

## TRADEMARK LITIGATION AS CONSUMER CONFLICT

*Michael Grynberg*<sup>\*</sup>

INTRODUCTION .....	2
I. The Traditional Trademark Narrative .....	5
A. Purposes of Trademark Law .....	5
B. Roots of Consumer Conflict .....	9
1. Trademark Rhetoric .....	9
2. The Structure of Trademark Litigation .....	13
C. Do Non-Confused Consumers Need Protecting? .....	22
1. Protections for Absent Consumers .....	23
2. The Seller-Conflict Narrative’s Failure to Protect Absent Consumers .....	29
II. Trademark as Consumer Conflict .....	38
A. An Alternative Analysis .....	38
B. Consumer Conflict’s Promise .....	39
C. Some Objections .....	41
1. Trademark Defendants as Consumer Proxies .....	41
2. Does the Lanham Act Permit Considering the Interests of the Non-Confused? .....	44
D. Consumer Conflict as a Descriptive Tool .....	45
III. Consumer Conflict and Trademark’s Scope .....	50
A. Trademark’s Expansion .....	50
1. Sponsorship and Merchandising .....	51
2. Initial Interest Confusion .....	59
3. “Knockoffs” and Post-Sale Confusion .....	64
4. Dilution .....	68
B. Other Prescriptive Consequences of Consumer Conflict .....	69
1. Injunctions .....	69
2. Consumer Costs of Restricting Trademark’s Scope .....	72
3. The Future of Goodwill .....	74
CONCLUSION .....	75

---

<sup>\*</sup> Assistant Professor of Law, Oklahoma City University School of Law. I may be reached at [mgrynberg@okcu.edu](mailto:mgrynberg@okcu.edu).

## INTRODUCTION

Trademark litigation typically unfolds as a conflict between competing sellers who argue about whether the defendant’s conduct is likely to confuse some subset of the consuming public. In this narrative, the plaintiff serves two interests. She defends her trademark from infringement, and she protects consumers who may be confused by defendant. The defendant, in turn, rebuts the evidence of confusion while asserting any applicable rights to engage in the challenged acts.

This is an unfair fight. Part I explains why. While plaintiffs may draft consumers into serving as de facto, if silent, co-litigants, defendants, comparatively speaking, are left to fend for themselves. But simply balancing the interests of the defendant on the one hand, and those of the plaintiff *plus* any confused consumers on the other invites expansive claims. Trademark’s traditional seller-conflict account gives insufficient weight to the interests of *non-confused* consumers and their potential losses when courts impose liability for infringement. The resulting “two-against-one” dynamic is more than a rhetorical imbalance. Because the disposition of trademark cases often rests on the factfinder’s intuitions, trademark’s tilted storyline has doctrinal consequences. After all, if plaintiff’s and defendant’s interests are balanced, why shouldn’t any marginal confusion created by the defendant tip the scales? The seller-conflict narrative thus skews analysis of non-traditional infringement claims and abets the much-criticized trend of expanding trademark liability to reach cases in which the consumer confusion, if any, is marginal or hypothetical.<sup>1</sup>

---

<sup>1</sup> See, e.g., Jessica Litman, *Breakfast with Batman: The Public Interest in the Advertising Age*, 108 Yale L.J. 1717 (1999); Glynn S. Lunney, Jr., *Trademark Monopolies*, 48 Emory L.J. 367 (1999); Stacy L. Dogan & Mark A. Lemley, *Trademarks and Consumer Search*

This is not to say that the interests of consumers who benefit from alleged infringement are wholly absent from trademark law. Many cases invoke the “public interest” and other policy considerations such as the promotion of competition, and a number of doctrines protect the interests of absent consumers. These protections, however, are inadequate. First, broad invocations of “the public interest” are too easily counterbalanced by similarly rhetorical appeals to courts to combat “free riding,” protect a trademark holder’s “investment” in his mark, or halt “unfair competition.” These counter-interests also purport to serve the public good, and they do not bear the pejorative weight of being asserted by a purported “free rider.” Second, the generality of the policy arguments against expansive trademark liability often yield to the plaintiff’s summoning of specific groups of likely-to-be-confused consumers. Third, those trademark doctrines that reflect these public policies and protect the interests of non-confused consumers—such as the functionality doctrine—may not be applicable to non-traditional trademark claims.

Part II develops an alternative framework for considering trademark claims. Rather than viewing trademark litigation strictly as combat between competing sellers, courts should be aware of its parallel status as a conflict between differing classes of *consumers*. In this view, consumer confusion has consequences on more than just the trademark defendant. Enjoining confusing conduct harms both the junior trademark user and those consumers who benefit from his actions. When courts err on the side of

---

*Costs on the Internet*, 41 Hous. L. Rev. 777 (2004); Ann Bartow, *Likelihood of Confusion*, 41 San Diego L. Rev. 721 (2004); Barton Beebe, *Search and Persuasion in Trademark Law*, 103 Mich. L. Rev. 2020 (2005).

trademark protection, they privilege certain consumer classes (sometimes the gullible, sometimes the hypothetical) over others.

A doctrinal approach that explicitly recognizes the defendant's parallel role of representing the interests of non-confused consumers would counterbalance the traditional narrative's flaws. Viewing claims as a form of consumer conflict minimizes some of the moral heuristics—e.g., free riding is a suspect activity—that tilt the playing field in favor of those seeking expansive trademark rights. Consumer conflict also provides a framework for considering public interest concerns beyond the immediate needs of potentially confused consumers. Non-confused consumers may have a significant interest in the continuation of the defendant's actions. Treating them as effective parties in interest would force courts to grapple more concretely with the public interest consequences of expanding trademark liability. Otherwise, it is too easy to dismiss such concerns as the self-serving claims of a defendant who already bears the pejorative free-rider label.

Part III discusses the normative implications of viewing trademark as consumer conflict. While the consumer- and seller-conflict narratives counsel similar results for traditional trademark claims involving source confusion at the point of sale, they part ways at the frontiers of trademark law. A jurisprudence oriented to consumer conflict is less likely to entertain efforts to expand the scope of trademark rights. In contrast, the seller-conflict narrative's shortcomings lead to questionable outcomes in a range of contentious areas, including merchandising, initial interest confusion, and post-sale confusion.

In addition to offering a basis for critiquing trademark’s expansion, viewing trademark as a form of consumer conflict presents other normative implications. First, the inability of benefited and harmed consumer classes to bargain with each other counsels judicial caution when crafting remedies for claims in which the case for underlying liability is questionable. Second, the consumer-conflict view makes clearer the social costs of denying trademark protection even when the public interest as a whole may counsel that result. Finally, appreciation of trademark law’s consumer-conflict dimension challenges the centrality of seller goodwill to trademark law.

## **I. The Traditional Trademark Narrative**

### **A. Purposes of Trademark Law**

From its common law roots to the modern Lanham Act,<sup>2</sup> trademark law has served two, usually parallel, goals: protect consumers and the sellers they patronize.<sup>3</sup> About sixty years ago, the Senate Committee on Patents explained that:

[t]he purpose underlying any trade-mark statute is twofold. One is to protect the public so that it may be confident that,

---

<sup>2</sup> 15 U.S.C. §§ 1051-1141n.

<sup>3</sup> To this, we may add the facilitation of competition, which serves both consumers and sellers alike. Professor McCarthy leads his discussion of trademark’s policy rationales with the following quote:

The law of unfair competition has traditionally been a battleground for competing policies. The interest of the public in not being deceived has been called the basic policy. Moreover the plaintiff’s interest in not having the fruit of his labor misappropriated should not be disregarded. But there is also the policy of encouraging competition from which the public benefits.

*Zippo Mfg. Co. v. Rogers Imports, Inc.*, 216 F. Supp. 670, 695 (S.D.N.Y. 1963) (quoted in 1 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 2:1 (2006)).

in purchasing a product bearing a particular trade-mark which it favorably knows, it will get the product which it asks for and wants to get. Secondly, where the owner of a trade-mark has spent energy, time, and money in presenting to the public the product, he is protected in his investment from its misappropriation by pirates and cheats.<sup>4</sup>

Though trademark law's "true" original purpose is disputed,<sup>5</sup> the consumer-protection and seller-protection stories both have a long history.<sup>6</sup> This is unsurprising, as they may be seen as flip sides of the same coin. On one side, trademarks<sup>7</sup> enable consumers to minimize search costs and obtain their desired product confident that they know what they are getting.<sup>8</sup> On the other, trademarks enable sellers to capture investments made in securing goodwill<sup>9</sup> with consumers.<sup>10</sup> In most cases, these benefits are mutually reinforcing. Consumers are able to efficiently find their preferred sellers.

---

<sup>4</sup> S. Rep. No. 1333, 79<sup>th</sup> Cong., 2d Sess. 3, *reprinted in* 1946 U.S.C.C.A.N. 1274, 1274.

<sup>5</sup> Compare Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 Notre Dame L. Rev. 1839, 1840-41 (2007) (arguing that "trademark law was not traditionally intended to protect consumers. Instead, trademark law, like all unfair competition law, sought to protect producers from illegitimate diversions of their trade by competitors."), with Robert G. Bone, *Hunting Goodwill: A History of the Concept of Goodwill in Trademark Law*, 86 B.U. L. Rev. 547, 561 & n.59 (2006).

<sup>6</sup> Bone, *supra* note 5, at 560-61.

