

# **Early Development of American Trademark Law**

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# 1 Introduction

This paper presents a detailed portrait of the formative years of American trademark law, explaining how the United States came to have a strong federal statutory trademark system. Controversies and debates over the appropriate scope, strength, and details during these early years shaped the fundamental principles upon which this body of law is based. Although in hindsight the path of development taken may seem as if it was predetermined, the fact that it could have been otherwise is often forgotten. By illuminating largely overlooked conflicts in the early development of trademark law, the choices made and the paths not taken may be more easily seen. Furthermore, some current controversies, such as the debate over the relationship of trademark to other forms of intellectual property, are long-standing, and insight into their historical roots may prove valuable in understanding the current situation.

It was not until the 1840s that the first trademark lawsuits arose in the United States. For the next few decades, trademark issues were addressed in the common and equity law courts, and in some state laws. In 1870, as trademark law matured and became a more international issue, Congress created the first federal statutory trademark law. This law was revised in 1876 to add criminal penalties for trademark infringement. Shortly thereafter, constitutional issues about Congress' power to create law on the subject arose, and in 1879 the Supreme Court found the entire federal statutory trademark system unconstitutional. Confusion and panic in the wake of this decision prompted ultimately unsuccessful efforts for a constitutional amendment, and soon yielded the exclusively international trademark law of 1881. Decades of dissatisfaction later, Congress revisited the subject and passed the law of 1905. This paper focuses on the tumultuous development of trademark law from the passage of the original law in 1870 to the creation of the 1905 law that, although flawed itself, established many of the principles upon which modern trademark law and practice is based.

## 2 1870 – The First Federal Trademark Law

In the late 1860s, the United States entered into several treaties concerning trademark protection. In 1868, treaties were made with both Russia and Belgium that agreed that “any counterfeiting in one of the two countries of the trademarks affixed in the other on merchandise ... shall be strictly prohibited and repressed”<sup>1</sup>. In service of this goal, foreign marks could be registered at the United States Patent Office, and reciprocal arrangements were made for registration of American marks. The following year, a similar treaty was enacted with France, promising merchants the ability to bring suit against counterfeiters in “the country in which the counterfeit should be proven, just as if the plaintiff were a subject or citizen of that country”<sup>2</sup>. These treaties all called out for federal attention – the treaties promised foreign interests a central registration that did not yet exist and guaranteed them access to federal courts that lacked a codified law on the subject.

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<sup>1</sup> *S. Doc. No. 20*, 56<sup>th</sup> Cong., 2<sup>nd</sup> Sess. 96 (1900).

<sup>2</sup> *S. Doc. No. 20*, 56<sup>th</sup> Cong., 2<sup>nd</sup> Sess. 101 (1900).

Almost immediately, Congressional attention was focused on the subject, and bills to execute these treaties were introduced as soon as 1869. Most of these early attempts to address trademark were strictly scoped, seeking to create penalties for the forgery of marks originating in countries with whom the United States had entered into treaties on the subject, or even more specifically on marks from the specific treaty partner nation. Several bills on the topic, of various approaches, were introduced in 1869 and 1870, indicating that “American manufacturers had begun to feel the need of some protection for their trademarks against infringers located in foreign countries”<sup>3</sup>. Although these first bills were not successful, they set the stage for the first federal statutory trademark law.

## **2.1 H. R. 1714**

In April of 1870, a bill to “revise, consolidate, and amend the statutes relating to patent and copyright” of the United States was introduced by Representative Jenckes of Rhode Island<sup>4</sup>. This bill gathered together and updated the existing patent laws, clarifying many processes, as well as centralizing the collection of works to be copyrighted in the Library of Congress. Existing trademark treaties promised the existence of a registry at the Patent Office that was not yet statutorily authorized. The overhaul of that office offered an obvious opportunity to address that need, and a section on trademark protection was added to the bill to take advantage of this chance. Unlike the previous bills, the trademark sections of this bill were not strictly focused on implementing the treaty agreements, but more generally at creating a national trademark law. Rep. Jenckes described the benefit of the bill as allowing a trademark holder to “register his claim at the Patent Office, pay his fee, and take his certificate of registration, [which] will protect him throughout the United States, in the same way as a patent for a design or a copyright is protected”<sup>5</sup>. His desire for a national standard trademark law was to rectify the “anomalous condition” of the United States, in which “by treaties, . . . we have secured to the subjects of [Russia, Belgium, and France] rights which are not by national law secured to citizens of the United States”<sup>6</sup>. Comprehensive national trademark laws existed in several European countries by this point, and this bill supported the notion that the United States should have one as well. Unlike these other nations, however, this trademark law was fundamentally linked with copyright and patent laws, a connection that would prove fatal eventually fatal to this early version of trademark law.

The bill was described as a natural progression from the common and equity law of the time. It served to codify principles in these bodies of law, such as the circumstances in which a suit for damages may be brought, in statutory law, adding further elements to better protect the interests of manufacturers. Discussion of the bill very clearly demonstrates that the goal was not to protect consumers themselves, as “under the common law of trade-marks . . . the public is protected,” but to “extend and

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<sup>3</sup> *S. Doc. No. 20*, 56<sup>th</sup> Cong., 2<sup>nd</sup> Sess. 100 (1900).

<sup>4</sup> An Act to revise, consolidate, and amend the statutes relating to patent and copyright, H. R. 1714, 41<sup>st</sup> Cong. (1870).

<sup>5</sup> *Cong. Globe*, 41<sup>st</sup> Cong., 2<sup>nd</sup> Sess. 2683 (1870).

<sup>6</sup> *Cong. Globe*, 41<sup>st</sup> Cong., 2<sup>nd</sup> Sess. 2683 (1870).

enlarge the protection afforded to manufacturers”<sup>7</sup>, primarily by giving them the opportunity to register their marks centrally and solidifying the ability to and the rules under which they could bring suit in federal courts. Equity laws of the time required rightful ownership of a mark be proven independently in each case, and without a formal registration process, this could be a difficult and expensive task. The existence of a central registry of marks would serve to diminish this cost, as a registration would serve as evidence of the ownership and date of commencement of use of the mark.

The effect of the bill mirrored these original motivations. Aside from establishing the ability to register a mark at the Patent Office, the Jenckes bill “added practically nothing to the existing [common] law,”<sup>8</sup> merely codifying many of the principles that had been established in the common law up to that point. Unlike the earlier bills, the Jenckes bill was an attempt to create a national standard trademark law, not to simply enact treaty agreements. The bill did not limit itself to only marks used in international commerce, and in fact was entirely “without limitation to the kind of commerce in which [marks] were used”<sup>9</sup>.

## **2.2 Opposition to H.R. 1714**

While there had been little to no opposition in the House of Representatives to the trademark portion of the bill, it was less well received in the Senate. The Senate Committee on Patents originally decided to remove the trademark sections of the bill entirely, and it was only by some committee members expressing second thoughts that the trademark section survived. The original Senate consensus was that the trademark section of the bill was redundant in light of the fact that “under the common law every man had a right to his own trade-mark and could protect himself”<sup>10</sup>, and so should be removed. When this was reported from committee, several senators expressed reservations about the decision, stating that “subsequent reflection [had] suggested ... whether the action of the committee [in removing the trademark sections] was altogether best”<sup>11</sup>. A few different issues were raised in support of the trademark section of the bill. The main point in its favor was the international value of such a law to American manufacturers, asking “how can they have their trade-marks protected in other countries if a protection is not provided for trade-marks here?”<sup>12</sup> and speaking of the benefits of the bill for trade with Europe. Echoing the goals of earlier trademark bills, most support was focused on helping American manufacturers avoid international piracy.

Some senators, however, also expressed support for Jenckes’ original motivations, discussing the “value to all here at home, having put into the text of a statute rules and principles which have been matured at the common law and recognized by our courts, but which [would] have new character and value and explicitness from being set forth in the

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<sup>7</sup> *Cong. Globe*, 41<sup>st</sup> Cong., 2<sup>nd</sup> Sess. 2847 (1870).

