademark Law Precedent

There is a well-established body of case law interpreting the federal trademark statute. Only one published opinion cites the Arizona trademark law.⁴³ The amendments making state law conform to federal law should facilitate use of federal case precedents.⁴⁴

In the absence of Arizona law, Arizona courts will follow the Restatement.⁴⁵ Thus publication of the RESTATEMENT (THIRD) OF UNFAIR COMPETITION, dealing with trademark issues, may provide considerable assistance in Arizona trademark cases.

Dilution

1. Federal Law

The Federal Trademark Dilution Act of 1995⁴⁶ protects "famous" marks from dilution—"lessening of the capacity of a famous mark to identify and distinguish goods and services." Federal registration is neither necessary nor sufficient to determine that a mark is famous. The owner of a famous mark is limited to injunctive relief unless willfulness is shown. Federal registration on the Principal Register bars a state law dilution claim based on the registered mark. There are two types of dilution: tarnishment and blurring.⁴⁷

Tarnishment occurs when someone uses a mark with a derogatory or unflattering association. The goodwill of the mark is damaged as a result. One of the classic cases in this area is *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema,*

*Ltd.*⁴⁸ In that case, the defendant made explicit reference to the Dallas Cowboys Cheerleaders and used their uniforms, which are one of their trademarks, in making an adult movie. This use of a well-known mark in association with an adult movie calls the mark into disrepute. Although it is unlikely that anyone would conclude that the Dallas Cowboys Cheerleaders sponsored or approved of this use, it certainly caused harm to the value of the mark. The movie was enjoined.⁴⁹

Blurring involves the slow whittling away of a trademark's uniqueness and the positive mental image created in the minds of consuming public by use with many varied goods and services. For example, in *Augusta National, Inc. v. Northwestern Mutual Life Ins. Co.*,⁵⁰ the owner of "The Masters" trademark was able to prevent advertisement of "The Ladies Masters at Moss Creek Plantation." The court found that the operation of a Ladies Masters golf tournament within 125 miles of Augusta National was likely to result in confusion and to dilute the value of the Masters trademark. The court recognized that the defendant's conduct could cause a loss in the unique "commercial magnetism" of the "Masters" mark.

A number of cases have considered federal dilution claims.⁵¹ The Federal Dilution Act is frequently used in Internet domain name disputes.⁵²

Exceptions to liability exist for "comparative commercial advertising," noncommercial use or news reporting.⁵³ At least one case has held the fact that a mark is "famous" in only one state "strongly militates against meriting protection from dilution under federal law."⁵⁴

2. State Law

Dilution is not actionable in the absence of a statute.⁵⁵ Approximately 26 states have adopted an antidilution provision.⁵⁶ Arizona had no statute regarding dilution until 1998. The Arizona dilution provision parallels federal law, making both blurring and tarnishment actionable under the Arizona trademark statute. The same exceptions apply for comparative advertising, noncommercial use and news reporting.⁵⁷

Trademark Protection for Software

1. Protection Under Federal Law

Trademark protection has not always been successful when asserted in computer hardware and software cases.⁵⁸ As computer hardware and software migrated from the workplace to the home, many commentators predicted that trademarks (e.g., IBM, Compaq, Apple) would take on increasing importance to unsophisticated consumers. Competitors are not completely prohibited from using those trademarks. Competitors must be careful, however, not to imply sponsorship or affiliation with the named company and not to make any representations that are false or misleading. Manufacturers can "refer to the trademarks of others in a comparative or compatible sense. ... For example, the seller of software trademarked BLOTTO is entitled to advertise: 'BLOTTO for your Apple IIGS® personal computer.'"⁵⁹

Trademark holders have been successful when asserting trademark rights for their proper purpose—to prevent customer confusion.⁶⁰ Intel Corporation was able to prevent the sale of Intel 80287-6 math coprocessors labeled as Intel 80287-10 or 386-25.⁶¹ Princeton Graphics recovered \$25 million in damages from the manufacturer of a computer monitor that claimed compatibility with the IBM PS-2 but failed to meet widely accepted standards of compatibility.⁶² Sega recovered from the owner and operator of a computer bulletin board services for distribution of trademarked goods.⁶³ Nintendo has used trademark protection successfully to supplement copyright protection for counterfeit video game cartridges.⁶⁴