<sup>7</sup> Unless otherwise stated, the term trademark is used throughout to encompass trademarks, service marks, and protectible trade dress.

<sup>8</sup> See generally William M. Landes & Richard A. Posner, *Trademark Law: An Economic Perspective*, 30 J.L. & Econ. 265, 275-76 (1987) (discussing search costs).

<sup>9</sup> Goodwill presents a number of definitional problems. Bone, *supra* note 5, at 583. It has been defined as "that which makes tomorrow's business more than an accident. It is the reasonable expectation of future patronage based on past satisfactory dealings." Rogers, *Good Will, Trademarks and Unfair Trading* 13 (1914) (quoted in 1 McCarthy, *supra* note 3, § 2:17).

<sup>10</sup> *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 412 (1916).

The sellers, in turn, may compete based on price and quality, knowing that their developed goodwill will be rewarded by customers who can easily find them.<sup>11</sup> In this story, consumer and seller interests are in harmony. Protecting consumers from confusion is no more than “protecting the trademark owner’s right to a non-confused public.”<sup>12</sup>

But sometimes the interests of trademark holders and consumers at large diverge. Trademarks owners naturally seek to tap and exploit the value of their marks even if doing so is detrimental to consumer interests. So, for example, they may try to wield the

---

<sup>11</sup>

Trade-marks, indeed, are the essence of competition, because they make possible a choice between competing articles by enabling the buyer to distinguish one from the other. Trade-marks encourage the maintenance of quality by securing to the producer the benefit of the good reputation which excellence creates. To protect trade-marks, therefore, is to protect the public from deceit, to foster fair competition, and to secure to the business community the advantages of reputation and good will by preventing their diversion from those who have created them to those who have not.

S. Rep. No. 1333, 79<sup>th</sup> Cong., 2d Sess. 3, *reprinted in* 1946 U.S.C.C.A.N. 1275, 1275.

<sup>12</sup> *James Burrough, Ltd. v. Sign of the Beefeater, Inc.*, 540 F.2d 266, 276 (7th Cir. 1976); *see also* William M. Landes & Richard A. Posner, *The Economic Structure of Intellectual Property Law* 168 (2003) (“The value of a trademark to the firm that uses it to designate its brand is the saving in consumers’ search costs made possible by the information that the trademark conveys or embodies about the quality of the firm’s brand. . . . Once the reputation is created, the firm will obtain greater profits because repeat purchases and word-of-mouth references will add to sales and because consumers will be willing to pay a higher price in exchange for a savings in search costs and an assurance of consistent quality.”).

This is not to say that this story of trademark is without critics. *See, e.g.*, Bartow, *supra* note 1, at 729-38.

Lanham Act to stifle comparative advertising.<sup>13</sup> Success might promote customer retention, but would cut off consumers from valuable information.<sup>14</sup>

As trademark law expands, conflict between seller and consumer interests arise with increasing frequency. At common law, trademark usually addressed claims that the defendant was “passing off” his goods as the plaintiff’s or that there was a likelihood of confusion as to a product’s source. From these beginnings trademark’s scope has steadily broadened. Causes of action are now available for confusion with respect to non-competing goods, confusion as to sponsorship or endorsement, initial interest confusion (confusion that is dispelled before a purchase decision is made), post-sale confusion (confusion of non-purchasers arising after the purchase), merchandising (allowing the trademark holder to exercise control of the mark when used as a product—e.g., University of Oklahoma sweatshirt—and not as a source identifier), and dilution (an action that does not cause confusion, but “blurs” or “tarnishes” a famous trademark).<sup>15</sup>

Many of these doctrinal developments have been criticized for resolving any resulting tensions between seller and public interests in favor of trademark holders.<sup>16</sup> Somewhat paradoxically, however, that trend is driven, at least in part, by trademark law’s mechanism for consumer protection.

---

<sup>13</sup> E.g., “If you like Pepsi, you’ll love Coke.”

<sup>14</sup> See, e.g., *Smith v. Chanel*, 402 F.2d 562 (9th Cir. 1968) (rejecting attempt by maker of Chanel No. 5 to prevent competitor from advertising its perfume as having a similar scent).

<sup>15</sup> See generally Bone, *supra* note 5, at 593-615.

<sup>16</sup> See, e.g., Dogan & Lemley, *supra* note 1, at 794; Lunney, *supra* note 1, at 403-04.

## **B. Roots of Consumer Conflict**

### **1. Trademark Rhetoric**

Why might divergence of interest between consumers and trademark holders “tilt the trademark laws from the purpose of protecting the public to the protection of the business interests”?<sup>17</sup> For one thing, protecting seller goodwill is—for good or ill—part of trademark law and its history.<sup>18</sup> It is therefore difficult for courts to ignore the rhetorical force of pleas for protection even if focusing on other policies, such as the information benefits of trademark law, produce more satisfying policy results in a given context. Once the goodwill nose is under the tent, other consequences follow. Part and parcel of protecting goodwill is the attendant need police “free riding” by competitors of trademark holders.<sup>19</sup> Property rights rhetoric has proven similarly powerful,<sup>20</sup> as has the temptation to treat trademark rights as intellectual property akin to the limited monopolies granted to copyright and patent holders. Here, the rationale is that an

---

<sup>17</sup> *Boston Professional Hockey Ass'n, Inc. v. Dallas Cap & Emblem Mfg., Inc.*, 510 F.2d 1004, 1011 (5th Cir. 1975).

<sup>18</sup> See generally Bone, *supra* note 5, at 560-79 (tracing history and development of the goodwill concept).

<sup>19</sup> See, e.g., *Brookfield Communications v. West Coast Entertainment Corp.*, 174 F.3d 1036, 1063 (9th Cir. 1999) (concluding that defendant’s use of plaintiff’s trademark in website’s hidden text in order to be indexed by Internet search engines “improperly benefits from the goodwill that [plaintiff] developed in its mark” notwithstanding absence of point-of-sale confusion).

<sup>20</sup> See, e.g., Lunney, *supra* note 1, at 372 (“[M]any courts and commentators succumbed to ‘property mania’—the belief that expanded trademark protection was necessarily desirable so long as the result could be characterized as ‘property.’”).

expansive reading of trademark rights incentivizes the creation of value in the trademark.<sup>21</sup>

The rhetorical landscape of trademark litigation is important because the underlying factual inquiry—is there a likelihood of confusion?—is often elusive. Factfinders must therefore resort to heuristics—most famously, the multifactor test for likelihood of confusion.<sup>22</sup> But the test’s factors are flexible. Assessing and balancing them leaves the fact finder (or appellate reviewer) with considerable discretion in determining whether liability exists.<sup>23</sup>

With discretion comes the ability to give free play to another set of heuristics. Just as decisionmakers use shortcuts to determine facts, they also use them to evaluate and assign blame.<sup>24</sup> The strength of anti-free riding and property rhetoric in trademark

---

<sup>21</sup> *Boston Professional Hockey Ass’n* is one notorious example. The Fifth Circuit extended trademark rights to include the use of a logo not as a product identifier, but as the product itself. The court rationalized its decision in part because of its view that the “major commercial value of the emblems is derived from the efforts of plaintiffs.” 510 F.2d at 1011. *See also, e.g.*, Lunney, *supra* note 1, at 372.

<sup>22</sup> The tests of the differing circuits have considerable overlap. *See, e.g.*, *Polaroid Corp. v. Polarad Electronics Corp.* 287 F.2d 492, 495 (2d Cir. 1961) (considering (1) the strength of the plaintiff’s mark; (2) the degree of similarity between the marks; (3) the competitive proximity of the litigants’ products; (4) any actual confusion; (5) the likelihood that the plaintiff will “bridge the gap” separating the two markets; (6) whether the defendant acted in good faith in adopting its mark; (7) the quality of the defendant’s product; and (8) purchaser sophistication.); *see also* Barton Beebe, *An Empirical Study of the Multifactor Tests for Trademark Infringement*, 94 Cal. L. Rev. 1581, 1601-03 (2006) [hereinafter, Beebe, *Multifactor Tests*] (discussing the use of heuristics among decisionmakers generally and judges specifically).

<sup>23</sup> 4 McCarthy, *supra* note 3, § 23:73 (surveying circuit approaches to reviewing lower court decisions on likelihood of confusion).

<sup>24</sup> Cass R. Sunstein, *Moral Heuristics and Moral Framing*, 88 Minn. L. Rev. 1556, 1558 (2004).

cases may well be a byproduct of moral intuitions like “you should not reap where you did not sow”<sup>25</sup> and “people should enjoy the fruits of their labor.”<sup>26</sup> While such moral shortcuts may be good enough most of the time, they are not universally applicable.<sup>27</sup> In trademark litigation, they are particularly prone to cause mischief because the defendant’s good faith (or lack thereof) is often an important factor in the likelihood-of-confusion analysis.<sup>28</sup> Because many challenged practices involve some form of use (in the literal if

---

<sup>25</sup> See, e.g., *Inwood Lab. v. Ives Lab., Inc.*, 456 U.S. 844, 854 n.14 (1982) (“[T]he infringer deprives the owner of the goodwill which he spent energy, time, and money to obtain.”); cf. *International News Service v. Associated Press*, 248 U.S. 215, 239 (1918) (finding misappropriation where defendant “is endeavoring to reap where it has not sown”).