<sup>8</sup> *S. Doc. No. 20*, 56<sup>th</sup> Cong., 2<sup>nd</sup> Sess. 101 (1900).

<sup>9</sup> *S. Doc. No. 20*, 56<sup>th</sup> Cong., 2<sup>nd</sup> Sess. 101 (1900).

<sup>10</sup> *Cong. Globe*, 41<sup>st</sup> Cong., 2<sup>nd</sup> Sess. 4821 (1870).

<sup>11</sup> *Cong. Globe*, 41<sup>st</sup> Cong., 2<sup>nd</sup> Sess. 4821 (1870).

<sup>12</sup> *Cong. Globe*, 41<sup>st</sup> Cong., 2<sup>nd</sup> Sess. 4821 (1870).

statute”<sup>13</sup>. Similarly, some supported the bill as it was in line with the growing international norm of national trademark laws<sup>14</sup>. While these points of view may have been less directly responsible for the salvation of the trademark sections of the bill than treaty concerns, their very existence was forgotten in later discussions of the bill that insisted that the bill “never could have passed had it not been thought important in aid of ... treaties”<sup>15</sup>.

These divergent motivations produced a confusion of purpose in the bill that would later contribute to its ultimate demise. The law survived the Senate in the guise of an international treaty-enabling law, but was in fact originally crafted as a nationally focused general purpose trademark law. The national aspects were not removed, as they were generally seen as irrelevant but not harmful. Basically, the reasons that the law passed were at odds with the problem it had been created to solve, leaving ambiguousness about its construction and motivation. Both the original motivations and the Senate motivations, however, shared the manufacturer focus, as both were oriented towards protecting American trademark holders at home or abroad.

After this threat was resolved, the bill passed. There was little obvious public reaction to the passage of the bill, aside from a few news articles explaining what a trademark was and how the new law worked, generally within the scope of the larger copyright and patent revision act. There is little suggestion that the act was seen as groundbreaking or dramatically important, but simply a new commercial law that might be of interest to some sectors of the public while being ignored by most of the rest.

### **2.3 Constitutionality**

As it would later become such an important issue, it is worth a few moments to discuss the constitutional basis for the 1870 act as it was conceived of at the time. In discussions of the bill, no party raises the question of constitutionality, nor does the bill or discussions about it ever explicitly assert a particular power in the Constitution as the source of its legitimacy. Throughout the process of the passage of the bill, the issue of Congress’s power to legislate on the subject is simply unaddressed. When the issue of constitutionality comes to the forefront some years later, first in *Leidersdorf v. Flint* in 1878 and then more significantly in the Supreme Court’s opinion on the Trademark Cases, the underlying constitutional power for the law can only be asserted based on inference and assumption.

In later discussions, the constitutional basis for the 1870 act is generally assumed to have been the progress clause of the Constitution, which states that “Congress shall have the power ... to promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries,”<sup>16</sup> and is the constitutional basis for patent and copyright law. Although this

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<sup>13</sup> *Cong. Globe*, 41<sup>st</sup> Cong., 2<sup>nd</sup> Sess. 4821 (1870).

<sup>14</sup> *Cong. Globe*, 41<sup>st</sup> Cong., 2<sup>nd</sup> Sess. 4821 (1870).

<sup>15</sup> *Cong. Rec.*, 46<sup>th</sup> Cong., 2<sup>nd</sup> Sess. 2704 (1880).

<sup>16</sup> U.S. Const. art. I, § 8, cl. 8.

is never asserted directly in the bill or its legislative history, the fact that “the first and only attempt by Congress to regulate the right of trade-marks is to be found in the act ... entitled ‘An Act to revise, consolidate, and amend the statutes relating to patents and copyrights,’” is sufficient evidence for the Supreme Court in the Trademark Cases to conclude that “it is a reasonable inference that this part of the statute also was, in the opinion of Congress, an exercise of the power found in that clause of the Constitution”<sup>17</sup>. The Supreme Court additionally asserted that “it may ... be safely assumed that until a critical examination of the subject in the courts became necessary, it was mainly if not wholly to this clause that the advocates of the law looked for its support”<sup>18</sup>. Indeed, earlier cases had stated without concern that “the only provision of the constitution which in any wise bears on the power of congress to pass laws respecting trade marks, or to protect them, is the [progress clause] ... and congress in legislating on this question undoubtedly drew their power from this section”<sup>19</sup>. Arguments were generally not made affirmatively asserting that a trademark law based in the progress clause would be constitutional. Both the notion that the trademark law was based in this clause and that such a basis would be legitimate were generally unexamined assumptions, and both would face challenges. The downfall of the 1870 act came about when the Supreme Court determined that the first notion, that the law was based in the progress clause, was the case, but that the second, that this basis was sufficient, was not satisfactory, leaving the 1870 law constitutionally unsupported.

This unexamined situation of trademark law largely arose out of convenience and a general sense of similarity. The Patent Office was chosen in the early treaties as the registrar of trademarks, presumably because they already fulfilled the role of registering similar-sounding industrial artifacts in patents. Given this placement, and other superficial similarities with established forms of intellectual property, the copyright and patent revision bill was a logical and convenient vehicle to which trademark language could be attached. One contemporaneous news article even explained the new law by stating that “trade-marks are not copyrighted, but patented,”<sup>20</sup> presumably confused by the site of registration being the Patent Office. These historical conveniences, however, contributed to the sense that trademark was intentionally situated in the progress clause, and arguably still contribute to a confusion over the connection between trademark and intellectual property. There was not any obvious deep thought about these connections, but simply a selection of the Patent Office and the copyright and patent bill out of the administrative convenience of using existing and seemingly similar objects to support the fledgling trademark law.

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<sup>17</sup> *Trade-Mark Cases*, 100 U.S. 82, 93 (1879).

<sup>18</sup> *Trade-Mark Cases*, 100 U.S. 82, 93 (1879).

<sup>19</sup> *Duwell v. Bohmer*, 8 F.Cas. 181, 182 (1878)

<sup>20</sup> “Washington.; Narrow Escape of Secretary Fish--A Muscular Demonstration--Congressional Election to be Contested--Mr. Motley's Recall and the Alabama Claims--The Secret Understanding with Russia--Treasury Statement. THE NEW COPYRIGHT LAW. How it Works-Simplification of the System-Gathering the Old Records-The Work of the Librarian of Congress. Special Dispatch to the New-York Times.” *New York Times*. Nov 20, 1870. pg. 1.

### 3 1876 – Criminal Penalties

Under the original trademark law, infringements could be addressed by civil cases that, if successful, could extract damages from and enjoin the infringer. This was generally considered to be ineffective at stopping trademark infringement, as both these punishments were not sufficiently daunting as to dissuade counterfeiters. Damages were seen to hold “no terrors for [counterfeiters],”<sup>21</sup> as the amount would be determined by the profits of the defendants, a figure that was often difficult to establish, susceptible to manipulation, or simply too small to be worth the effort. Great reputational harm might be inflicted by an infringer, for which damages might not effectively compensate. Similarly, injunctions were seen as easily circumvented, as if one counterfeiter was enjoined, “some relative soon owns the goods and the business goes on”<sup>22</sup>.

#### 3.1 S. 846

In 1876, several years into the new trademark regime, a bill to extend the trademark protections afforded by United States statutory law was introduced. Inspired by the belief that the currently existing law did not sufficiently discourage trademark piracy, this bill set out to increase the penalties for and simplify the burdensome process of prosecuting trademark infringement. The bill primarily sought to establish criminal penalties, including both possible fines as well as prison time, for the sale of goods with fraudulent trademarks on them “calculated to deceive the public”<sup>23</sup>.

The bill was heavily lobbied for, with “nearly four hundred of the leading manufacturers, merchants, and dealers of New York, Boston, and Philadelphia [having] petitioned Congress”<sup>24</sup> on behalf of the bill, making the very modern-sounding assertion that businesses reliant on trademarks were a major component of national trade under assault by “the nefarious but lucrative business of pirating or counterfeiting genuine trade-marks”<sup>25</sup>. These entities insisted that “the evils and injuries to long-suffering commercial and manufacturing interests ... imperatively demand[ed] prompt relief”<sup>26</sup>.