2. Expanded Protection Under Arizona Law

The Arizona Software and Internet Association sponsored creation of a cause of action for trademark infringement against any person who distributes or uses an unauthorized copy of computer software, knowing it to be an unauthorized copy, if it displays a trademark registered in Arizona.⁶⁵ The goal is to protect the trademark owner against third parties who, not knowing

that the copy is unauthorized, might attribute defects or problems to the trademark owner.⁶⁶

Unauthorized distribution or use of computer software “shall be deemed to cause injury in this state” if the software incorporates or displays an Arizona registered mark.⁶⁷ If the use is a nonpersonal commercial one, the court shall award reasonable attorneys’ fees and, at the plaintiff’s election, may award damages equal to \$500 for each copy of unauthorized software used or distributed (or the manufacturer’s suggested retail price for each copy, if greater).⁶⁸ The court may award the same damages even if the use is a personal noncommercial use.⁶⁹ These statutory rights may justify seeking state registration in addition to federal registration.

Conclusion

Companies should consider carefully the registration of their trademarks and service marks. An Arizona registration may be appropriate for a business that has no plans to expand outside Arizona. If such expansion is under consideration, however, a federal registration is recommended. A prior federal registration will prevent later use of a confusingly similar mark in competition with the registrant. A federal registration will not prevent an existing use of a mark, but it will prevent expansion of that use to other states—or to areas outside the scope of reasonable expansion plans.

Service and software companies are entitled to protection for their goodwill. Although trademark protection does not substitute for copyright protection for software products, it can be a valuable asset in preventing a competitor’s free ride on R&D and marketing investment. It is increasingly important to select protectable marks for software and services and to respect the trademark rights of competitors. ❏