<sup>26</sup> As one jurist explained,

Given that our system of values embraces this view, the claim “I’ve made it; it’s mine,” has strong appeal. Often the right-based moral claim is confused with, or subsumed under, the utilitarian claim, which I discuss next. But they’re really quite different. Utilitarian arguments look to incentives; they ask: How can we best manipulate people’s behavior by adjusting the rewards associated with various types of conduct? Moral claims are harder to quantify, but nevertheless have a force of their own. They tend to be based on the notion that people are entitled to something not as an incentive to work harder, but because it’s right.

Alex Kozinski, *Trademarks Unplugged*, 68 N.Y.U. L. Rev. 960, 966-67 (1993). No shortage of trademark cases reflect moral judgments even about activity removed from a cause of action for falsely passing off goods. See, e.g., *Interstellar Starship Services, Ltd. v. Epix, Inc.*, 304 F.3d 936, 945 (9th Cir. 2002) (“If a *rogue* company adopts as its domain name a protected trademark and proceeds to sell goods similar to those offered by the trademark owner, *it necessarily free rides on the trademark owner’s goodwill, and that rogue company benefits* from increasing initial interest confusion as consumers exercise lower levels of care in making their purchasing decisions.”) (emphases added); *Chemical Corp. v. Anheuser-Busch, Inc.*, 306 F.2d 433, 438 (5th Cir. 1962).

<sup>27</sup> Sunstein, *supra* note 24.

<sup>28</sup> Beebe, *Multifactor Tests*, *supra* note 22, at 1608, 1628. After conducting a study of 331 trademark opinions reported from 2000 to 2004 that employed the local circuit’s

not trademark sense) of a mark and its goodwill (in some form),<sup>29</sup> such “free riding” invites judicial scorn both practically and formally.<sup>30</sup>

But trademark law is also about consumer protection. Why do these policies not act as a counterweight to these tendencies? To some extent they do,<sup>31</sup> but incompletely.

---

multifactor test, Beebe concluded that his data “suggest that a finding of bad faith intent creates, if not in doctrine, then at least in practice, a nearly un-rebuttable presumption of a likelihood of confusion.” *Id.* at 1628.

<sup>29</sup> See Bone, *supra* note 5, at 551-52 (distinguishing brand, firm, and inherent goodwill).

<sup>30</sup> For example, some websites will use hidden text, invisible to the web surfer, in order to be indexed by search engines when a search is performed using the hidden term. The hidden text, also called a metatag, could be the name of a trademark; this practice is controversial, but there are arguments that it enhances consumer welfare. See Michael Grynberg, *The Road Not Taken: Initial Interest Confusion, Consumer Search Costs, and the Challenge of the Internet*, 28 Seattle Univ. L. Rev. 97, 108-112, 121-28 (2004). Nevertheless, those courts that find infringement in these cases often conclude that the deliberate use of a trademarked word demonstrates bad faith. See, e.g., *Eli Lilly & Co. v. Natural Answers, Inc.*, 233 F.3d 456, 465 (7th Cir. 2000) (use of another’s trademark in metatags “is significant evidence of intent to confuse and mislead”); *SNA, Inc. v. Array*, 51 F. Supp.2d 554, 562-63 (E.D. Pa. 1999) (concluding that defendants’ attempt to use metatags to “lure internet users to their site” was in bad faith).

*Anheuser-Busch, Inc. v. Balducci Publications*, a case discussed in greater detail below, demonstrates similar suspicion of defendants who appropriated registered marks but were not in any way competing with the trademark holder. They produced a parody/satire in which Anheuser-Busch’s Michelob eagle was portrayed as drenched in oil, and the brand name was recast as “Michelob Oily.” The Eighth Circuit nonetheless refused to weigh the intent factor of the multifactor test in his favor. The court instead concluded that defendant’s failure to take “significant steps” to further “remind readers that they were viewing a parody and not an advertisement sponsored or approved by Anheuser-Busch” indicated that defendant was indifferent to the possibility of consumer confusion. 28 F.3d 769, 774 (8th Cir. 1994).

<sup>31</sup> See, e.g., *George Basch Co. v. Blue Coral, Inc.*, 968 F.2d 1532, 1541 (2d Cir. 1992) (“Absent confusion, imitation of certain successful features in another’s product is not unlawful and to that extent a free ride is permitted.” (citation and quotation omitted); see generally *infra* Part I.C (discussing consumer protections in trademark doctrine).

The structure of trademark litigation helps mask the effect of pro-trademark holder heuristics while enhancing their power by disguising them as consumer protections.

## **2. The Structure of Trademark Litigation**

Trademark litigation’s structure drives the expansion of trademark rights even at the expense of consumer interests in a variety of ways. On the most basic level, it is the trademark holders who file the lawsuits.<sup>32</sup> Whatever the centrality of consumer protection to trademark law, vindicating this interest is out of consumer hands.<sup>33</sup> The prospect that trademark plaintiffs pursue actions that both benefit and harm consumers is unsurprising.

But it is more than the Lanham Act’s standing precedent that tilts the trademark playing field. The “storyline” of trademark litigation also plays a significant role.

### **a) Enlisting Consumers—Trademark Litigation’s Incomplete Narrative**

In the “happy” story of trademark law, the needs of sellers and consumers reconcile harmoniously.<sup>34</sup> This harmony extends to litigation. Given the Lanham Act’s

---

<sup>32</sup> Section 43(a) of the Lanham Act, which creates the statute’s “common law” infringement and false advertising causes of action, does not restrict standing to trademark holders or those with a commercial interest. 15 U.S.C. § 1125(a) (authorizing suit by “any person who believes that he or she is or is likely to be damaged” by the statute’s proscribed acts). Courts have, nonetheless, generally read the limitation into the law. *See* 5 McCarthy, *supra* note 3, § 27:39 (“When read literally, one concludes that § 43(a) can be invoked by defrauded consumers as well as injured competitive business interests. By 1995, however, four federal circuits had held that there is no consumer standing to sue for false advertising under Lanham Act § 43(a).”) (footnote omitted).

<sup>33</sup> “Originally, trademark law was justified on grounds of preventing consumer deception. Ownership was assigned to the person who adopted the mark for her trade, not because she had created it or its favorable associations, but because such person was conveniently placed and strongly motivated to vindicate the broader public interest in a mark’s ability to identify accurately the source of the goods to which it was attached.” Lunney, *supra* note 1, at 417.

structure, trademark suits are necessarily styled as seller-versus-seller encounters rather than a battle between the consumer and the seller. The trademark holder attacks the junior user for misappropriating the goodwill of her trademark *while simultaneously* arguing that the defendant is harming consumers.<sup>35</sup> Accordingly, “a court must expand the more frequent, one-on-one, contest-between-two sides, approach. A third party, the consuming public, is present and its interests are paramount. Hence, infringement is found when the evidence indicates a likelihood of confusion, deception or mistake on the part of the consuming public.”<sup>36</sup>

In a typical case, therefore, the plaintiff’s claim proceeds on two distinct levels, each of which tracks trademark law’s traditional rationales. On one level, the plaintiff represents herself and her interest in her trademark. On another, she is the consumer’s proxy, giving voice to the absent party-in-interest who is harmed by the defendant’s deceptive acts.<sup>37</sup> Thus, “the plaintiff is acting, not only in its own interest, but in the public interest.”<sup>38</sup>

---

<sup>34</sup> See *supra* notes 2-12 and accompanying text.

<sup>35</sup> It is this claim, of course, that is rooted in the text of the statute. See 15 U.S.C. §1125(a)(1)(A) (“common law” trademark infringement action providing liability for conduct that “is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person”); 15 U.S.C. § 1114 (liability for conduct that “is likely to cause confusion, or to cause mistake, or to deceive” with respect to registered marks).

<sup>36</sup> *James Burrough Ltd. v. Sign of the Beefeater, Inc.*, 540 F.2d 266, 274 (7th Cir. 1976).

<sup>37</sup> See, e.g., *Sundor Brands, Inc. v. Borden, Inc.*, 653 F. Supp. 86, 93 (M.D. Fla. 1986) (“Indeed, when a trademark is said to have been infringed, what is actually infringed is the right of the public to be free of confusion and the synonymous right of the trademark owner to control his products’ reputation.”). As the Second Circuit explained,

b) **Rhetorical Doublecounting**

The seller-conflict narrative stacks the deck against the junior user. By abstracting the universe of consumers into a single third party whose priority is avoiding confusion, the narrative leaves us with a two-against-one framework. In effect, two parties combine against a defendant, who is deprived of a natural ally—the consumers who benefit from the alleged infringement.<sup>39</sup> To illustrate, consider one court’s summary of its task:

---

The action for infringement under the Lanham Act serves the interests of consumers, as well as sellers, in having trademarks functions as source-identifiers. By preventing competitors from marketing their goods under the same or a confusingly similar mark, the action for infringement “helps assure a producer that it (and not an imitating competitor) will reap the financial, reputation-related rewards associated with a desirable product.” At the same time, it “reduce[s] the customer’s costs of shopping and making purchasing decisions, for it quickly and easily assures a potential customer that ... the item with this mark ... is made by the same producer as other similarly marked items that he or she liked (or disliked) in the past.”

*TCPIP Holding Co., Inc. v. Haar Communications, Inc.*, 244 F.3d 88, 95 (2d Cir. 2001) (quoting *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 163-64 (1995)).