To rectify this situation, the bill created criminal penalties for trademark infringement, including hefty fines and lengthy prison sentences. This was intended to make trademark infringement a much more risky practice, which would presumably diminish such infringements. To allay concerns that these penalties would be applied to innocent infringers, much of the discussion of the bill focused on stressing the notion that “no one shall be convicted of crime or punished under this proposed statute for having any connection with fraudulent trade-marks, unless such connection was willful and with intent to defraud”<sup>27</sup>. There was some contemporaneous concern about how this intent

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<sup>21</sup> *Cong. Rec.*, 44<sup>th</sup> Cong., 1<sup>st</sup> Sess. 4775 (1876).

<sup>22</sup> *Cong. Rec.*, 44<sup>th</sup> Cong., 1<sup>st</sup> Sess. 4775 (1876).

<sup>23</sup> An Act to punish the counterfeiting of trade-mark goods and the sale or dealing in of counterfeit trade-mark goods, S. 846, 44<sup>th</sup> Cong. (1876).

<sup>24</sup> *Cong. Rec.*, 44<sup>th</sup> Cong., 1<sup>st</sup> Sess. 4775 (1876).

<sup>25</sup> *Cong. Rec.*, 44<sup>th</sup> Cong., 1<sup>st</sup> Sess. 4775 (1876).

<sup>26</sup> *Cong. Rec.*, 44<sup>th</sup> Cong., 1<sup>st</sup> Sess. 4775 (1876).

<sup>27</sup> *Cong. Rec.*, 44<sup>th</sup> Cong., 1<sup>st</sup> Sess. 4775 (1876).

might be determined, largely focusing on the liability of dealers of second-hand goods who traded in goods bearing trademarks. These concerns were brushed aside with the assertion that “intent must appear in some affirmative evidence,”<sup>28</sup> and that honest businessmen would have nothing to fear.

### **3.2 Opposition to S. 846**

Although there had been some concern before the passage of the law that it had not been sufficiently considered, and the views of all interested parties had not been solicited, the bill passed shortly before the end of the Congressional session. This concern would later be revived to cast doubt upon the wisdom of these sorts of criminal provisions, suggesting that the original law had not been thought through sufficiently before passage, and so re-creating it would be perpetuating that folly. Later criticism of the 1876 law also indicated that businesses cheerfully took excess advantage of this new law, using its provisions to “harass or injure their rivals”<sup>29</sup> by sending the authorities to investigate one’s competitors, often on trivial assertions of impropriety. Especially alongside evidence of misuse and concerns about the appropriateness of such stiff penalties for a commercial crime, this was sufficient to prevent criminal penalties for trademark infringement for years to come. Eventually, the 1905 trademark law would address the issue by allowing trademark holders to receive multiplicative damages for infringement, in an attempt to deal with the underlying issue while bypassing the criminal issues. Much as with the 1870 bill, there was little significant public reaction to the 1876 bill’s passage, presumably as it was seen as a fairly arcane commercial law with little connection to the general public.

## **4 1879-81 – Crisis and Reinvention**

In the late 1870s, the federal trademark law faced and failed to overcome a constitutional challenge. A strong public reaction to this prompted Congress into action, with an attempted constitutional amendment, which ultimately failed, and a less generally focused trademark law, which succeeded. This section discusses the downfall of the 1870 trademark law, the political situation that followed, and the passage of the 1881 trademark act.

### **4.1 Constitutional Questions Arise**

A few years after the passage of the 1876 trademark law, questions began to arise about the inherent constitutionality of the 1870 trademark law. The issue of the underlying constitutional basis for trademark law first arose in a significant venue in the case of *Leidersdorf v. Flint* in Wisconsin in 1878. Although this case, seeking an injunction for a mark used in the sale of tobacco, was civil, and not criminal, the recent introduction of harsh criminal penalties to the law may have spurred greater attention to it. The judge in this case first asserted that “the only clause in the constitution from which it can be well claimed congress derives its power to legislate upon the subject is article 1, § 8, cl. 8, [the progress clause]”<sup>30</sup> and second that “the maker of a trade-mark is neither

<sup>28</sup> *Cong. Rec.*, 44<sup>th</sup> Cong., 1<sup>st</sup> Sess. 5479 (1876).

<sup>29</sup> “Trade Marks in Congress.” *Scientific American*; Jan 3, 1880; Vol. XLII. No. 1. pg. 3.

<sup>30</sup> *Leidersdorf v. Flint*, 15 F.Cas. 260, 261 (1878).

an author nor an inventor, and a trade-mark is neither a writing nor a discovery within the meaning and intent of the constitutional clause in question”<sup>31</sup>. Based on these principles, the court determined that the trademark law was unconstitutional. The court dismissed without significant discussion the possibility of a different constitutional basis, specifically including the commerce clause.

## **4.2 Public Reaction**

The effect of this decision was pronounced, and garnered significant press attention. Trademark law by this time was seen as a major piece of relatively stable and beneficial law, its importance to business demonstrated in the press by discussions of the large numbers of trademarks registered at the Patent Office, by this point almost 10,000<sup>32</sup>. The law was seen to provide businesses with advantages above and beyond the common law, primarily related to the evidentiary benefits of registration. A threat to this stability was greeted with “obvious astonishment and alarm [by] the mercantile community,”<sup>33</sup> and almost immediately it was forecast that this issue would prove so troubling as to result in a Supreme Court case.

Alongside these concerns, however, came a spate of articles and statements supporting the constitutionality of the trademark law. Several news articles as well as writings by prominent trademark scholars asserted that the basis for trademark law was not in fact the progress clause, but the commerce clause of the Constitution, which grants Congress the power “to regulate commerce with foreign nations, and among the several states, and with the Indian tribes”<sup>34</sup>. The proposition was advanced that it could “hardly be contended that the United States Trade-mark law is not a regulation of commerce or, in other words, of trade,”<sup>35</sup> and that setting aside goods produced solely for consumption within the limited geographical area of a single state, trademarked goods were used in commerce amongst the states. International issues were also brought up in a similar vein, expressing the notion that the trademark statute was necessary support for international treaties, and so again fell under Congressional control as relating to commerce with foreign nations. Just as the belief that Congress was exercising a legitimate commerce clause power in trademark was well supported in contemporaneous writings, so was a rejection of a progress clause basis. Scholars applauded the Wisconsin court’s rejection of this basis as “clear, well-written, and impregnable,”<sup>36</sup> but remained confident that the law was clearly and legitimately based in the commerce clause.

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<sup>31</sup> *Leidersdorf v. Flint*, 15 F.Cas. 260, 261 (1878).

<sup>32</sup> “The Constitutionality Of The Trade-Mark Law.” *New York Times*. Nov 27, 1878. pg. 4

<sup>33</sup> “The United States Trade-Mark Law.” *New York Times*. Nov 28, 1878. pg. 4.

<sup>34</sup> U.S. Const. art. I, § 8, cl. 3.

<sup>35</sup> “The United States Trade-Mark Law.” *New York Times*. Nov 28, 1878. pg. 4.

<sup>36</sup> Browne, Wm. Henry. “Constitutionality of Federal Legislation as to Trade-marks.” *The Central Law Journal*. Dec. 20, 1878. pg. 495.

Another trend in news articles at the time was to remind the public that the federal statutory law was not the only source of protection for trademark holders, and that common law protections would continue even if the logic of the Wisconsin case was upheld by the Supreme Court<sup>37</sup>. Both this and the commerce clause justifications seem intended to quell panic and minimize the disruption to business that the decision would cause. Several interests simultaneously reassuring the public that this major law would not be destroyed and that even if it did, the situation would not be particularly dire, aimed to prevent wild speculation and maintain confidence in the stability of the business world.

### **4.3 The Supreme Court**

As predicted, this question soon came in front of the Supreme Court. In 1879, three criminal cases around marks used in the sale of various alcohol products, *United States v. Steffens*, *United States v. Wittmann*, and *United States v. Johnson*, were addressed by the court together as the “Trade-mark Cases”<sup>38</sup>. Similarly to the scholarly articles in the wake of the Wisconsin case, the arguments presented in support of the law did not rely on the progress clause, but the commerce clause.