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ENDNOTES

1. Features such as size, shape, color, texture and overall appearance of a product or its packaging can operate as a trade dress (comparable to a trademark). *See, e.g., Wal-Mart Stores, Inc. v. Samara Bros. Inc.*, 529 U.S. 205 (2000).
2. 15 U.S.C. § 1127; A.R.S. § 44-1441 (a)(4).
3. After federal registration, notice of registration (in the form ® or “Registered in the U.S. Patent and Trademark Office” or “Reg. U.S. Pat. & TM Off.”) should be used to facilitate recovery of damages from an infringer. 15 U.S.C. § 1111.
4. It is improper to use the ® with a state registration. Instead, the symbol TM or SM should be used.
5. Different fees are imposed. Federal registration requires a processing fee of \$325 per class. 37 CFR § 2.6(a)(1). Renewal costs \$400, and the affidavit of continuous use costs \$200. 15 U.S.C. § 1058(a), 1059(a). State registration or renewal is \$15. A.R.S. § 41-126(A)(3).
6. 15 U.S.C. § 1125, A.R.S. § 44-1452.
7. 15 U.S.C. §§ 1052(d), 1065, 1115(b)(5); *Mister Donut of America, Inc. v. Mr. Donut, Inc.*, 418 F.2d 838, 842 (9th Cir. 1969).
8. *See, e.g., Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 773, *reh’g denied*, 505 U.S. 1244 (1992); *Mana Products, Inc. v. Columbia Cosmetics Mfg., Inc.*, 65 F.3d 1063, 1068 (2nd Cir. 1995); *Thomas & Betts Corp. v. Panduit Corp.*, 65 F.3d 654, 657-658 (7th Cir. 1995), *cert. denied*, 516 U.S. 1159 (1996).
9. Trademarks are registered for specific classes of goods. The former Arizona statute used an old classification scheme (the U.S. Schedule of Classes of Goods adopted in 1959) that differed from the federal system (the International Schedule of Goods and Services adopted federally in 1973). The amended Arizona law now incorporates the same classification scheme used in federal trademark law. A.R.S. § 44-1449.
10. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 9 (1995).
11. *See* 15 U.S.C. § 1127.
12. *Larry Harman Pictures Corp. v. Williams Restaurant Corp.*, 929 F.2d 662 (Fed. Cir. 1991), *cert. denied*, 502 U.S. 823 (1991).
13. *Cf. Edwards v. Superior Court*, 113 P.2d 930 (Ariz. 1941) (no trademark protection except for goods); *Ramada Inns, Inc. v. Marriott Corp.*, 494 P.2d 64 (Ariz. Ct. App. 1972) (Arizona statutes do not define the term service mark); *Snelling and Snelling, Inc. v. Dupay Enterprises, Inc.*, 609 P.2d 1062 (Ariz. Ct. App. 1980) (assuming registration of “mark” pursuant to the tradename statute, A.R.S. § 44-1460 et seq.).
14. A.R.S. § 44-1460.05. There are few reported decisions arising specifically under the Arizona tradename statute. *Arizona International Ltd. v. Merrill Lynch Realty Operating Partnership*, 22 U.S.P.Q.2d (BNA) 1156 (D. Ariz. 1991); *See Taylor v. Quebedeaux*, 617 P.2d 23 (Ariz. 1980) (registration of trade name in anticipation of litigation); *V.J. Doyle Plumbing Co., Inc. v. Doyle*, 584 P.2d 594 (Ariz. Ct. App. 1978) (appellee registered trade name in 1972 and commenced litigation in 1973). A trade name is the name of a business.
15. 15 U.S.C. § 1127.
16. 929 F.2d at 662.
17. 929 F.2d at 669-670 (Newman, J., dissenting).
18. *Larry Harman*, 929 F.2d at 664.
19. *See, e.g., Ultimate Video Plus, Inc. v. Perrine Electronics, Inc.*, 1996 WL 481542 (N.D.N.Y. Aug. 22, 1996) (videotape rental store not engaged in interstate commerce). Consequently, some service businesses can only register under state law.