<sup>38</sup> *General Baking Co. v. Gorman*, 3 F.2d 891, 893 (1st Cir. 1925); *see also, e.g.*, 1 McCarthy, *supra* note 3, § 2:33 (quoting *Gorman* and observing “While consumers would have standing to sue under state law, the consumer’s stake is small, making cost-efficient litigation a rarity. The consumer’s interest would never be adequately protected by individual consumer suits unlikely to be brought”). They do so despite some initial reluctance to permit plaintiffs to act as “vicarious champion[s]” of the public interest. *See Pure Foods v. Minute Maid Corp.*, 214 F.2d 792, 797 (5th Cir. 1954).

<sup>39</sup> While the defendant’s interests may be considered, they are largely viewed as particular to him and not to consumers as a whole. *See, e.g., Pan American World Airways, Inc. v. Panamerican School of Travel, Inc.*, 648 F. Supp. 1026, 1032-33 (S.D.N.Y. 1986) (noting “additional considerations” at issue, which “include such equitable factors as the conflicting interests of the parties in continuing their trademark use, and . . . the harm to the junior user as compared to the benefit to the senior user that would result from the requested injunction” (emphasis added) (citations and quotations omitted)).

In assessing whether plaintiff has met its burden of proving a likelihood of confusion at the consumer level, the Court must evaluate the interests of the parties and the public that are protected by the trademark laws. The two interests that are relevant in the present case are *the senior user's interest in protecting the good reputation associated with his mark* from the possibility of being tarnished by the inferior merchandise or services of the junior user, and *the public's interest in not being misled* by confusingly similar marks. Of course, these interests overlap to a certain degree. If the consuming public is not confused as to the source of the junior user's product, and therefore does not associate that product with the senior user, then there is little likelihood that the senior user's good reputation will suffer because of the possibly inferior quality of the junior user's product.<sup>40</sup>

Both of trademark law's traditional rationales are at work. The plaintiff seeks to “protect[] the good reputation associated with his mark.” At the same time, he vindicates “the public's interest in not being misled by confusingly similar marks.” These interests are not the same, but the traditional trademark narrative says not to worry. They overlap. Without consumer confusion “there is little likelihood that the senior user's good reputation will suffer because of the possibly inferior quality of the junior user's product.”<sup>41</sup>

This observation raises two questions at the heart of the traditional trademark story. First, if the interests of consumers and trademark holders are truly parallel, why is protecting seller goodwill, its pedigree notwithstanding, a distinct interest from consumer protection? We will return to this question below.<sup>42</sup> Second, if the two interests are flip

---

<sup>40</sup> *Dunfey Hotels Corp. v. Meridien Hotels Investments Group*, 504 F. Supp. 371, 378 (S.D.N.Y. 1980) (citations and quotation omitted) (emphases added).

<sup>41</sup> *Id.*

<sup>42</sup> See *infra* Part III.B.3.

sides of the same coin, why should the plaintiff's interest in its own goodwill be considered alongside the general public interest in avoiding consumer confusion? If the claims are indeed parallel, will the impact of any evidence of confusion be effectively “double counted”?

While this may seem a minor concern, it looms larger when one considers that trademark litigation is often impressionistic rather than empirical.<sup>43</sup> Evidence of actual confusion is often hard to come by, and surveys, whatever their importance,<sup>44</sup> are not employed in the full run of cases.<sup>45</sup> Most cases require the rough balancing of the various multifactor tests. More generally, trademark doctrine is replete with judicial proclamations regarding consumer behavior that are intuitive rather than empirical.<sup>46</sup>

---

<sup>43</sup> See *supra* Part I.B.1.

<sup>44</sup> Compare 6 McCarthy, *supra* note 3, § 32:195 (“As the use of surveys has become more common, judges have come to expect that a survey will be introduced to aid the court in determining customers’ state of mind. Some courts have remarked on the failure to introduce a survey as indicating that a litigant is less than deadly serious about its case.”), with Beebe, *Multifactor Tests*, *supra* note 22, at 1641 (reporting results of a study of 331 trademark opinions in which “the data suggest that the conventional view of the utility of survey evidence may be incorrect” and reporting that only 20% of the sample addressed survey evidence with only 7% of cases ruling in favor of the outcome supported by a credited survey).

<sup>45</sup> Beebe, *Multifactor Tests*, *supra* note 22, at 1641; Graeme W. Austin, *Trademarks and the Burdened Imagination*, 69 Brook. L. Rev. 827, 866-71 (2004) (reporting data suggesting that trademark cases usually do not turn on survey data). Even if surveys were always employed, judges still have leeway to rely on their own impressions. Cf. 6 McCarthy, *supra* note 3, § 32:170 (“The majority rule is that while technical deficiencies can reduce a survey’s weight, they will not prevent the survey from being admitted into evidence. This is especially true in a non-jury case. As one court correctly observed, “No survey is perfect” and flaws in questions and methodology should only affect the weight accorded survey results.”) (footnotes omitted).

<sup>46</sup> See, e.g., *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 212-14 (2000) (musing on the distinctiveness of product design and opining that “[i]t seems to us that design, like color, is not inherently distinctive”).

The specter of “double counting”—even if only on a qualitative, rhetorical, or impressionistic level—therefore looms large.

Further, attempts to expand trademark’s scope from its roots in source confusion often involve situations in which consumer confusion, if any, is likely to be limited or non-traditional. It is here where courts have proven unduly susceptible to rhetorical appeals to prevent free-riding or to protect trademark holder investments.<sup>47</sup> A two-against-one narrative helps pave the way for such thrusts by reassuring courts that the sole party in opposition is little more than a free rider whose concerns may be discounted, especially in light of the benefits to trademark holders and “consumers.”

c) **Neglected Consumers**

If trademark litigation expands the “one-on-one, contest-between-two sides” to include as a “third party” those consumers who may be confused,<sup>48</sup> a “fourth party” is missing—those consumers who benefit from the defendant’s conduct. Though courts refer the “consuming public,”<sup>49</sup> that public is not considered as a whole. Rather, courts concern themselves with the question whether an “appreciable number of ordinarily prudent purchasers are likely to be misled, or indeed simply confused.”<sup>50</sup> This abstraction is often insufficient.

---

<sup>47</sup> See *supra* notes 17-21 and accompanying text.

<sup>48</sup> *James Burrough Ltd. v. Sign of the Beefeater, Inc.*, 540 F.2d 266, 274 (7th Cir. 1976).

<sup>49</sup> *Dunfey Hotels*, 504 F. Supp. at 378.

<sup>50</sup> *Mushroom Makers, Inc. v. R.G. Barry Corp.*, 580 F.2d 44, 47 (2d Cir. 1978).

### **(1) Identifying Relevant Consumers**

The problem of isolating a relevant class of consumers for purposes of evaluating trademark claims is an old one. Courts look to the “reasonably prudent purchaser,”<sup>51</sup> about whom descriptions vary.<sup>52</sup> The resulting construct is a frequent target of criticism. Commentators object that judges define consumers in ways that are biased,<sup>53</sup> patronizing,<sup>54</sup> sexist,<sup>55</sup> inconsistent,<sup>56</sup> or insulting,<sup>57</sup> and that these definitions are wielded in a manner that is too indulgent of claims of confusion.<sup>58</sup>

---

<sup>51</sup> See, e.g., *Attruzzi, LLC v. Maytag Corp.*, 436 F.3d 32, 38 (1st Cir. 2006) (Liability predicated on “proof ‘that the allegedly infringing conduct . . . carries with it a likelihood of confounding an appreciable number of reasonably prudent purchasers exercising ordinary care.’”) (quoting *Int’l Ass’n of Machinists & Aerospace Workers, AFL-CIO v. Winship Green Nursing Ctr.*, 103 F.3d 196, 201 (1st Cir.1996)); 4 McCarthy, *supra* note 3, § 23:91 n.1 (collecting cases).

<sup>52</sup> See generally 4 McCarthy, *supra* note 3, § 23:91 (collecting examples).

<sup>53</sup> 4 McCarthy, *supra* note 3, § 23:92 (“When the court wants to find no infringement, it says that the average buyer is cautious and careful and would never be confused. But if the judge thinks there is infringement, the judge sets the standard lower and says the average buyer is gullible and not so discerning, and would be easily confused by the similar marks.”).

<sup>54</sup> See, e.g., Austin, *supra* note 45, at 832 (“[T]rademark law constructs the consumer worldview in ways that minimize the relevance of consumers’ own independent thinking. Trademark law’s ‘ordinarily prudent consumer’ is very often less than prudent, exhibiting instead unthinking and irrational responses to branding messages.”). Indeed, the traditional narrative of a trademark action encourages trademark holders to question the intelligence of their customers. Beebe, *supra* note 1, at 2035 (“It is an irony of trademark law that the trademark plaintiff is often placed in the awkward position of arguing that its customers are ignorant and its goods commonplace, while the defendant begs to differ.”).

<sup>55</sup> Bartow, *supra* note 1, at 776-93.

<sup>56</sup> Beebe, *supra* note 1, at 2055.

<sup>57</sup> Bartow, *supra* note 1, at 723 (“Why, in trademark litigation decisions, do judges so often write about representative members of the public as if we are astoundingly naïve, stunningly gullible, and frankly stupid? Do jurists truly believe that consumers are

But even when courts perform properly the task of identifying harmed consumers, the standard trademark narrative remains incomplete.