The attorney general, arguing favor of the constitutionality of the trademark law, described the 1870 law as situated in the commerce clause of the constitution, and with this premise, based his argument on the principles that Congress has the exclusive power to legislate on matters relating to commerce, so long as those matters are not exclusively local to a state, and so long as the goal of the legislation is to bring national uniformity. To support the first principle, it was supported that “trade-marks are important instrumentalities, aids, or appliances by which trade, especially in modern times, is conducted,” and further that trademarks were “necessary auxiliaries” to trade<sup>39</sup>. The second principle was addressed by the assertion that “the operation and benefits derived from [trademarks] are not confined to particular localities, States, or countries,”<sup>40</sup> and that while some infringements may be confined to a specific state exclusively, the effect of trademark infringement “extends to all places where there is a market for the goods which are simulated by the false device”<sup>41</sup>. The final factor is addressed by a simple statement that the law is clearly intended to provide a uniform system for the registration and prosecution of trademark infringement.

The court rejected the basic principle that the 1870 law was based in the commerce clause, instead stating that the law was situated in the progress clause, and as they found this an inadequate basis for the law they deemed the standing statutory trademark laws unconstitutional and invalid. The court decided that the original law was based in the progress clause because the original trademark law was contained within a law focused on copyrights and patents, which indicated to the court that it was “a

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<sup>37</sup> “The Constitutionality Of The Trade-Mark Law.” *New York Times*. Nov 27, 1878. pg.

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<sup>38</sup> *Trade-Mark Cases*, 100 U.S. 82.

<sup>39</sup> *Trade-Mark Cases*, 100 U.S. 82, 87 (1879).

<sup>40</sup> *Trade-Mark Cases*, 100 U.S. 82, 87 (1879).

<sup>41</sup> *Trade-Mark Cases*, 100 U.S. 82, 89 (1879).

reasonable inference that [the trademark] part of the statute also was, in the opinion of Congress, an exercise of the power found in [the progress clause] of the Constitution”<sup>42</sup>. The court then rejects the progress clause as a legitimate basis for the law, deeming “any attempt ... to identify the essential characteristics of a trade-mark with inventions or discoveries in the arts and sciences, or with the writings of authors, ... [to be] surrounded with insurmountable difficulties”<sup>43</sup>. The court details its objections, placing a significant amount of weight on the fact that the creation of a trademark does not “depend upon novelty, invention, discovery, or any work of the brain ... [but that] it is simply founded on priority of appropriation”<sup>44</sup>.

The court also addressed commerce clause arguments for the law, and while they did not flatly deny the appropriateness of a commerce clause foundation for a trademark law, they did decide that the existing law was incompatible with such a basis. They did raise questions about the validity of the commerce clause as a source for authority for trademark law in general, specifically pointing out that “every species of property which is the subject of commerce, or which is used or even essential in commerce, is not brought by [the commerce] clause within the control of Congress,” raising the example of boxes and barrels used in shipment and storage of commercial goods – clearly essential to commerce, but not therefore necessarily appropriate subjects for Congressional oversight<sup>45</sup>. They did not, however, choose to decide if “trade-mark bears such a relation to commerce in general terms as to bring it within congressional control,” but simply to evaluate the specific existing statute in relation to the commerce clause<sup>46</sup>.

In this exercise, they found the existing law lacking. The decision points out that the commerce clause delegates to Congress “the power to regulate commerce with foreign nations, and among the several states, and with the Indian tribes,” which excludes commerce that takes place entirely within one state<sup>47</sup>. The existing statute had “no requirement that [a trademark owner] shall be engaged in the kind of commerce which Congress is authorized to regulate,”<sup>48</sup> and is instead intended “to establish a universal system of trade-mark registration ... without regard to the character of trade to which it was to be applied or the residence of the owner”<sup>49</sup>. Due to this expansive breadth, perfectly understandable in light of the original goal of the 1870 to establish exactly such a universal system, the court found that the statute necessarily regulated a type of commerce that Congress had no power to regulate, and so is unconstitutional. They further reject the notion that they might exclude only this type of commerce while preserving the law at large, and so the entire law is deemed unconstitutional.

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<sup>42</sup> *Trade-Mark Cases*, 100 U.S. 82, 93 (1879).

<sup>43</sup> *Trade-Mark Cases*, 100 U.S. 82, 93 (1879).

<sup>44</sup> *Trade-Mark Cases*, 100 U.S. 82, 94 (1879).

<sup>45</sup> *Trade-Mark Cases*, 100 U.S. 82, 95 (1879).

<sup>46</sup> *Trade-Mark Cases*, 100 U.S. 82, 95 (1879).

<sup>47</sup> *Trade-Mark Cases*, 100 U.S. 82, 96 (1879).

<sup>48</sup> *Trade-Mark Cases*, 100 U.S. 82, 97 (1879).

<sup>49</sup> *Trade-Mark Cases*, 100 U.S. 82, 98 (1879).

#### **4.4 Public Reaction to the Trademark Cases**

The immediate public reaction to the decision was an outcry of dismay by manufacturers and other trademark interests. As one newspaper article put it, the “general impression ... was that [trademark owners] were robbed of all redress by the decision, notwithstanding they had paid the Government for the privilege of being protected from any infringement upon their proprietary rights”<sup>50</sup>. There was confusion amongst trademark owners about what the exact status of the law was, and similar confusion was alleged to “stimulat[e] and encourag[e] [infringers] to begin anew their encroachments” out of a belief that their actions would not be punishable<sup>51</sup>. Particularly galling to trademark owners was the fact that not only were statutory trademark protections suddenly missing, but that it was unclear how or even if the relatively expensive fees paid to register trademarks would be refunded to the now unprotected businesses. Almost immediately, the recently-formed United States Trade-mark Association, a group of manufacturers intended to “protect and promote the rights of trademark owners, to secure useful legislation and to give aid and encouragement to all efforts for the advancement and observance of trademark rights”<sup>52</sup> began to meet to determine how to deal with the situation, and to collectively push Congress to address the situation. This group in particular would maintain a significant player in determining the path of trademark law, later being instrumentally involved in the creation of the 1905 trademark act. In parallel to these efforts, however, this association and other trademark interests sought to inform businessmen and the public at large of the existing reality of the law, and remind them that the common law remedies were untouched by the decision, fearing that unclear information about the decision had “produced the impression among manufacturers that [the Trademark Cases] destroyed all property in trade-marks”<sup>53</sup>.

#### **4.5 Legislative Reaction to the Trademark Cases - H. Res. 125**

In the immediate aftermath of the decision, efforts led by Representative McCoid of Iowa began to try to pass a constitutional amendment to simply grant Congress the power to regulate trademarks, much like it is granted power over copyright and patent. Congress gains its authority to regulate copyright and patent from the progress clause of the constitution, which specifically delegates Congress control over those topics. McCoid sought to create a similar provision to directly grant Congress power over the topic of trademark as well. Support for the amendment pointed to the number of marks registered, and the amount of money collected that no longer secured any protection, as evidence that the law was relied upon and that it would be sorely missed. Moreover, supporters asserted that it was “a public necessity that we have throughout the United States one

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<sup>50</sup> “Unprotected Trade-Marks.” *New York Times*. Nov 19, 1879. pg. 8.

<sup>51</sup> “The United States Trade-Mark Law.” *New York Times*. Nov 28, 1878. pg. 4.

<sup>52</sup> International Trademark Association. “History.” 2007.  
[http://www.inta.org/index.php?option=com\\_content&task=view&id=26&Itemid=122&getcontent=4](http://www.inta.org/index.php?option=com_content&task=view&id=26&Itemid=122&getcontent=4)

<sup>53</sup> “The United States Trade-Mark Law.” *New York Times*. Nov 28, 1878. pg. 4.

universal, uniform, harmonious system of legislation upon the system of trade-marks”<sup>54</sup>. One support for this claim came by pointing to treaty obligations presumed unmet under the post-Trademark Cases regime. Additionally, the simple insistence that trademarks were a necessity to modern business, and that a common or state law system could not possibly be sufficient to protect them, as “nothing could be more detrimental to the interests of manufacture, trade, and commerce than the unharmonious local and conflicting legislation which would necessarily arise if this subject should be left to the States,” and that “the mere civil rights existing at common law are insufficient and impractical” were used to support a claim for the necessity of a federal statutory trademark law<sup>55</sup>.

