

Controlled Transformation and the Alchemy of Trademark Protection

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This paper posits that the concept of controlled transformation serves as a unifying theory to understanding the acquisition of trademark rights, potential limits on their acquisition and enforcement, and their potential loss.

The concept of controlled transformation provides a uniform rationale for recognized limits denying trademark protection to generic marks even though they have arguably developed source signification and to marks derived from inventions or expressive works for which patent or copyright protection has expired. Likewise, the understanding that transformations must be controlled by the mark owner helps unify the statutes and case law that govern genericide of distinctive marks, abandonment, and the naked licensing of trademarks. The controlled transformation rationale gives added insight into why courts are generally skeptical of enforcement actions brought by competitors who ‘split’ rights in a mark against subsequent users, as seen in cases like *California Fruit Growers Exchange v. Sunkist Baking Co.*, even though courts generally favor the settlement of disputes through agreement.

Alchemy is an appropriate term in its connotation of magic or miraculous power of transformation – the mark owner can only succeed to the extent that potential customers buy into the transformation, and thus there is an element of unpredictability. This understanding helps solve the puzzle of why certain transformative actions on the part of the trademark owner are welcome in acquiring distinctiveness in the first place, but not in developing the mark. For example, trademark owners may also lose trademark rights not through loss of control, but through too-aggressive transformation, as the modernization of a trademark may result in abandonment of the prior mark if the modernized mark is too different from the prior mark. When one recalls the importance of the perspective of the consumer in an effectively controlled transformation, the apparent conflict is easily resolved – a distinctive mark retains its distinctiveness so long as consumers can still use the mark to distinguish the mark owners products and services from those of competitors, and a drastic change threatens to throw off that careful balance.

We should thus expect to see consistency between the transformative effort required on the part of a trademark owner to develop an inherently distinctive mark or acquire distinctiveness in a descriptive mark, and the transformations which can strip the mark owner of trademark rights, or alternatively thwart enforcement of the mark.