## (2) Non-Confused Consumers

Looking to a subset of the consuming public (and the likely confused members of that subset) to distill a set of relevant potential purchasers necessarily excludes everyone else.<sup>59</sup> As a result, those consumers who stand to *benefit* from the defendant's behavior

---

complete idiots? What is it about trademark law that seems to elicit from courts such offensive and humiliating views of the citizenry?”).

<sup>58</sup> See, e.g., Lunney, *supra* note 1, at 395-408 (discussing circumstances in which courts have used the likelihood of confusion standard “to protect the mark’s value as a desirable product in and of itself, rather than as a source of otherwise indiscernible information concerning the product to which it is attached”); Beebe, *supra* note 1, at 2068-69 (arguing that courts usually “accept[] that the reasonable consumer standard is a descriptive standard based on the average level of consumer sophistication in the relevant population, rather than a prescriptive standard based on what ought to be a reasonable level of sophistication in that population”).

<sup>59</sup> Cf. Robert C. Bird, *Streamlining Consumer Survey Analysis: An Examination of the Concept of Universe in Consumer Surveys Offered in Intellectual Property Litigation*, 88 Trademark Rep. 269, 288 (1998) (“Since courts have found many different requirements for a proper universe [of consumers to survey], the area becomes a frequent category of scrutiny and a constant source of criticism for survey evidence. The result is that expensive surveys, otherwise well-executed, are frequently doomed to failure because they did not ask the questions to the proper class of people.”).

are usually missing from the analysis.<sup>60</sup> The public interest at issue is that of avoiding consumer confusion, which is the charge of trademark plaintiffs.<sup>61</sup>

Trademark litigation implicates consumer interests beyond simply avoiding confusion. Most fundamentally, consumers benefit from an economy in which competition between sellers drives price down while spurring qualitative advances.<sup>62</sup> Consumers would therefore be harmed if trademark holders were able, for example, to stifle competition by claiming trademark protection in useful product designs.<sup>63</sup> Consumers similarly have an interest in information beyond that conveyed by a trademark holder's use of her mark. To return to the simple example of the previous subpart, a trademark owner might benefit if she were able to prevent comparative

---

<sup>60</sup> Even within the selected class, courts may make further refinements. *See, e.g., Ford Motor Co. v. Summit Motor Prods., Inc.*, 930 F.2d 277, 293 (3d Cir. 1991) (“Where the buyer class is mixed, the standard of care to be exercised by the reasonably prudent purchaser will be equal to that of the least sophisticated consumer in the class.”). Moreover, identifying the right class of consumers arguably protects the non-confused members of that class (no one knows *ex ante* if he will encounter a product in conditions that will confuse) though it does not tell us if they would want protection in those circumstances.

<sup>61</sup> *Cf. Dunfey Hotels Corp. v. Meridien Hotels Investments Group*, 504 F. Supp. 371, 378 (S.D.N.Y. 1980) (recognizing that “the Court must evaluate the interests of the parties and the public,” but defining public interest as “not being misled by confusingly similar marks”).

<sup>62</sup> *See, e.g.*, 1 McCarthy, *supra* note 3, § 1:1 (“There is a basic public policy, deep-rooted in our economy and respected by the courts, resting on the assumption that social welfare is best advanced by free competition.”) (quoting *Eastern Wine Corp. v. Winslow-Warren, Ltd.*, 137 F.2d 955, 958 (2d Cir. 1943)).

<sup>63</sup> In these cases, the avoidance of confusion would be too “harmful to other consumer interests. Consumers should not be deprived of the benefits of competition with regard to the utilitarian and esthetic purposes.” *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 213 (2000); *see, also, e.g., Traffix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23 (2000). Accordingly, the functionality doctrine precludes trademark protection for useful product designs. *See infra* Part I.C.1.

advertising by her competitors. Consumers, by contrast, benefit from learning about product alternatives, and the “if you like X, you’ll love Y” formulation efficiently conveys such data.<sup>64</sup>

### **C. Do Non-Confused Consumers Need Protecting?**

All true and simple enough. This is not to say, however, that trademark doctrine wholly ignores the interests of absent consumers. Quite the contrary. Before proceeding, therefore, one should consider whether these existing mechanisms are adequate to the task.

---

<sup>64</sup> *Cf. Smith v. Chanel*, 402 F.2d 562 (9th Cir. 1968).

## **1. Protections for Absent Consumers**

First, courts frequently advert to the “public interest” in deciding trademark cases. While this inquiry is, as discussed above, often narrowly dedicated to the task of identifying confused consumers wherever they may be,<sup>65</sup> the concept admits consideration of consumer welfare more generally.<sup>66</sup> Courts frequently cite, for example, the need to preserve a free marketplace in which consumers enjoy competition in price and quality.<sup>67</sup>

Second, multiple doctrines protect consumers whose interests in the litigation are not coterminous with the plaintiff’s.

### **a) Trademark’s Information Protections**

The importance of protecting consumer access to information is a recurring theme in trademark law. The doctrine of nominative fair use, which generally defends the right of junior users to use marks in non-misleading ways to refer to their affiliated products

---

<sup>65</sup> See, e.g., *S & R Corp. v. Jiffy Lube International, Inc.*, 968 F.2d 371, 379 (3d Cir. 1992) (“In a trademark case, the public interest is most often a synonym for the right of the public not to be deceived or confused.”) (citation and internal quotation omitted).

<sup>66</sup> See, e.g., *Dakota Industries, Inc. v. Ever Best Ltd.*, 944 F.2d 438, 441 (8th Cir. 1991) (affirming denial of preliminary injunction and finding no error in district court’s conclusion that “the public’s interest in being offered the widest range of merchandise in all price brackets would best be served by denying the injunction.”).

<sup>67</sup> See, e.g., *Freudenberg Household Products LP v. Time Inc., Kaminstein Imports, Inc.*, No. 06 C 399, 2006 WL 1049569, at \*9 (N.D. Ill. April 18, 2006) (“The public interest is supported by protecting the rights of trademark holders. However, the public interest is also protected by ensuring that trademark protection is not applied in such a broad fashion that it allows one party to inhibit the natural competition in the marketplace, from which the consumers ultimately benefit in the form of lower prices and higher-quality goods.”).

and services,<sup>68</sup> protects comparative advertising.<sup>69</sup> The Lanham Act also protects the right of competitors to use language in its descriptive sense even if the terms in question were trademarked.<sup>70</sup> Both of these forms of “fair use” defend the flow of information to consumers regardless of trademark holder preferences.<sup>71</sup>

---

<sup>68</sup> See, e.g., *New Kids on the Block v. News Am. Publ'g Inc.*, 971 F.2d 302, 308 (9th Cir. 1992) (“[W]here the defendant uses a trademark to describe the plaintiff’s product, rather than its own . . . a commercial user is entitled to a nominative fair use defense.”). In the Ninth Circuit’s formulation, three requirements are necessary to qualify for protection.

First, the product or service in question must be one not readily identifiable without use of the trademark; second, only so much of the mark or marks may be used as is reasonably necessary to identify the product or service; and third, the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.

*Id.* In the Ninth Circuit, nominative fair use analysis typically substitutes for the multi-factor inquiry for trademark infringement, so calling nominative fair use a trademark defense is something of a misnomer. *See, e.g.*, 4 McCarthy, *supra* note 3, § 23:11 (“‘nominative fair use’ is an alternative method for analyzing if there is the kind of likelihood of confusion that constitutes trademark infringement. . . . The ‘nominative fair use’ analysis is no more an ‘affirmative defense’ than is the multi-factor test of infringement used by all of the circuits.”).

<sup>69</sup> See, e.g., *New Kids on the Block*, 971 F.2d at 307 (“[C]ompetitors may use a rival’s trademark in advertising and other channels of communication if the use is not false or misleading.”) (citing *Smith v. Chanel, Inc.*, 402 F.2d 562 (9th Cir.1968)).

<sup>70</sup> 15 U.S.C. § 1115(b)(4) (providing that claimed infringement of an incontestable mark is subject to the defense that “the use of the name, term, or device charged to be an infringement is a use, otherwise than as a mark, of the party’s individual name in his own business, or of the individual name of anyone in privity with such party, or of a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party, or their geographic origins”); *see also* 2 McCarthy, *supra* note 3, § 11:45 ([a] junior user is always entitled to use a descriptive term in good faith in its primary, descriptive sense other than as a trademark.”). This defense is referred to as the “classic” fair use defense. *Id.* It may excuse a defendant’s use of a trademark even if that use causes some consumer confusion. *See KP Permanent Make-Up, Inc. v. Lasting Impression, Inc.*, 543 U.S. 111 (2004).

<sup>71</sup> As explained by the Ninth Circuit,

The proscription against permitting trademarks in generic words or phrases serves a similar purpose by ensuring words that are necessary to describe a product are available to all sellers.<sup>72</sup> Thus, while the word “Apple” is a perfectly acceptable arbitrary trademark for a computer manufacturer, the term is off-limits as a standalone trademark for the fruit’s purveyors.<sup>73</sup> This restriction protects competing sellers, but it likewise

---

[t]he nominative fair use analysis is appropriate where a defendant has used the plaintiff’s mark to describe the plaintiff’s product, even if the defendant’s ultimate goal is to describe his own product. Conversely, the classic fair use analysis is appropriate where a defendant has used the plaintiff’s mark only to describe his own product, and not at all to describe the plaintiff’s product.