Supporters for the amendment believed not only that Congress must have power over trademarks, but also that the situation after the Trademark Cases left them utterly without the ability to legislate on the subject. The discussion in the Trademark Cases of the relation of trademarks to commerce under the aegis of Congress was seen as conclusive and, although the court had specifically left the question open, a foregone conclusion that a trademark law was created relying on this, the relationship would be judged insufficient to grant Congressional power. Beyond this, it was simply believed that a law that sought to exclude intra-state commerce would necessarily lead to an untenable situation, where each state would have its own unique laws, confusion and conflict would arise from questions over how state and federal laws related, and just that generally there was no way to create a inter-state but not intra-state law that had a hope of success. As in the situations of copyright and patent, it was believed that a basic constitutional mandate was needed and appropriate, and that like these other topics, trademark would have been granted at the creation of the Constitution except for the fact that “at the time it was unknown; but a few cases had been reported; it was unmentioned in law-books of the day; and its importance was unfelt”<sup>56</sup>.

#### **4.6 Opposition to H. Res. 125**

The proposed amendment met with a roadblock when it reached the House Judiciary committee. The committee agreed with the proposition that Congress currently lacked the ability to create a national trademark law, following similar logic about the relationship of trademarks to commerce, but expressed a strong sentiment that a constitutional amendment was completely inappropriate in this situation, and instead supported a limited federal law to deal with international issues and leaving the rest to be dealt with by the states. The Judiciary position was that while a uniform national trademark law might be in some ways desirable, it was not such an essential thing that the constitutional impossibility of it demanded the change of the Constitution. The other motivations were similarly found lacking as justifications for a constitutional amendment – fees collected for a voided protection and treaty obligations could be dealt with without the need for anything like the massive undertaking of amending the Constitution. Amendment supporters expressed their disdain for this approach to the issue, insisting

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<sup>54</sup> *Cong. Rec.*, 46<sup>th</sup> Cong., 2<sup>nd</sup> Sess. 2799 (1880).

<sup>55</sup> *H. Rpt. No. 3*, 46<sup>th</sup> Cong., 2<sup>nd</sup> Sess. 3 (1879).

<sup>56</sup> *Cong. Rec.*, 46<sup>th</sup> Cong., 2<sup>nd</sup> Sess. 2799 (1880).

that opponents to the amendment promoted a view that “the Constitution was designed not to be changed to fit the conditions of a growing, prosperous nation,”<sup>57</sup> and in such a situation where a beneficial and appropriate law was made impossible by the lack of powers that had not been anticipated by the framers of the Constitution, those powers should be created.

#### **4.7 H. R. 5088**

The Judiciary committee supported a different, and much more limited, approach to trademark, putting their support behind a bill that would basically recreate the 1870 law, except restrained solely to marks used in commerce with foreign nations or the Indian tribes. This approach was championed Representative Hammond of Georgia, who was generally opposed to the entire notion of a federal statutory trademark law and wanted to address the problem in as limited a fashion as possible. Hammond and other like-minded congressmen preferred to imagine domestic trademark law as based on the common and equity laws, and supported by various state-specific laws that could address the specific problems of that state. They also generally diminished the importance of trademark law to business in general, pointing out that of all the vast number of brands and marks used in modern commerce, only a few thousand had been registered, suggesting that a need was not generally felt for federal trademark protection. Similarly, they suggested that trademark protections might simply be unimportant in many places, giving the example that “it appears... the no one has ever sought to protect himself at law as to trade-marks in [a number of states]”<sup>58</sup>. Championing a fiercely local, even parochial, view of commerce, one statement dismissed the importance of trademark law by claiming that “the mass of purchasers trust more to smell and taste in selecting medicine, tobacco, and whiskey, or the like, than to trade-marks ... and if they cannot test by their senses ... they trust to the responsibility of their merchants rather than to the manufacturers’ pictures”<sup>59</sup>. The only concern felt was appropriate to be addressed federally was that of international trademark claims and treaties.

The acceptance of this issue was likely forced by the continuing international pressure on the United States to stabilize their international trademark position. American and foreign governments and trademark holders alike pressed Congress to address the international aspects of trademark. There is less indication that pressure continued for a broader-reaching trademark law. This likely arose as American manufacturers accepted the Trademark Cases and adapted to life once again under common and state laws, and as beliefs that Congress could not constitutionally address the issue spread. The feeling that the issue could not be fixed spurred manufacturers to adapt to the new situation, rather than continue to hope for a legislative fix that seemed increasingly improbable. Only in the situation of international trademark was the existing set of laws so unacceptable, and the prospect of change seen as plausible enough, that pressure continued on Congress. Support for the internationally focused bill flowed from trademark associations, the State department, and more, as a solution to the most pressing problems facing trademark

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<sup>57</sup> *Cong. Rec.*, 46<sup>th</sup> Cong., 2<sup>nd</sup> Sess. 2802 (1880).

<sup>58</sup> *Cong. Rec.*, 46<sup>th</sup> Cong., 2<sup>nd</sup> Sess. 2706 (1880).

<sup>59</sup> *Cong. Rec.*, 46<sup>th</sup> Cong., 2<sup>nd</sup> Sess. 2706 (1880).

owners. Even some who did favor a more widely scoped federal trademark law supported the foreign-oriented law as a faster solution to address the most major immediate problem, a protection against the worst eventualities until a more comprehensive law could be crafted.

Support for the foreign-oriented law contributed to the confusion over the constitutional basis for trademark. Supporters agreed with the notions that both the commerce and progress clauses were unacceptable foundations, following the same interpretation of the Trademark Cases as had been found in arguments for the constitutional amendment. Both advocates for the amendment and the foreign law decided upon and propagated a view that Congress was simply not able to deal with trademark under the commerce clause, a distinctly different view from contemporaneous scholarship surrounding the Trademark Cases, which generally supported a commerce clause basis. In the case of some supporters for the foreign law, this belief conveniently buttressed their view that domestic trademark was simply none of the federal government's business, but rather an issue to be dealt with locally by each state. Deprived of both these foundations, the Judiciary committee instead expressed their belief that this foreign law could be created via the power of Congress to implement treaties.

#### **4.8 States' Rights Issues**

Throughout the discussion of the bill, it becomes apparent that a significant reason why it is addressed as it is arises out of the feelings of Rep. Hammond and presumably others like him on the appropriate balance of powers between state and federal laws. Hammond flatly stated that "the Government has naught to do with the protection of purchasers of manufactured goods. It ought not to have; that work properly belongs to the several States"<sup>60</sup>. This general view of trademark as an issue of states rights substantially motivated his, and the Judiciary committee's, approach to the problem. Unlike McCoid, who sought to establish a standard federal law, Hammond portrayed such a law as an illegitimate power grab by the federal government of something that ought to be reserved to the states. Hammond expressed a general belief in local government as well as a general opposition to enhancing the powers of the central government, at one point pontificating at length on the subject. While he did "admit that an identical law throughout the country would be very convenient,"<sup>61</sup> his general opinion on the subject was that "the wish for uniformity ... throughout the Union would apply to many things which our fathers left to the sole control of the States"<sup>62</sup>. Hammond's opposition on these grounds may have much to do with the fact that he was from the South, which aside from its historical concern for states' rights, was also primarily agricultural, not industrial. Hammond pointed out the lack of trademark claims in Southern states, and also indicated their general lack of patents as a proxy for industrial business to demonstrate that the pressing need for trademark law was felt only in the industrial North.

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<sup>60</sup> *Cong. Rec.*, 46<sup>th</sup> Cong., 2<sup>nd</sup> Sess. 2706 (1880).

<sup>61</sup> *Cong. Rec.*, 46<sup>th</sup> Cong., 2<sup>nd</sup> Sess. 2706 (1880).

