

TM Trademark Owners' Legal Interests in Rebuilt Musical Instruments

A trademark, generally speaking, is a distinctive word, emblem or other symbol denoting authenticity of a product to which it is affixed, and by which such product can be distinguished from that of another, in the expectation of the buying public's continued patronage and favor (goodwill). Under what circumstances are a musical instrument maker's trademark or goodwill interests adversely affected enough by the use of replacement parts on rebuilt instruments to warrant legal action? What should instrument rebuilders know to protect themselves from such liability?

An instrument manufacturer has legally enforceable rights when its instruments are rebuilt by others and returned to the stream of commerce. An original instrument manufacturer ("o.i.m.") generally cannot prohibit an independent rebuilder from retaining the o.i.m.'s trademark on the instrument. However, to avoid any reasonable likelihood of customer confusion, rebuilders should disclose the nature and extent of the work done on an instrument, the absence of any association between themselves and the o.i.m., and dispel any notion that the o.i.m. is the guarantor of the goods. Equitable defenses may bar the o.i.m. from damages and injunctive relief even if rebuilders are found liable for trademark infringement or unfair competition, but these defenses can often be overcome if appropriate precautions are taken by the o.i.m.

Many well-known instrument makers manufacture their products from parts that are either produced in their own factories or outsourced from particular vendors, often to the o.i.m.'s specifications. Because of brand name recognition among those seeking to buy "vintage" instruments and the non-durable nature of some of their "working parts," there is a significant market for instruments that are "rebuilt" by entities independent of and who, for reasons of pricing, established product design, customer perceptions, and somewhat similar channels of distribution, compete with the o.i.m. Rebuilders typically buy used instruments and "remanufacture" them by replacing broken or worn out parts in addition to making mechanical adjustments and refinishing the casework. To capitalize on the value of the o.i.m.'s cachet, rebuilt instruments are usually sold with their original serial numbers and the o.i.m.'s trademark in place. (The practice of restenciling an instrument with another trademark is a topic worthy of separate discussion.)

Many parts of an instrument affect its timbre and other tonal qualities recognized by cognoscenti as being characteristic of the brand. Nevertheless, independent rebuilders

often find it necessary to replace worn out or broken parts (e.g., badly cracked soundboards) with parts that are neither supplied nor approved by the o.i.m. nor made to the o.i.m.'s specifications, and without disclosing that fact to the purchaser. The customary UCC warranties may be disclaimed in the rebuilders' sales contracts and/or invoices, and often little information about how the instrument was rebuilt is conveyed to the purchaser unless one asks the right questions. In many instances the *average* customer or listener can't tell that an instrument has been rebuilt with imitation parts, although connoisseurs, concert artists and experienced technicians can often tell from the sound and by close inspection of the instrument that imitation parts have been used.

I. Balancing the Maker's and Rebuilders' Rights, Adequate Labeling of Rebuilt Instruments

A. The Trademark Exhaustion Doctrine

Generally, once an instrument is initially sold by the o.i.m., it may be resold or otherwise disposed of freely, without the maker's permission, and in such circumstances there is usually no trademark infringement or unfair competition. Under this "exhaustion doctrine" the o.i.m.'s control over the product is extinguished by the first authorized sale of it.

B. The Maker's Rights

Nevertheless, when a buyer who intends to resell an instrument rebuilds, reconditions, or repairs it without removing the original trademark, and fails to disclose to the customer the facts that (i) the goods are refurbished, (ii) there is no association between the rebuilder and the o.i.m., and (iii) the rebuilder is the sole guarantor of the rebuilt instrument, then the trademark exhaustion doctrine does not apply and such lack of disclosure may constitute trademark infringement and unfair competition. More particularly, the exhaustion doctrine is of no avail to rebuilders who retain the original trademarks on rebuilt instruments without adequately disclosing to customers that such instruments contain imitation parts to a significant extent. In such circumstances, the rebuilder should disclose at least that the instruments were rebuilt independently of the o.i.m.

Continued on Next Page

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Trademark Owners' Legal Interests in Rebuilt Musical Instruments

Continued from Previous Page

C. The Rebuilder's Rights and Responsibilities

A rebuilder may legally retain the o.i.m.'s trademark on the instrument if the purchaser is informed as to the non-genuineness of any imitation replacement parts that significantly affect the performance qualities of the instruments. In such circumstances, the rebuilder's retention of the o.i.m.'s trademark is entirely legal because there is an adequate disclosure that obviates any reasonable likelihood of consumer confusion and insulates the o.i.m. under the rule of "caveat emptor" from customer dissatisfaction with the rebuilt instrument. Rebuilders who adequately label their merchandise as "rebuilt" will not infringe the o.i.m.'s trademark.