20. For a mark to identify a particular source of goods and distinguish goods from those produced by others, the mark must be “distinctive.” Marks are conventionally divided into five categories: fanciful, arbitrary, suggestive, descriptive or generic. *See, e.g., Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2nd Cir. 1976); *Trangso, Inc. v. Ajac Transmission Parts Corp.*, 768 F.2d 1001, 1014 (9th Cir. 1985), *cert. denied*, 474 U.S. 1059 (1986). RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 13 cmts. c, e. Marks that are fanciful, arbitrary or suggestive are inherently distinctive and are granted the strongest protection. *Two Pesos*, 505 U.S. at 768. Kodak® is fanciful. *Eastman Kodak Co. v. Rakow*, 739 F. Supp. 116 (W.D.N.Y. 1989). Ivory® as a mark for soap or Sun® as a mark for computers is arbitrary. *Abercrombie*, 537 F.2d at 9 n.6. *Sun Microsystems, Inc. v. SunRiver Corp.*, 36 U.S.P.Q.2d (BNA) 1266 (N.D. Cal. 1995). Coppertone® is a suggestive mark. *Douglas Lab. Corp. v. Copper Tan, Inc.*, 210 F.2d 453 (2d Cir. 1954); *cert. denied*, 347 U.S. 968 (1954). Marks that are merely descriptive must be shown to have secondary meaning. *Two Pesos*, 505 U.S. at 768; *see Park’N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 194 (1985). RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 15(1). “A generic term is one that refers, or has come to be understood as referring to the genus of which the particular product is a species.” *Raizk v. Southland Corp.*, 591 P.2d 985, 986 (Ariz. Ct. App. 1978) (citing *Abercrombie & Fitch*, 537 F.2d at 9). Marks that are generic cannot be protected. *Two Pesos*, 505 U.S. at 768; *Boice v. Stevenson*, 66 Ariz. 308, 187 P.2d 648 (Ariz. 1947).
21. 15 U.S.C. § 1065.
22. 15 U.S.C. §§ 1052(e), 1091(a); *Levi Strauss & Co. v. Blue Bell, Inc.*, 778 F.2d 1352, 1354 (9th Cir. 1985). The primary meaning is the literal meaning of the words used. 2 MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 15:6 (4th ed. 1997). A mark has secondary meaning if a substantial segment of the consuming public associates the mark with the source of the product. *Int’l Jensen, Inc. v. Metrosound U.S.A., Inc.*, 4 F.3d 819, 824 (9th Cir. 1993); *Fuddrucker’s, Inc. v. Doc’s B.R. Others, Inc.*, 826 F.2d 837, 843, 844 (9th Cir. 1987) (substantial portion of consumers nationally); *Levi Strauss*, 778 F.2d at 1354 (substantial segment of consumers and potential consumers). 2 MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION §§ 15.11, 15.45; RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 13 cmt. e (significant number of prospective purchasers). To have secondary meaning in the mind of prospective purchasers, the primary significance of the mark must be to identify the source of the product. *Inwood Lab., Inc. v. Ives Lab., Inc.*, 456 U.S. 844, 851 n.11 (1982).
23. 15 U.S.C. §§ 1052(f), 1095; 3 MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 19:42; TRADEMARK MANUAL OF EXAMINING PROCEDURE § 1212.05; A.R.S. § 44-1442(5)(c).
24. 3 MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 19:37; *Application of Clorox Co.*, 578 F.2d 305, 307 (C.C.P.A. 1978).
25. A.R.S. § 44-1442(5)(a).
26. 15 U.S.C. § 1051(b).
27. 15 U.S.C. § 1051(d).
28. 15 U.S.C. § 1072.
29. A.R.S. § 44-1441(B).
30. *See* A.R.S. § 10-402; ARIZ. ADMIN. CODE R14-1-201 et. seq.
31. 15 U.S.C. § 1057(c).
32. Even if the Arizona business was not the first user of a trademark or service mark, an Arizona business that began using the name prior to the federal registration can continue to use the name for the area in which it had continuous prior use. For some businesses, however, such as video rentals, the area of continuous prior use may be limited to the region around the existing stores. *See, e.g., Mister Donut of America*, 418 F.2d at 842 (three-mile radius around donut shop).