<sup>62</sup> *H. Rpt. No. 561*, 46<sup>th</sup> Cong., 2<sup>nd</sup> Sess. 7 (1880).

McCoid strenuously argued that there was no issue of states' rights at play in the issue. Speaking of the original 1870 law, he pointed out that for several years, the federal government had exercised exactly that power that Hammond sought to keep from it, and that during that time "whoever heard of any complaint from the States?" asking "was the glory of [Hammond's home state] Georgia dimmed or her sovereignty humbled?"<sup>63</sup> The passage of a purely foreign-oriented law, he warned, would create a system that gave preference to non-citizens, in effect delegating American interests to second-class status within their own country. He similarly questioned the treaty powers as a basis for the law, pointing out that the drafted law made no separation between foreign nationals of countries with which the United States had a trademark treaty and which they did not.

#### **4.9 Public Reaction to the New Law**

Despite McCoid's opposition, the foreign-oriented law did pass, and the constitutional amendment withered. It is unclear how many were persuaded by Hammond's states' rights argument, as some others did express support for a comprehensive national trademark law, but balked at the massive undertaking of passing a constitutional amendment and saw no other way further. The less comprehensive but more easily approached foreign law seemed to many a good way to deal with the most pressing trademark issues and alleviate the immediate concerns before Congress. Unlike the massive attention that had been directed at the Trademark Cases, the passage of the new law was not greeted with excess fanfare. It was seen as a positive step, while not necessarily resolving all the remaining trademark issues. Congress seemed, however, to have generally exhausted their ability to act, and so calls for further state laws and continuing reliance on the common law, not further pressure for Congressional action, followed. Generally, most trademark owners continued to adapt to the new situation rather than pressure for further relief, and the legislative situation would remain the same for some time due to this lack of pressure.

### **5 1905 – Trademark Revisited**

After decades of dissatisfaction, Congress appointed a commission to study and determine a strategy to fix American trademark law. Reevaluating the constitutional basis of the law to avoid the difficulties faced by earlier bills, the commission suggested what would become the 1905 trademark act, legislation that would establish many of the foundational principles of modern trademark law.

#### **5.1 Background**

In the years following the 1881 trademark act, general discontent was addressed by businesses adopting practices to mitigate the problems of the law and by state governments creating localized laws to address their specific problems. Businesses experimented with shipping a token amount of goods overseas to thereby qualify for federal statutory protections, an approach that seemed to be relatively effective for businesses until in 1903 courts made the sensible decision that this was not the intended effect of the law. States addressed their own particular problems by passing laws specific to their own key businesses or public pressure, such as New York's passage of a bill

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<sup>63</sup> *Cong. Rec.*, 46<sup>th</sup> Cong., 2<sup>nd</sup> Sess. 2803 (1880).

addressing a perceived problem with counterfeit silverware. Despite these stopgap methods, there was a general unhappiness with the law, both on the part of American manufacturers as well as foreign interests. Unlike 1879, however, there was no direct and immediate crisis to be addressed, and so this general discontent was approached more deliberately than had been the panic in the aftermath of the Trademark Cases.

Until the practice was disallowed in the Supreme Court case of *Warner v. The Searle & Hereth Company* in 1903<sup>64</sup>, many businesses adapted to the lack of federal protection for trademarks used in domestic commerce by the ingenious method of engaging in token international commerce. Shipping a miniscule amount of a product overseas was seen as sufficient to secure federal protection as a mark used in international commerce. It was generally understood that “it has never been deemed essential to Federal protection of the mark that [international] commerce should continue, and, indeed, it is fair to assume in the vast majority of cases such commerce does not continue”<sup>65</sup>. This practice was apparently relatively common and widespread, and alleviated many of the concerns of American businesses engaged in domestic trade. In 1903, however, the Supreme Court determined that if registration hinged upon the use of a mark in foreign trade, then, under the law, it could logically “only be infringed when used in that commerce”<sup>66</sup>. With the loss of this practice, American manufacturers grew even more displeased with the existing law – it had always been flawed and problematic, but without this loophole, it was frankly insufficient for their purposes.

Especially after this decision, the existing federal law was declared to be “worthless” to the typical American businessman<sup>67</sup>. In order to secure protection for a mark used in domestic trade, registration across a multitude of states would be required. This could be an expensive and complicated problem, especially in comparison to the simple concept of a single, centralized registry. The existing federal registry was seen to be of “no practical value to American owners of trade marks,” except for “as a prerequisite to registration in foreign countries,” but there was no effective system in place for domestically used trademarks<sup>68</sup>. In comparison to the systems of almost any other industrialized nation, the American trademark system was clearly and deeply flawed.

Many of these other nations also continued to pressure the United States to simplify the national trademark system. To many, the continuing bifurcation in American trademark law seemed to simply make no sense, and unnecessarily confused international interests trying to work with the United States. International pressures, many surrounding World’s Fairs or other major international event, called for Congress to “provide as soon as possible Federal legislation which will replace local legislation in reference to

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<sup>64</sup> *Warner v. Searle & Hereth Co.*, 191 U.S. 195 (1903).

<sup>65</sup> “Trade-Mark Law.” *The Washington Post*. Jan 11, 1904. pg. 9.

<sup>66</sup> *Warner v. Searle & Hereth Co.*, 191 U.S. 195, 204 (1903).

<sup>67</sup> “Want A New Law To Protect Trademarks.” *New York Times*. Jul 24, 1904. pg. PS4.

<sup>68</sup> Greeley, Arthur P. “The Proposed New Trade-Mark Law.” *Scientific American*. Jan 14, 1905; Vol. XCII., No. 2. pg. 19.

trademarks, and will insure an easier and more efficient suppression of trademark infringements”<sup>69</sup>. Problems also arose as international counterfeiters registered American marks, as without the marks being registered at the Patent Office, there was no way to effectively ensure that marks had not already been registered.

## **5.2 Constitutional Re-evaluation**

Without a direct and precipitous crisis as there had been after the Trademark Cases, a more deliberative approach to addressing these problems could be taken. In 1898, a commission was established by Congress, consisting of a judge, an assistant patent commissioner, and a lawyer representing the United States Trademark Association, to study how best to revise the trademark law, both with regard towards international and domestic problems. Over the course of some years, this commission solicited input from interested parties, wrestled with the still troublesome constitutional questions, and produced a hefty report containing their views on the subject and their recommendations for a statute to solve many of the problems.

A major goal of this committee was to determine how Congress could legitimately craft a general trademark law. Interestingly, the solution they grasped upon did not depend on some radical new interpretation of the law or make some unprecedented logical leap, but was in fact the exact reasoning that had been advanced before the Trademark Cases – that Congress clearly had power to regulate trademark under the commerce clause of the Constitution. Calling trademark “absolutely inseparable” from business<sup>70</sup>, and pointing out that trademark infringements shook faith in inter-state and international trade no matter the venue of their use, the commission presented a view very much like the arguments for a commerce clause basis thirty years prior. One major foundation for their argument was the more recent 1899 decision of *Addyston Pipe & Steel Co. v. United States*, and its logical outcome which stated that “if neither Congress nor the State legislatures have [power to deal with an issue], then we are brought to the somewhat extraordinary position that there is no authority, State or National, which can legislate on the subject... This cannot be the case”<sup>71</sup>. Applying this logic, the commission declared that since state law could clearly not be applied to the vast body of interstate trade, Congress must have the power to address this subject.