*Cairns v. Franklin Mint Co.*, 292 F.3d 1139, 1152 (9th Cir. 2002).

<sup>72</sup> 15 U.S.C. § 1064(3) (authorizing petitions to cancel marks “if the registered mark becomes the generic name for the goods or services, or a portion thereof”); § 1065(4) (precluding incontestable status to marks that have become generic); § 1127 (providing that a mark shall be deemed abandoned when “any course of conduct of the owner . . . causes the mark to become the generic name for the goods or services”); *cf.* 15 U.S.C. § 1052(e)(5) (denying registration for functional matter); § 1115(b)(8) (establishing functionality as a defense to infringement of an incontestable mark). *See, e.g., W.W.W. Pharmaceutical Co. v. Gillette Co.*, 984 F.2d 567, 572 (2d Cir. 1993) (“A generic mark is generally a common description of goods[.]”); *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1976) (generic mark is “one that refers, or has come to be understood as referring, to the genus of which the particular product is a species”); *Anti-Monopoly, Inc. v. General Mills Fun Group*, 611 F.2d 296, 304 (9th Cir. 1979) (“If the primary significance of the trademark is to describe the type of product rather than the producer, the trademark [is] a generic term and [cannot be] a valid trademark.”); 2 McCarthy, *supra* note 3, § 12:1 (a generic “mark” is “the name of the product or service itself—what [the product] is, and as such [is] . . . the very antithesis of a mark.”).

<sup>73</sup> Word marks are generally classified on a spectrum of distinctiveness that starts with generic terms and proceeds to descriptive, suggestive, arbitrary, and fanciful marks.

A descriptive mark describes a product’s features, qualities or ingredients in ordinary language, or describes the use to which a product is put. A suggestive mark employs terms which do not describe but merely suggest the features of the product, requiring the purchaser to use imagination, thought and perception to reach a conclusion as to the nature of goods. The term “fanciful”, as a classifying concept, is usually applied to words

serves consumers for whom search costs would rise if basic, category-defining words were unavailable.<sup>74</sup> In a similar vein, trademark law limits protection for descriptive trademarks. Doing so ensures that terms that are useful for communicating with consumers remain accessible to advertisers.<sup>75</sup> While some protection is available if the would-be trademark holder establishes that consumers have come to associate the descriptive words with a single source,<sup>76</sup> that right remains subject to ability of competitors to engage in fair uses of the terms.<sup>77</sup>

---

invented solely for their use as trademarks. When the same legal consequences attach to a common word, i.e., when it is applied in an unfamiliar way, the use is called “arbitrary.”

Marks that are arbitrary, fanciful, or suggestive are considered “inherently distinctive,” and are automatically entitled to protection under the Lanham Act, 15 U.S.C. §§ 1051, *et seq.*

*Genesee Brewing Co., Inc. v. Stroh Brewing Co.*, 124 F.3d 137, 143 (2d Cir. 1997) (citations, quotations, and internal alterations omitted).

<sup>74</sup> See, e.g., Landes & Posner, *supra* note 12, at 194 (placing a mark in the public domain after it becomes generic “reduces the costs of communication by making it cheaper for competitors of the (former) trademark owner to inform the consumer that they are selling the same product”).

<sup>75</sup> For example, the existence of a trademark for TASTY hamburgers would not preclude a competitor from using the word in advertising (e.g., “Try our tasty burgers!”).

<sup>76</sup> 15 U.S.C. § 1052(f) (allowing registration of marks that “ha[ve] become distinctive of the applicant’s goods in commerce”).

<sup>77</sup> See, e.g., *Zatarains, Inc. v. Oak Grove Smokehouse, Inc.*, 698 F.2d 786 (5th Cir. 1983) (recognizing trademark in term “Fish-Fri” despite descriptiveness because term had acquired secondary meaning, but that defendants had right to fair use of term).

Last, the First Amendment plays a role in reining in trademark enforcement and protecting information access, as courts recognize a public interest in hearing what speakers have to say.<sup>78</sup>

b) **Trademark's Market Protections**

Just as limitations on a trademark's scope safeguard information about goods on the market, they also protect the market itself. Most notably trademark is unavailable for functional product features.<sup>79</sup> Without the functionality doctrine, trademark owners might tie up useful product designs under the guise of protecting distinctive trade dresses. They could then restrict output, raise prices, and extract monopoly rents at the expense of consumers generally.<sup>80</sup> While intellectual property law uses the carrot of temporary

---

<sup>78</sup> See, e.g., *Rogers v. Grimaldi*, 875 F.2d 994, 999 (2d Cir. 1989) (“We believe that in general the Act should be construed to apply to artistic works only where the public interest in avoiding consumer confusion outweighs the public interest in free expression.”); cf. Roberta Rosenthal Kwall, *The Right of Publicity vs. The First Amendment: A Property and Liability Rule Analysis*, 70 Ind. L. J. 47, 51 (1994) (calling for a balancing analysis in publicity cases that would “weigh all of the relevant harms created by the particular use against society’s general informational interest and the cultural value of the specific depiction at issue”); *id.* at 63 & n.72 (referring to balancing in Lanham Act context).

<sup>79</sup> 15 U.S.C. § 1125(a)(3) (“In a civil action for trade dress infringement under this Act for trade dress not registered on the principal register, the person who asserts trade dress protection has the burden of proving that the matter sought to be protected is not functional.”); 15 U.S.C. §1052(3)(5) (forbidding registration of trademark that “comprises any matter that, as a whole, is functional”). In *Traffix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23 (2000), the Supreme Court set forth two tests for functionality. First, under the so-called traditional test, “a product feature is functional, and cannot serve as a trademark, if it is essential to the use or purpose of the article or if it affects the cost or quality of an article.” *Id.* at 32 (citation and quotation omitted). Under the second, alternative, test, “a functional feature is one the ‘exclusive use of which would put competitors at a significant non-reputation-related disadvantage.’” *Id.* (quoting *Qualitex Co. v. Jacobson Products Co., Inc.*, 514 U.S. 159, 165 (1995)).

<sup>80</sup> *United States v. E.I. DuPont de Nemours & Co.*, 351 U.S. 377, 391 (1956) (defining market power as “the ability of a single seller to raise price and restrict output”).

monopoly to encourage production of new inventions and creative works, these incentives are regulated by patent and copyright law, each of which have built-in safeguards designed to ensure that the holders of the monopoly grants do not take too much.<sup>81</sup> Outside of these exceptions, free copying of useful product features is the norm, enabling competition that drives down prices and spurs further innovation.<sup>82</sup>

Concerns for functionality extend to precluding trademark protection in cases involving aesthetically functional designs.<sup>83</sup> The Supreme Court has likewise withheld protection from product designs that fail to establish secondary meaning, in part out of concern for protecting competition.<sup>84</sup>

---

<sup>81</sup> It is the province of patent law, not trademark law, to encourage invention by granting inventors a monopoly over new product designs or function for a limited time after which competitors are free to use the innovation. If a product's functional features could be used as trademarks, however, a monopoly over such features could be obtained without regard to whether they qualify as patents and could be extended forever (because trademarks may be renewed in perpetuity).

*Qualitex*, 514 U.S. at 164-65; *see also, e.g., Abercrombie & Fitch Stores, Inc. v. American Eagle Outfitters, Inc.*, 280 F.3d 619, 640 (6th Cir. 2002).

<sup>82</sup> *See, e.g., Traffix*, 532 U.S. at 29 (“Allowing competitors to copy will have salutary effects in many instances. ‘Reverse engineering ... often leads to significant advances in technology.’”) (quoting *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 160 (1989)); *see also Abercrombie & Fitch*, 280 F.3d at 640 (“After all, copying preserves competition, which keeps downward pressure on prices and encourages innovation.”).

<sup>83</sup> *See, e.g., Wallace International Silversmiths, Inc. v. Godinger Silver Art Co.*, 916 F.2d 76 (2d Cir. 1990). The theory has not been uniformly embraced by the courts. *See generally* 1 McCarthy, *supra* note 3, § 7:80 (collecting cases).

<sup>84</sup> *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 213 (2000) (observing that “[c]onsumers should not be deprived of the benefits of competition with regard to the utilitarian and esthetic purposes that product design ordinarily serves by a rule of law that facilitates plausible threats of suit against new entrants based upon alleged inherent distinctiveness.”).

c) **Trademark’s Limited Costs**

To those doctrines that protect the interests of “absent” consumers we may add the argument that they are further protected by the low cost of trademark law to other sellers. The broad availability of terms that a seller may use instead of the trademark holder’s mark suggests that the cost of distinguishing oneself in the marketplace is minor.<sup>85</sup> If this is true, the passed-on “cost” to consumers of trademark protection should be likewise minimal.<sup>86</sup> Accordingly, if there *is* some marginal confusion caused by a junior user’s activities, and the concerns of absent consumers are already addressed, why not enjoin the activities in question? Why all the fuss?