Thus, it would appear that the touchstone of trademark infringement or unfair competition in rebuilt instruments is inadequate disclosure. A rebuilder who persists in failing to disclose adequately the nature or what is being sold may find itself at risk of being sued by the o.i.m. who will likely win if it can prove the absence or inadequacy of the required disclosure.

II. Trademark Infringement and Unfair Competition Under the "Champion Spark Plug" Standard

A. The Standard

In the landmark 1940's case of *Champion Spark Plug Co. v. Sanders*, a spark plug rebuilder who left Champion's trademark on the plugs and put Champion's trademark on its cartons was sued for trademark infringement and unfair competition. The federal district court found that the rebuilder had infringed the trademark, holding that the refurbished plugs were so changed in character that they could not be resold under the Champion trademark.

The federal court of appeals modified the district court ruling, finding infringement and unfair competition based on the "misleading cartons and containers" and "style numbers of reconditioned plugs which because not differentiated from those of the plaintiff's new plugs might mislead." Though it recognized the exhaustion doctrine and the lack of any evidence that consumers were actually deceived by the rebuilder's representations, the appeals court held that there was unfair competition because the rebuilder's marketing practices enabled retailers to present the used goods as being something they were not. Upon further appeal, the U.S. Supreme Court affirmed the lower court's decree requiring the rebuilder to label its goods to disclose adequately the nature of them.

B. Application to Rebuilt Instruments

From the *Champion Spark Plug* case, one may infer that an o.i.m. can prove infringement by showing that an instrument rebuilder inadequately informed its customers that there had been an alteration or modification to the instruments such that the rebuilt instruments are essentially different from the originals. Although in most subsequent rebuilt goods cases, courts that held the rebuilder's conduct culpable often found evidence of confusion as well, a number of cases nevertheless followed *Champion* in finding the rebuilder culpable on a

mere showing of inadequate disclosure. Thus, proof of actual consumer confusion or deceptive intent is helpful under the *Champion* standard, but it is not necessary to finding infringement.

Alternatively, an o.i.m. might enjoin a rebuilder's use of the o.i.m.'s trademark by showing that the rebuilder's actions had so altered the nature of the product as to make it a "new construction" on which it would be improper to use the o.i.m.'s trademark even with adequate labeling. Arguably, the o.i.m. has a case under this theory since the rebuilder replaces worn or damaged parts with "imitation" parts and in doing so changes the instruments' tonal qualities. The o.i.m. could seek to prove this by presenting expert testimony that a particular component is the "soul" of the instrument, giving it its characteristic sound. Replacing the original component with an imitation part in effect creates a different instrument, a "new construction" having a truly different (usually inferior) sound quality not worthy of the o.i.m.'s trademark and hence supporting the o.i.m.'s argument that its trademark should be removed from the instrument or, alternatively, that appropriate notice or disclosure be given to the buyer.

Under the first theory, the maker could argue that instrument rebuilders inadequately inform customers concerning nature of the merchandise being sold. Thus, the o.i.m. could argue that the rebuilders' disclosures or lack thereof on sales contracts, invoices or brochures do little to dispel confusion among subsequent purchasers or recipients of the rebuilt instruments. Even with adequate disclosure to the initial buyer of the rebuilt instrument, downstream players and other parties (e.g., concert artists and their audiences as well as concert hall proprietors) may be unaware of the imitation replacement parts in the instrument and will attribute the inferior qualities to the o.i.m., to the detriment of the latter's trademark and goodwill.

Furthermore, it is precisely the brand name recognition in the o.i.m.'s trademark which created the market for rebuilt instruments in the first place. Rebuilders who use imitation parts and fail to disclose the nature of their rebuilt instruments are better able to sell their inferior goods because of the marketing value of the trademark.

Used instruments that are worth rebuilding are usually expensive items, often costing thousands of dollars, and reselling for thousands more. And although they are purchased mainly by educated consumers, the likelihood of confusion cannot always be eliminated by the degree of care taken in selection. Anecdotal and survey evidence of consumer confusion as to a perceived association between the o.i.m. and the rebuilder will often strengthen this point.

The o.i.m. can enhance its legal position by showing that, given the complexity and craftsmanship involved in the manufacture of its instruments, the replacement of original components made to the maker's specifications with imitation (and usually inferior) parts will necessarily make rebuilt instruments "new constructions" on which the o.i.m.'s trademark would be a misnomer. Furthermore, because imitation parts are often unlabeled, and instruments rebuilt with them bear no notice of the fact that such parts have been incorporated into it, it would be difficult for consumers to dissociate the rebuilt instrument's inferior qualities from the o.i.m.