Another support they relied heavily upon was much less recent – a letter from Thomas Jefferson, serving as Secretary of State, written in 1791, describing his thoughts on the protection of marks used by sailcloth vendors. Describing marks used much like trademarks, the threats to them, and the benefits of their protection, he expressed his support for a law to deal with this type of concern as well as his belief that Congress could create such a law under the commerce clause. His belief was that while “manufactures made and consumed within a State [should be] subject to State legislation,” it would be “reasonable for the General Government to provide ... by law for those cases of manufacture ... which relate to commerce with foreign nations, and

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<sup>69</sup> *S. Doc. No. 20*, 56<sup>th</sup> Cong., 2<sup>nd</sup> Sess. (1900). p. 123

<sup>70</sup> *S. Doc. No. 20*, 56<sup>th</sup> Cong., 2<sup>nd</sup> Sess. (1900). p. 116

<sup>71</sup> *Addyston Pipe & Steel Co. v. United States*, 175 U.S. 211, 231 (1899).

among the several States, and with the Indian Tribes”<sup>72</sup>. This set of laws guaranteeing manufacturers “the exclusive privilege of using particular marks,” he alleged, would “contribute to fidelity in the execution of manufactures”<sup>73</sup>. This vote of confidence from one so “intimately acquainted with the causes, mainly commercial, which led to the adoption of the Constitution” was deemed “conclusive on the question of the connection between the regulation of commerce under the Constitution and the securing to ‘every manufactory an exclusive right to some marks on its wares proper to itself’”<sup>74</sup>.

After the commission issued its voluminous and detailed report, which offers a thorough analysis of American trademark up to that point and has been instrumental in the production of this paper, various versions of their recommended bill were introduced in Congress over a period of a few years. Finally, in 1905, a bill “to make provision for the registration for trade marks used in interstate commerce, as well as those used in foreign commerce and in commerce with the Indian tribes” was introduced<sup>75</sup>. The bill garnered great support from trademark interests, who “fully endorsed [and] earnestly urged” the passage of the bill as a solution to their trademark woes<sup>76</sup>. Unlike earlier bills, there was little controversy or debate in the passage of the bill, and with broad support from commercial interests, it passed through Congress easily.

### **5.3 Public Reaction**

The reaction to the passage of the new trademark act was overwhelmingly positive, and it was seen as offering great benefits to manufacturers. Indeed, soon after the law took effect, the Patent Office was described as swamped by the “unprecedented number of applications filed under [the] new law”<sup>77</sup>. In the six months after the law went into effect, the Patent Office received almost 13,000 trademark applications, “more ... than have been issued in three years heretofore”<sup>78</sup>. While time would prove that the law retained many substantial flaws, it did represent the beginning of a new era for trademark law, in which a strong federal statutory trademark system, based in the commerce clause, was the norm. The deliberative process applied to the creation of the law was far more successful than earlier, less considered and more confused attempts, and provide the fundamental basis upon which modern trademark continues to rest.

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<sup>72</sup> Jefferson, Thomas. Quoted in *S. Doc. No. 20*, 56<sup>th</sup> Cong., 2<sup>nd</sup> Sess. (1900). p. 58.

<sup>73</sup> Jefferson, Thomas. Quoted in *S. Doc. No. 20*, 56<sup>th</sup> Cong., 2<sup>nd</sup> Sess. (1900). p. 58.

<sup>74</sup> *S. Doc. No. 20*, 56<sup>th</sup> Cong., 2<sup>nd</sup> Sess. (1900). p. 58

<sup>75</sup> An Act to authorize the registration of trade-marks used in commerce with foreign nations or among the several States or with Indian tribes, and to protect the same. H.R. 16560, 58<sup>th</sup> Cong. (1905).

<sup>76</sup> Greeley, Arthur P. *Registration of Trademarks Under the New Trademark Act of the United States with Notes on the Act*. John Byrne & Co. Washington D.C. 1905. pg. 26.

<sup>77</sup> “Trade-Mark Office Busy.” *The Washington Post*. Sep 23, 1905. pg. S1.

<sup>78</sup> “Trade-Mark Office Busy.” *The Washington Post*. Sep 23, 1905. pg. S1.

## 6 Analysis

Modern issues may be illuminated by an understanding of the historical foundations of trademark. The major issues addressed are the relationship of trademark to the notion of intellectual property and the orientation of trademark towards both consumer and producer protection.

### 6.1 *Intellectual Property & Trademark*

The relationship of trademark with copyright and patent, and with the general concept of intellectual property, is a problematic one. The term “intellectual property” is used by many as a catchall phrase for three distinct bodies of law: copyright, patent, and trademark. To some, this terminology is “a seductive mirage,” a convenient term used to conflate together concepts that are fundamentally separate<sup>79</sup>. While others may not reject the term entirely, discussions of intellectual property in modern scholarship often begin with the caveat that “each of these branches of what has become known as ‘intellectual property law’ has distinct forms and functions”<sup>80</sup>, and are at most “partially overlapping doctrines”<sup>81</sup>. The inclusion of trademark in this notion of intellectual property is in some ways obvious, but in others deeply problematic.

The fact that these three bodies of law are often discussed together is in some ways completely logical. All three are, on their faces, apparently quite similar. Each gives an entity control over a non-physical article, most obviously aimed at giving them the ability to stop others from imitating it. A layperson may have a notion that these rights exist and of their general effects, but no clear idea of their limitations or scope – for example, the boundaries between what material may be copyrighted or trademarked may be fuzzily understood at best. This confusion dates back to the very birth of American trademark – the first trademark law was part of a bill to address copyright and patent issues, presumably because they seem obviously similar to each other as monopolies on non-physical articles registered with the government. While scholars may differentiate these bodies of law based on their rationales and subjects, it is hard to separate them in their generalities. Even the fact that the same entity, the United States Patent and Trademark Office, deals with both patents and trademark serves to connect trademark to these other forms of intellectual property. Explanations addressed to the general public may underline this connection, primarily differentiating each form by the subject it applies to and not by the differing underlying purposes.

Beyond this general similarity, however, fundamental issues separate especially trademark from other forms of intellectual property. Even from a few years after the first trademark law, efforts were underway to differentiate trademark from copyright and patent. Most basically, the constitutional foundation of these bodies of law and the

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<sup>79</sup> Stallman, Richard M. “Did You Say “Intellectual Property”? It's a Seductive Mirage.” 2006. <http://www.gnu.org/philosophy/not-ipr.html>

<sup>80</sup> Vaidhyanathan, Siva. *Copyrights & Copywrongs*. New York University Press. New York. 2001. pg. 18.

<sup>81</sup> Fisher, William. “The Growth of Intellectual Property: A History of the Ownership of Ideas in the United States”. 1999. <http://cyber.law.harvard.edu/property99/history.html>

meaning implied by this foundation was painfully separated. The outcome of this separation clearly differentiates copyrights and patents, granted in order to encourage socially beneficial progress, from trademarks, which are business issues at their core. Trademark was originally created to protect businesses from those who would prey upon their reputations, either by free-riding upon goodwill towards them or by damaging this goodwill. This is a deeply different goal from those that drive copyright or patent, and the conflation of the three into one concept minimizes these fundamental differences.

The connection between trademark and intellectual property is by these factors blurred – on the one hand, it is unlike copyright and patent, but on the other it is comfortably spoken of in the same breath. This blurred connection affects the way we think of trademark as well as how we consider patent and copyright as a part of the larger notion of intellectual property. Calling trademark, copyright, and patent all parts of a single general concept confuses the subject – principles that might make perfect sense when applied to one body of law might be totally inappropriate for another. While not claiming that lawmakers do not understand the difference between trademark, copyright, and patent, the ease of conflating these into a single topic allows and encourages a lack of clarity and specificity. This imprecision enables generalized arguments to indirectly shape the way of thinking about several different bodies of law. Due to this, legal concepts may be more easily shared between these different fields, without due consideration of whether a concept relates to one of the axes upon which trademark is similar to copyright, for example, or one that shares no common basis at all.

Being thus grouped with trademark has repercussions for the various other bodies of law contained in the concept of “intellectual property.” For example, trademarks are protected so long as they are used, as this is believed to be in the public interest. Marks are seen in fact to “get their authority by time,”<sup>82</sup> benefiting society by their very stability. Copyright, however, traditionally is based on the concept that the public interest is served by having works eventually lose their protected status and enter the public domain, even if they may still retain commercial value. The confusion of these two topics may have contributed indirectly to the ever expanding lengths of protection in copyright – the general principle in trademark that marks that have value should be protected may influence thinking that copyright similarly should continue to protect things, like Mickey Mouse, as long as they remain valuable. Discussions of the goal of protecting the stability of corporate intellectual property to maintain the ability of the public to easily comprehend it may make sense in the world of trademark, but not in that of copyright. Such an unclear argument that fails to differentiate between the multiple forms of law it applies to may raise fewer concerns than would a similar but more specific argument, as well as being less easily challenged due to this same lack of specificity.