**2. The Seller-Conflict Narrative’s Failure to Protect Absent Consumers**

Trademark law’s protections for absent consumers are inadequate. Whatever the potential of “public interest” analysis, courts too often fail to effectively defend absent consumers in the face of ever more expansive trademark claims. Those doctrines that do

---

<sup>85</sup> See, e.g., Landes & Posner, *supra* note 12, at 172 (“[R]ent seeking to stake out a trademark is not a problem, provided that the ‘banking’ of trademarks is not permitted . . . . The number of distinctive yet pronounceable combinations of letters to form words that will serve as a suitable trademark is very large, implying a high degree of substitutability and hence only a slight value in exchange.”); *id.* at 188. The exceptions, potential marks that are necessary to compete, are made available by the trademark doctrines described above. *But see* Stephen L. Carter, *The Trouble with Trademark*, 99 Yale L.J. 759, 769-75 (1990) (noting that search costs reductions may not always be outweighed by loss of available words for marketing); *id.* at 788 (“If some marks really are *ex ante* better than others, then the supply of good marks cannot reasonably be termed infinite.”).

<sup>86</sup> Cf. Landes & Posner, *supra* note 12, at 204 (“The second seller should be able to find a trademark that distinguishes his product from the first seller’s in the minds of the careless without confusing the careful.”).

protect the interests of absent consumers have not kept pace with trademark's expansion.<sup>87</sup>

Why might these safeguards fail? For one, appeals to the “public interest” (or competition, or free expression, etc.) have a strong rhetorical component. They may be counterbalanced by contrary appeals by trademark holders to enjoin “free riding,” prevent “misappropriation,” halt “unfair competition,” “protect investments,” and defend “property.”<sup>88</sup> Insofar as these appeals are tied to the importance of goodwill, they draw strength from a rich tradition.<sup>89</sup> Rhetorical battles, moreover, are open to inconsistent

---

<sup>87</sup> See *infra* Part III.A.

<sup>88</sup> See *supra* Part I.B.1. The force of these principles have limited the adoption of consumer-focused views of trademark law.

The search costs rationale has never succeeded in suppressing a different rationale that is concerned less with objective marketplace effects and more with issues of commercial morality. Somewhat ironically, while the fortunes of the discrete tort of “misappropriation” are probably waning, quite an energized impulse to prevent firms from reaping where they have not sown seems to animate trademark and unfair competition law. Despite the instrumentalist emphasis on “search costs,” courts also rationalize imposing liability for trademark infringement on general principles of commercial morality, basing their analyses on broad unfair competition concepts. A related development is that trademarks are often, and increasingly, conceptualized as property in their own right, allowing trademark proprietors to borrow from the rhetoric associated with the enforcement of property rights in other intellectual property contexts.

Austin, *supra* note 45, at 845-47 (footnotes omitted); *cf.* Sunstein, *supra* note 24, at 1589 (“An understanding of how heuristics work suggests reason to doubt the reliability of [moral] intuitions, even when they are firm.”).

<sup>89</sup> Bone, *supra* note 5, at 553 (“The notion that trademark law protects goodwill from appropriation is not a modern invention; it has been around in one form or another for more than one hundred years. Thus, blaming judges for applying their own morality instead of following the law oversimplifies the problem.”).

outcomes,<sup>90</sup> particularly when there is no prevailing definition of what the “public interest” is. Even if courts accept the argument that, say, search costs are important, that may not blunt the force of an appeal to enjoin the misappropriation of goodwill.<sup>91</sup>

Moreover, *general* invocations of the public interest often lack force in the face of the plaintiff’s invocation of a *concrete* class of potentially confused consumers. In the two-against-one dynamic of the seller-conflict narrative, a defendant’s appeal to the public interest may appear self-serving and disconnected from the public at large. Recall that the abstracted consumer is said to care primarily about avoiding confusion. The balancing, therefore, looks not at the consumers who stand to gain from the defendant’s conduct, but the defendant’s needs.<sup>92</sup> A seductive narrative emerges. Two distinct interests are at risk of being harmed—the consumer’s and the senior user’s. Against them is a junior user of the mark who looks like a free rider. The playing field is qualitatively and quantitatively stacked.

---

<sup>90</sup> See, e.g., Bartow, *supra* note 1, at 816 (“Courts have abjectly failed to consistently articulate any logical framework for balancing speech rights against trademark interests.”).

<sup>91</sup> As Austin observes:

Where instrumentalist rationales are found wanting, trademark law’s “moral” aspects are ever ready to provide an alternative justification. Moreover, if the search costs approach holds out the promise of rationality, the misappropriation focus seems to tap into deep, if contested, beliefs about basic issues of fairness. That one should not reap where one has not sown is, after all, an enduring, if somewhat under-theorized, idea. To complain that misappropriation doctrine does not make rational sense may be missing much of its point.

Austin, *supra* note 45, at 864 (footnote omitted).

<sup>92</sup> See *supra* note 39.

Focusing on the junior user to fight for alternative public interests thus skews the analysis. Given the general availability of alternative means of conveying a message, it is unsurprising that a judge may give short shrift to the effects of an expansion of trademark rights if the relevant counter-interest is the defendant's. After all, he is nothing more than a free rider. The “moral heuristics” favoring trademark holders are abetted by trademark litigation's storyline.<sup>93</sup>

For example, consider *Anheuser-Busch, Inc. v. Balducci Publications*.<sup>94</sup> Defendants, publishers of a humor magazine, printed a mock advertisement for the fictitious “Michelob Oily” brand beer:

The advertisement states in bold type, “ONE TASTE AND YOU’LL DRINK IT OILY” immediately above “MICHELOB OILY®.” The accompanying graphics include a partially-obsured can of Michelob Dry pouring oil onto a fish, an oil-soaked rendition of the A & Eagle design (with the eagle exclaiming “Yuck!”) below a Shell Oil symbol, and various “Michelob Oily” products bearing a striking resemblance to appellants’ Michelob family. This resemblance was quite intentional, as evidenced by the admitted use of actual Anheuser-Busch “clip-art” in replicating several of the protected trademarks. In smaller text the ad opines, “At the rate it’s being dumped into our oceans, lakes and rivers, you’ll drink it oily sooner or later, anyway.” Finally, the following disclaimer is found in extremely small text running vertically along the right side

---

<sup>93</sup> See Sunstein, *supra* note 24, at 1590-97 (discussing how “[p]urely semantic framing can alter the baseline and, hence, alter moral judgments); cf. Margaret Jane Radin, *A Comment on Information Privatization and its Legal Milieu*, 54 Clev. St. L. Rev. 23, 27-28 (2006) “To continue the metaphor, we should ask legislators, judges, and scholars (and even litigants and interest groups) who consider privatization to consider the whole city of the law, explicitly, and not just one neighborhood. For example, the cases establishing that certain domain names came into being already owned by trademark owners (an extension of privatization) would have been more satisfactory had they taken into account other parts of the city, even if the result would have been the same.”).

<sup>94</sup> 28 F.3d 769 (8th Cir. 1994).

of the page: “Snicker Magazine Editorial by Rich Balducci. Art by Eugene Ruble. Thank goodness someone still cares about quality (of life).”<sup>95</sup>

Anheuser-Busch sued under state law and the Lanham Act. As evidence of likely confusion, it pointed to a shopping mall survey in which 200 respondents viewed defendants’ ad, while 101 viewed an actual Michelob Dry ad.<sup>96</sup> Six percent of those viewing defendants’ ad thought the ad was by Anheuser-Busch, and fifty-eight percent thought plaintiff’s permission was required for use of the company’s marks.<sup>97</sup>

For their part, defendants claimed the ad was a parody with multiple messages, including comment on the problem of pollution and the ubiquity of Anheuser-Busch’s beer brands and advertising.<sup>98</sup> They prevailed with the district court, but the court of appeals reversed.

---

<sup>95</sup> *Id.* at 772 (footnote omitted).

<sup>96</sup> *Id.*

<sup>97</sup> *Id.* at 772. The court reported:

[F]ifty-eight percent felt the creators “did have to get permission to use the Michelob name.” Fifty-six percent believed permission would be required for the various symbols and logos. Six percent of the classified responses construed the Balducci ad to be an actual Anheuser-Busch advertisement. Almost half (45%) found nothing about the parody which suggested it was an editorial, and seventy-five percent did not perceive it as satirical. Virtually none (3.5%) noticed the tiny disclaimer on the side of the ad. Fifty-five percent construed the parody as suggesting that Michelob beer is or was in some way contaminated with oil. As a result, twenty-two percent stated they were less likely to buy Michelob beer in the future.

*Id.* at 772-73 (footnote omitted).

<sup>98</sup> 28 F.3d at 772.

The *Balducci* panel’s analysis highlights the limitations of the traditional trademark narrative. At the outset, note that the case presented no danger of diverted sales, as the defendants were not in the same market as Anheuser-Busch.<sup>99</sup> No matter. “Many courts have applied, we believe correctly, an expansive interpretation of likelihood of confusion,” including situations in which the buying public thinks the defendant is somehow “connected with” the trademark owner.<sup>100</sup> Having opened the door to an expansive trademark claim, the court turned to the circuit’s multifactor test.

Extreme solicitude for the marginal confused consumer dominates the opinion. *Balducci* takes seriously the notion that consumers would actually have thought that the plaintiff was behind ads displaying its logo drenched in oil. The opinion therefore castigates the defendants for not employing a more prominent disclaimer.<sup>101</sup> Despite the lack of proximity between the products, the court concluded that the location of the ad on the back of a magazine “threatens to confuse consumers accustomed to seeing advertisements on the back cover of magazines.”<sup>102</sup> Indeed, “the back cover of magazines is frequently used for advertisements and cannot be expected to command the thoughtful deliberation of all or even most of the viewing public.”<sup>103</sup> When combined

---

<sup>99</sup> Product proximity is a consideration under the traditional multifactor test. *See supra* note 22.