In a recent case in Texas, *Brandtjen & Kluge, Inc. v. Prudhomme* (1991), the defendant rebuilder (of printing presses) affixed a decal on each rebuilt unit stating that it was "serviced" or "rebuilt" by the defendant and listing his name,

address, and phone number. In such circumstances, the court held that there was no likelihood of confusion through the rebuilder's label. Consequently, rebuilders who do not label their instruments as "used" or "rebuilt" or whose sales or title documents at the time of purchase do not provide such disclosure in post-purchase situations are apt to affect the o.i.m.'s trademark rights adversely. From the o.i.m.'s perspective, it would not be enough for the rebuilder's decals, medallions, or labels to disclose that the instruments have been used or rebuilt since the maker not only wants to avoid confusion between rebuilt instruments and the maker's new instruments, but also between instruments containing imitation parts and those containing only genuine parts (requiring the rebuilder to place a medallion or decal on the instrument stating *inter alia* that non-original aftermarket parts were used in rebuilding the instrument), or any association between the rebuilder and the o.i.m.. The lack of appropriate labeling on the rebuilders' instruments clearly tends to increase the likelihood of consumer confusion.


The court in the *Kluge* case looked at the disclosures in the defendant's advertising, the fact that the rebuilt presses were sold at a discount compared to new presses, and the lack of evidence of any displeasure with the qualities of the rebuilt goods in finding that consumers were unlikely to transfer their dissatisfaction with the rebuilt goods to the maker. In the maker's case further investigation into the nature of the rebuilder's advertising is necessary. Instruments rebuilt with imitation parts may sell for less, but if the prices are high

enough, purchasers will be less likely to infer that imitation parts were used.

III. Equitable Defenses

In line with trademark infringement or unfair competition cases generally, an o.i.m. who delays in asserting its rights against a rebuilder whose offending activities the o.i.m. is aware of risks the possibility that the rebuilder has relied on the maker's inaction in building up their businesses, thus barring the claim because of "laches." Courts will "balance the equities" and may in their discretion deny injunctive relief in such circumstances. Ideally, the o.i.m.'s demand for adequate labeling in the form of appropriate medallions placed on the instruments is usually not so burdensome as to outweigh the harm to consumers who may be misled into buying an instrument under false pretenses and the harm to the o.i.m.'s trademark and goodwill.

IV. Conclusion

An instrument manufacturer has the right to require independent rebuilders to disclose to consumers the nature of its rebuilt instruments and the absence of a relationship between themselves and the manufacturer. Rebuilders for their part can help avoid disputes with manufacturers by adhering to the same principles. 

Ethics, The Law, & Piano Technicians

Continued from Page 31


standard is the knowledge, judgment, and skill generally accepted by piano technicians. Any actions substantially below such standards which produce injury or damage may be subject to legal action under the heading of negligence. In such cases, the standards that Registered Piano Technicians maintain would certainly come into play.

An area of business which could be the source of ethical and legal frustrations is the setting of fees or hourly rates. How does one go about setting fees for work? In the first place, it would be illegal for piano technicians to come together and fix a mandatory price for a given service. This is known as price-fixing and may involve those who participate in an antitrust violation. That is one reason you are never told in the *Journal* what your rates ought to be.

Most issues about fees are not legal issues. Many would argue that in most ways how we go about setting fees is not an ethical issue at all. But what about setting fees according to the client's ability to pay? Is that ethical? Is it more fair to have a single price or rate that everyone must meet? What about a sliding scale? And what

about setting a high price simply because you can? Is that ethical? I leave these questions for the reader to ponder or not.

Conclusion

I hope that this brief discussion of ethics and law has caused the reader to consider more closely how he or she goes about the business of piano technicianry. We are all essentially in business for ourselves. Profit-making is an essential part of business. Does that mean we need to make as much as possible? What effect does that kind of thinking have on customers, associates, our family, ourselves? Should we confine ourselves to simply making "enough?" What is enough? These concerns are certainly ethical, but analysis can be difficult because the hierarchy of possible goods and possible standards seems to be most personal. I encourage the reader to confront the questions raised in the article by beginning with an assessment of his or her own values. We all can benefit by understanding our fundamental values and how we came to adopt them. Here we arrive at the limits of ethical analysis: what do we value? Simply stated, what we value contains our ethical obligation. 

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