This is an illustration of a more general principle from trademark, which is that the public is best served by the protection of business interests. By providing businesses with whatever they need for protection, the public interest in quality goods and services will be addressed. This notion may make sense in trademark, where marks are only rarely

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<sup>82</sup> *Cong. Globe*, 41<sup>st</sup> Cong., 2<sup>nd</sup> Sess. 4822 (1870).

used outside of the business context, but in copyright, for example, there may be a wider variety of non-business interests that may be ignored if this approach is taken. By collecting a business issue with a social issue under the same general name, the original intentions of each may be blurred or lost when they are discussed together. The modern perception of copyright and patent as business issues more than social issues may stem from this conflation of these three bodies of law into a single concept that lacks a strong business or social grounding and so may be easily manipulated.

Just as copyright and patent may become increasingly considered as business issues, trademarks may be considered as more of a creative issue when grouped into intellectual property. The creation of even a very valuable and effective trademark may “require no fancy or imagination, no genius, no laborious thought”<sup>83</sup>. When it is considered under the rubric of intellectual property, however, the protections granted by trademark may blur with the protections that would be granted certain trademarks, such as a logo, as a work of creative visual art under copyright. Though the boundary between some elaborate logo and a work of copyrightable art may be blurry, a vast quantity of trademarks bear no resemblance to works that could be protected under copyright. When both are discussed together, this boundary may be blurred further and the less similar cases forgotten entirely, causing trademark as a general subject to be treated more like a creative product. By considering a business tool as a form of creative product, notions of protection that make no sense in terms of business safety and consumer protection are created. The doctrine of trademark dilution, which protects famous marks from being used in non-competitive yet potentially confusing or damaging ways, is an example of this, protecting trademarks not from unfair business competition but from appropriations and uses that might make sense for creative works. By conceptually conflating trademarks with these other, more creative, types of works, the notion that trademarks should be protected beyond the simple necessities of the business world are propagated. This is all not to suggest that lawmakers truly do not understand the separation between trademark and other forms of intellectual property, but simply that the conversation may be muddied and expansionists can draw upon this confusion to express ideas indirectly to enlarge the conceptual boundaries of each body of law.

## **6.2 Consumer or Producer Protection**

Another continuing area of confusion in trademark is its specific intended purpose – is trademark about consumer protection or the protection of business interests? Discussion of consumers, misled and confused, being taken advantage of by conniving scoundrels is a powerful tool to argue for increasing trademark protection. Despite the power of such rhetoric, however, it is evident that from the early days of trademark law, it was aimed at protecting the owners of marks. Early debates in fact specifically excerpted the consumer from discussions of federal trademark law – consumers were considered to be protected by the common law, giving them the ability to address misleading businesses preying upon them. The federal law was to give protections to producers, to help them deal with those who would damage their business through their actions. There was a sense that this would eventually help consumers, by driving

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<sup>83</sup> *Trade-Mark Cases*, 100 U.S. 82, 94 (1879).

counterfeit goods from the market, but the primary goal was to protect businesses from unfair competition, not to protect consumers from abuse.

This manufacturer focus explains why, unlike copyright, trademark was internationalized almost from its very inception. While it took hundreds of years for the United States to agree to internationalize its copyright laws, trademark was from a very early time focused on the whole world. In both these instances, the international approach was based on the same principle – protection of American commercial interests. In copyright, it was beneficial for American businesses to not cooperate with international copyright laws, as there was a strong market for cheap versions of international works. By printing and selling much-desired literature without paying the creator, American printers could make a hefty profit. Alongside this, there was little perceived market lost by the lack of protection for American works abroad, as generally American literature was not in great demand internationally. In trademark, however, the situation was very different. Unlike American cultural products, which were not seen as particularly valuable, the United States was proud of its manufacturing strength. There were great concerns about lost revenue overseas to counterfeit American goods, but also there was a simple desire to see American goods recognized abroad for their excellence. International trademark protection was motivated by a “feeling of pride that we not only minister to the comfort and pleasure of our neighbors, but that they dig their wealth from the bowels of the earth with Yankee picks, and keep it away from thieves with Yankee locks”<sup>84</sup>. A pride in American manufacturing that was lacking in American cultural products inspired efforts to ensure international protection. Petitions to Congress did not come from swathes of confused citizens unable to locate the product they desired, but from American manufacturers concerned about their ability to maintain their overseas reputations.

## 7 Conclusion

Although the trademark laws of the late 19<sup>th</sup> century may seem distant from the modern world, many elements of this history remain valuable as lenses with which to view both the process of lawmaking as well as modern trademark law itself. This early period in the development of American trademark law serves as a useful example of the development of a new commercially-oriented body of law.

The case of trademark demonstrates that legal development is a far from straightforward process, and that the law is shaped by a wide variety of external pressures, from lobbying to unrelated political motives. How a law is situated and justified in relation to the larger legal paradigm is not necessarily a scholarly and deliberative process. Pressures to deal with a situation quickly, both from concerned businesses as well as interested parties within the government, may drive the creation of a law to accomplish an immediate goal without consideration for the fundamental premise upon which it is based. Even when this deeper discussion does take place, unrelated political motives or simple confusion may play a significant role in the outcome.

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<sup>84</sup> *Cong. Rec.*, 46<sup>th</sup> Cong., 2<sup>nd</sup> Sess. 2704 (1880).

The constitutional issues that trademark faced early in its existence are also instructive, both for understanding the development of trademark itself as well as more generally as a portrait of a major legal concept facing catastrophe. At the time of the creation of the first American trademark law, its constitutional grounding and philosophical underpinnings were not issues of any real debate. It was only several years later, when the law was challenged in courtrooms that this issue was confronted and the lack of initial attention to it was revealed as a fundamental weakness of the law. Because the law had been initially crafted without concern for its constitutional basis, when it came under fire, efforts to justify it were fatally hamstrung. Sensible justifications for the general legal concept could be made, but the statute itself had not been crafted with these in mind, and could not be reconciled with them. Had the efforts to justify the law been made at its inception, small changes in the shape of the law might have avoided this situation. The philosophical basis for the law was similarly unconsidered at the time, providing the roots of modern confusion over questions of trademark's connection to intellectual property, the interests it should benefit, and more.

As negative constitutional scrutiny was focused on the trademark law less than a decade after its inception, an archetypal series of reactions took place. Before the existing law was overturned by the Supreme Court, strong attempts were made to justify it and reassure the public that it would surely weather the coming storm. When it failed to do so, the initial public reaction was one of panic, prompting efforts to pass a constitutional amendment to recreate the law. Simultaneously, however, efforts by business leaders to calm the situation downplayed the problem, reminding the business community of alternate ways to deal with trademark issues. Due to these efforts, the panic subsided and businesses adapted quickly, greatly reducing the pressure on Congress to fix the situation. The fact that chaos did not ensue at the failure of the statute may serve as a valuable lesson to those concerned with modern legal crises.

An examination of the legislative reaction to this crisis is similarly illuminating. Immediately after the decision, panicked pressure from the business community prompted efforts to immediately remedy the situation, including the aforementioned push for a constitutional amendment. While the domestic business community calmed and adapted to the lack of statutory protections, the international community remained concerned. To relieve pressure from this sector, Congress crafted a significantly limited new trademark law that focused almost exclusively on international trademarks. While cogent arguments for a more generally applicable law were present, the lack of strong pressure for such a solution, combined with confusion and political machinations in Congress prevented this from occurring for decades thereafter.

There is a modern-day perception that the legal system has fallen from grace, and has descended from a world of high-minded and principled debate to one of lobbyists and political machinations. Debates from well over a hundred years ago, however, display these same flaws, albeit with more hyphens and extraneous capital letters. Examining this history is instructive to understand the field of trademark itself, but also imparts valuable lessons about the lawmaking process in general.