Beware the Zombie Trademarks

At first, these trademarks do not appear treacherous. Rather, they seem familiar and appealing, located innocently on the packaging of everyday consumer goods. They are trademarks from yesteryear that inspire trust, confidence and nostalgia.

But something is amiss. Much to our ordinary consumer's surprise, she has been tricked into buying a product bearing such a mark. She ends up disappointed, even irate, and for good reason. The trademark is the same, but the product is not the one she recalls enjoying. She is, alas, the victim of a zombie trademark – a trademark that by definition is inherently deceptive.

A zombie trademark is one that has returned, though not miraculously, from the dead. It was once popular, brimming with goodwill and soaring sales, but for business reasons its owner has discontinued and abandoned it. It has disappeared from view, but consumers still recall its widespread use on their beloved cookies, shampoos or automobiles. It lives on in their memories, as residual goodwill.

Years later, sensing continuing value, an entrepreneur appropriates the trademark. He pretends to reintroduce it on, say, the original cookies, and promotes the mark to an unsuspecting and delighted public, including our consumer: "Look, Martin. MAGNA-MINTS are back. How wonderful!"

But nothing requires him to reproduce the original quality, so he uses ersatz ingredients. Marketing expense is low and demand is high. The end result? The public is duped and, as cookie sales zoom, the entrepreneur laughs all the way to the bank. Confusion is not just likely, it is virtually assured. In truth, the very success of the business rides on how effectively consumers are deceived.

At present, there is no clear legal remedy for protecting consumers from the siren song of zombie marks. An abandoned trademark is typically available to anyone, first come, first served. And even though protection of the public is a cornerstone of trademark law, a zombie business need not replicate original product quality or reveal that it has no connection to the original trademark owner.

US courts have struggled with residual consumer goodwill. Some refuse to find it relevant in abandonment cases, while others discourage newcomers from freely adopting the same mark for the same product. However, no court has allowed a trademark owner in an infringement action to sidestep the abandonment defence based solely on residual goodwill. And these are only the cases in which the original mark owner had the resources and motivation to challenge the confusing zombie use.

It is ultimately up to the courts or Congress to address the zombie problem. A creative judge could rely on cases requiring users of unprotectable generic terms to take steps to avoid deception. In 1938 the Supreme Court allowed Kellogg to use the generic phrase 'shredded wheat', but only "in a manner which reasonably distinguishes its product from that of the plaintiff".

Protection from zombies will require a sharpshooter to avoid overprotecting abandoned trademarks, while addressing the paramount public interest in freedom from deception.
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This article first appeared in issue 29 of World Trademark Review, published by The IP Media Group. To view the issue in full, please go to www.worldtrademarkreview.com.