A new store, opened after notice of a conflicting federal registration, could not use the name. Faced with the prospect of operating under a different name at any new location, the Arizona business would probably choose to change its name.

33. See *First National Bank of Lander v. First Wyoming Sav. & Loan Ass'n*, 592 P.2d 697, 704 (Wyo. 1979); *Shop-Rite Durable Supermarket, Inc. v. Mott's Shop Rite of Norwich, Inc.*, 377 A.2d 312 (Conn. 1977); *Abner's Beef House Corp. v. Abner's Int'l, Inc.*, 227 So.2d 865 (Fla. 1969); RESTATEMENT (THIRD) OF UNFAIR COMPETITION §§ 19(a) cmts. b, c, 21, cmt. 1. 3 MCCARTHY, TRADEMARKS & UNFAIR COMPETITION § 22:1.
34. *O'Hara v. Lance*, 267 P.2d 725 (Ariz. 1954). See *Boice v. Stevenson*, 66 Ariz. at 319.
35. *Lockheed Martin Corp. v. Network Solutions, Inc.*, 985 F. Supp. 949, 952 (C.D. Cal. 1997), *aff'd*, 194 F.2d 980 (9th Cir. 1999).
36. *Lockheed Martin Corp.*, 985 F. Supp. at 953.
37. The Anti Cybersquatting Consumer Protection Act (codified at 15 U.S.C. § 1125(d)) prohibits trafficking in, using or registering a domain name identical or confusing similar to the trademark of another person with "bad faith intent to profit" from the mark. Statutory damages are available in lieu of actual damages (ranging from \$10,000 to \$100,000 per domain name).
38. See U.S. Patent and Trademark Office Examination Guide 2-99 for the policies of the USPTO regarding the examination of applications to register domain names as trademarks or service marks.
39. *Arizona Int'l Ltd. v. Merrill Lynch Realty Operating Ltd. Partnership*, 22 U.S.P.Q.2d (BNA) 1156 (D. Ariz. 1991) (Arizona Realty not protected despite registration of trade name with the Arizona Secretary of State). *Raisk*, 591 P.2d at 985 (Hogic not protected despite registration as trade name and trademark with the Arizona Secretary of State). *Cf.* 15 U.S.C. § 1115; RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 13 cmt. a.
40. RESTATEMENT (THIRD) OF UNFAIR COMPETITION §§ 13, 19 cmt. c; 3 MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 22:1.
41. A.R.S. § 44-1444(B).
42. A.R.S. § 44-1453(I).
43. *Raisk*, 591 P.2d at 985.
44. In most instances where a conflict of law might arise, federal and state law are identical: "As a practical matter, the conflicts of law issue is moot in most cases, for federal and state precedent almost always lead to the same result in most cases of common law trademark infringement and unfair competition." 4 MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 32:36 at 32-44; See *Ameritech Inc. v. American Information Technologies Corp.*, 811 F.2d 960, 963 (6th Cir. 1987) ("the substantial overlap of state and federal trademark law, however, often obscures the necessity of determining whether state or federal law applies").
45. See, e.g., *Brooks Fiber Communications of Tucson, Inc. v. GST Tucson Lightwave, Inc.*, 992 F. Supp. 1124 (D. Ariz. 1997); *Webster v. Culbertson*, 158 Ariz. 159, 161, 761 P.2d 1063 (1988); *Jesik v. Maricopa County Community College Dist.*, 125 Ariz. 543, 546, 611 P.2d 547 (1980); *Aztlán Lodge No. 1 Free and Accepted Masons of Prescott v. Ruffner*, 155 Ariz. 163, 745 P.2d 611 (Ct. App. 1987). However, Arizona will not follow the Restatement "blindly." *Barnes v. Outlaw*, 192 Ariz. 283, 285, 964 P.2d 484 (1998).
46. Pub. L. No. 104-98 (codified at 15 U.S.C. § 1125(c)).
47. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25; 3 MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 24:67.
48. 467 F. Supp. 366 (S.D.N.Y. 1979), *aff'd*, 604 F.2d 200 (2d Cir. 1979).
49. Examples include naming an untidy pig after Hormel's Spam (*Hormel Foods Corp. v. Jim Henson Productions, Inc.*, 73 F.3d 497 (2d Cir. 1996) (no dilution)) or depicting a competitor's logo running in fear from your own (*Deere & Co. v. MTD Products, Inc.*, 41 F.3d 39 (2d Cir. 1994) (dilution)).
50. 193 U.S.P.Q. (BNA) 210 (S.D. Ga. 1976).
51. See, e.g., *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208 (2d Cir. 1999) (Catdog snack diluted Goldfish crackers); *Dr. Seuss Enterprises L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394 (9th Cir. 1997), *cert. dismissed*, 118 S. Ct. 27 (1997) (permitted use of trademarks to parody the O.J. Simpson trial); *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 170 F.3d 449 (4th Cir. 1999) *cert. denied*, 120 S. Ct. 286 (1999) (no dilution by travel promotion based on "greatest snow on earth"); *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. B.E. Windows Corp.*, 937 F. Supp. 204 (S.D.N.Y. 1996) ("Greatest Bar on Earth" does not blur plaintiff's trademark).
52. See, e.g., *Hasbro, Inc. v. Internet Entertainment Group, Ltd.*, 40 U.S.P.Q.2d (BNA) 1479 (W.D. Wash., 1996) (owner of the "Candy Land" trademark obtained a preliminary injunction against defendant's use of the Internet domain name candyland.com in connection with a sexually explicit Internet site); *Panavision Int'l. L.P. v. Toeppen*, 141 F.3d 1316 (9th Cir. 1998) (dilution by "cyber pirate"); *Intermatic, Inc. v. Toeppen*, 947 F. Supp. 1227 (N.D. Ill. 1996) (granting summary judgment on dilution claims against "cyber-squatter"). *But see Avery Dennison Corp. v. Sumpton*, 189 F.3d 868 (9th Cir. 1999) (Avery and Dennison not famous).
53. 15 U.S.C. § 1125(C)(4).
54. *Star Markets, Ltd. v. Texaco, Inc.*, 950 F. Supp. 1030 (D. Hawaii 1996). *But see Times Mirror Magazines, Inc. v. Las Vegas Sports News, L.L.C.*, 2000 WL

- 526779 (3rd Cir. 2000) (fame in market niche).
55. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25(1) (statutory note); 3 MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 24:78.
56. 3 MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 24:80.
57. A.R.S. § 44-1448.01(C).
58. For example, Advanced Micro Devices successfully argued that Intel's 386 designation for processor microchips was generic. *Intel Corp. v. Advanced Micro Devices*, 756 F. Supp. 1292, 1298 (N.D. Cal. 1991). Intel was subsequently unsuccessful in registering 486 or i486; hence, the "Pentium" and "Celeron" names. In *Sega Enterprises, Ltd. v. Accolade, Inc.*, 977 F.2d 1510 (9th Cir. 1992), the Sega initialization procedure caused the Sega name to appear when Accolade's game cartridge was used. Sega unsuccessfully sought to protect the Sega initialization software under the guise of trademark protection. The court also refused copyright protection for the software. Disassembly of the initialization procedure to permit Accolade to create game programs compatible with the Sega game system was deemed a fair use. *Id.*; see *Sony Computer Entertainment, Inc. v. Connectix Corp.*, 203 F.3d 596 (9th Cir. 1999).
59. 3 MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 25.51 at 25-83-84.
60. Both state and federal law with regard to infringement of a mark or unfair competition require customer confusion. 15 U.S.C. § 1114(l); A.R.S. § 44-1442; 1 MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 23:1; see RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 20.
61. *Intel Corp. v. Terabyte Int'l, Inc.*, 6 F.3d 614 (9th Cir. 1993) (awarding \$380,000 in damages and reasonable attorneys' fees).
62. *Princeton Graphics, Operating, L.P. v. NEC Home Electronics (USA) Inc.*, 732 F. Supp. 1258 (S.D.N.Y. 1990).
63. *Sega Enterprises, Ltd. v. MAPHIA*, 857 F. Supp. 679 (N.D. Cal. 1994) (Sega video games); see also *Playboy Enterprises, Inc., v. Frena*, 839 F. Supp. 1552, 1558 (M.D. Fla. 1993) (bulletin board use of photographs).
64. See *Nintendo of America, Inc. v. Dragon Pacific Int'l*, 40 F.3d 1007 (9th Cir. 1994), *cert. denied*, 515 U.S. 1107 (1995) (use of both a pirated product and a pirated name entitled Nintendo to recover statutory damages under copyright law and actual damages under trademark law). See also *Nintendo of America, Inc. v. Ketchum*, 830 F. Supp. 1443, 1446 (M.D. Fla. 1993); *Nintendo of America, Inc. v. NTDEC*, 822 F. Supp. 1462 (D. Ariz. 1993), *aff'd*, 51 F.3d 281 (9th Cir. 1995), *cert. denied*, 516 U.S. 865 (1995).
65. The proposed legislation also makes the unauthorized use, removal or alteration of a software trademark, with the intent to deceive, a trademark infringement. The definition of infringement is modified to more closely parallel federal law. *Cf.* A.R.S. § 44-1451(A)(1) and 15 U.S.C. § 1125.
66. This is an application of the "post sale confusion doctrine" established in federal trademark law. See, e.g., *Esercizio v. Roberts*, 944 F.2d 1235 (6th Cir. 1991), *cert. denied*, 505 U.S. 1219 (1992); 3 MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 23:7.
67. A.R.S. § 44-1451(A)(3). Nothing in the statute appears to limit actionable use or distribution to conduct in Arizona.
68. A.R.S. § 44-1451(B)(3).
69. A.R.S. § 44-1451(B)(4).