<sup>100</sup> *Balducci*, 28 F.3d at 774 (collecting cases).

<sup>101</sup> *Id.*

<sup>102</sup> *Id.*

<sup>103</sup> *Id.* at 775. That advertisers often use the back cover is, of course, a good reason for a parodist to use the space.

with the survey evidence, the court concluded that the district court erred in not finding a likelihood of confusion.<sup>104</sup>

So on one side of the public interest ledger, the court had the potential for limited amounts of qualitative<sup>105</sup> and quantitative<sup>106</sup> confusion. What about the other side? What of the interests of non-confused consumers? To the extent they were considered at all, the interests of the non-confused were subsumed in defendants' First Amendment defense as a generalized public interest in free expression.<sup>107</sup> The actual balancing by the court considered only defendants' need for the trademarked materials without more visible disclaimers; without them, their parody was "vulnerable under trademark law, since the customer will be confused."<sup>108</sup> As to non-confused customers and their

---

<sup>104</sup> *Id.*

<sup>105</sup> In that the confusion as to whether the company gave permission to use its marks does not appear to be material to a purchase decision. This is distinct from the question whether the negative presentation of the trademark might have deterred a decision to purchase. *Id.* at 773 ("Fifty-five percent construed the parody as suggesting that Michelob beer is or was in some way contaminated with oil. As a result, twenty-two percent stated they were less likely to buy Michelob beer in the future.").

<sup>106</sup> In that six percent of survey respondents thought the ad was an actual advertisement for the beer. *Compare S. S. Kresge Co. v. United Factory Outlet, Inc.*, 598 F.2d 694 (1st Cir. 1979) (rejecting likelihood of confusion where 7.2 percent of respondents thought surveyed marks shared an owner and where control had confusion level of 5.7 percent); *Restatement (Third) of Unfair Competition* § 20 cmt. g ("Courts have given weight to survey results showing confusion among 25 percent or more of those surveyed even when the survey was partially flawed. Similarly, surveys without obvious defects indicating confusion of seven percent to 15 percent of the sample have been held adequate, when supported by other evidence, to prove a likelihood of confusion.").

<sup>107</sup> *Baldacci*, 28 F.3d at 776.

<sup>108</sup> *Id.*

interests, the court was silent. It focused only on what defendants could have done to make the ad less potentially confusing.

Had the panel stopped to consider the absent consumers, it may have noticed that they also had an interest at stake. The court’s proposed changes to the ad’s artwork—including a more prominent disclaimer and altering the trademarked logos in a more “meaningful” way—would have had ramifications on the consumer experience. Instead of “Michelob Oily,” supposed defendants had used the label “Slickelob.” Doing so would change the style of humor considerably, removing an element of subtlety. To be sure, a pun-driven, broad parodic style has its adherents, as *Mad Magazine*’s popularity with the younger demographic suggests, but that may not have been the intended market. No matter. Defendants’ preferred audience was simply outside the court’s consideration.

Whether the interests of these neglected consumers are, at the end of the day, more or less important than the gullible consumers with which the *Balducci* panel was concerned is beside the point. The point is that the court never asked, and its failure to do so is a byproduct of a seller-conflict narrative in which consumers play a limited role.

*Balducci* thus illustrates three points about the traditional trademark narrative. First, the field of interests considered by the courts is constrained. The panel considered three: the needs of Anheuser-Busch, the defendants’, and those of the confused consumer. Stated another way, of the four potential parties in interest—plaintiff seller, defendant seller, plaintiff’s proxy consumer class, defendants’ proxy consumer class—the court neglected one.

Second, the court failed to employ alternative, non-confusion-based, public interests—such as the public interest in competition or free expression—to inquire

meaningfully into the interests at stake for unconfused third parties. Though society’s general interest in free expression arose in passing, the specificity of the harm of confusion to a survey-defined group of buyers easily trumped those of the non-confused who were never considered as a potentially definable class.<sup>109</sup> Defendants were left to stand alone, with the court considering only *their* interest in the plaintiff’s marks, not the public for whose interests they was a proxy. And because defendants stood alone, it was easy to magnify the relative importance of the confusion on the other side of the ledger.

Third, the upshot of the narrative’s application was to generally expand trademark liability beyond misleading consumers at the point of sale and into the realm of perceived sponsorship.<sup>110</sup> *Balducci* and cases like it have been criticized for taking into account consumer “confusion” about sponsorship or approval when the confusion, to the extent

---

<sup>109</sup> Cf. *Cliff’s Notes, Inc. v. Bantam Doubleday Dell Publishing Group, Inc.*, 886 F.2d 490 (2d Cir. 1989) (“in deciding the reach of the Lanham Act in any case where an expressive work is alleged to infringe a trademark, it is appropriate to weigh the public interest in free expression against the public interest in avoiding consumer confusion”). In the traditional Lanham Act analysis, it is not the public interest writ large that is weighed, but rather the likelihood that a subclass of the public will be confused by some practice. Wrapping the interests of this group in the mantle of the public interest writ large necessarily biases the analysis.

Another problem with relying on interests in free expression to pull much weight in a trademark case is the comparatively limited First Amendment protection given to commercial speech. *Central Hudson Gas & Electric Corp. v. Public Service Commission*, 447 U.S. 557, 566 (1980). Because trademark litigation typically arises in the context of commercial speech, appeals to the First Amendment often face an uphill battle. Cf. *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 905 (9th Cir. 2002) (“[A] trademark injunction, even a very broad one, is premised on the need to prevent consumer confusion. This consumer protection rationale—averting what is essentially a fraud on the consuming public—is wholly consistent with the theory of the First Amendment, which does not protect commercial fraud.”) (citing *Central Hudson*, 447 U.S. at 566).

<sup>110</sup> 28 F.3d at 774.

that it exists, is not plausibly material to any purchasing decision by the consumer.<sup>111</sup>

But decisions of this sort are part and parcel of a dynamic that overweights the interests of potential, sometimes hypothetical, confused consumers without considering the interests of their clear-eyed colleagues.

## **II.      Trademark as Consumer Conflict**

### **A.      An Alternative Analysis**

The shortcomings of the seller-conflict narrative suggest an alternative analysis.

Yes, trademark litigation is literally a conflict between competing sellers, each of whom argue about the state of mind of the hypothetical reasonably prudent purchaser. But it is also a conflict between competing classes of *consumers* that “disagree” about the value of the defendant’s conduct. By their likely confusion, the plaintiff consumer class effectively seeks to deprive the defendant class of access to a particular product or service. In this view, *each* side has a champion for its respective interests, the nominal plaintiff and defendant.

Trademark litigation’s structure favors considering the effect of consumer conflict. The consumers at risk for confusion are not parties to the action. Rather, they are invoked by the senior user who acts as their champion (while protecting her own interest in the goodwill of her mark). But if likely confused consumers are effectively parties to the case, it is appropriate to consider the consequences of their confusion upon others. Confused consumers may be harmed, but their confusion causes harm by preventing other, less confusion-prone, buyers from enjoying the benefits of the defendant’s behavior. This is not to say that a consumer-conflict view will necessarily

---

<sup>111</sup> See, e.g., Lunney, *supra* note 1, at 482-83.

counsel contrary results to the seller-conflict perspective. Most of the time, the two views will be in accord.<sup>112</sup> But not always.<sup>113</sup>

### **B. Consumer Conflict’s Promise**

Awareness of trademark law’s consumer-conflict dimension corrects some of the traditional narrative’s shortcomings.

First, viewing trademark litigation as a conflict between consumer classes is fairer to consumers and defendants. Consumers are a mix of sometimes competing interests. The traditional narrative ensures that one set of interests is automatically given a voice by the senior user plaintiff. Consumer-conflict analysis expands the realm of consideration by asking courts to consider whether any consumers have interests that would be harmed by the trademark claim at issue. The defendant, in turn, joins with a consumer class whose interests stand to be vindicated.<sup>114</sup>

Second, and relatedly, treating trademark litigation as a form of consumer conflict offers a more concrete analysis of public interest considerations than the seller-based narrative. Looking to the consequences of liability to non-confused consumers may produce more focused analysis than do vague appeals to the “public interest” writ large. The “public interest,” after all, necessarily encompasses the interests of the likely confused, which encourages courts to limit their public interest inquiry to the need to

---

<sup>112</sup> See *infra* Part II.D.

<sup>113</sup> See *infra* Part III.A.

<sup>114</sup> To be sure, the class of benefited consumers is no more monolithic than its burdened counterpart, and the two classes may share members. The argument here is that the two-group framework produces more “accurate” results from a public policy perspective than the traditional one.

avoid confusion. This interest is already front and center in the traditional narrative.<sup>115</sup> It is the other side of the equation that needs a clearer voice. Grappling directly with the potentially adverse consequences of trademark protection regardless of whether that harm already fits into a preexisting doctrinal box fills this void while perhaps promoting the growth of new doctrines that will protect the interests of absent consumers.

Third, and more generally, viewing trademark as consumer conflict may offer a check to those rhetorical appeals that call for the expansion of trademark liability for reasons that are not closely tied to trademark's consumer protection function. Benefited consumers look less like "free riders" than their seller proxies. Consideration of their interests imports none of the connotative baggage associated with the free rider epithet. The consumer-conflict narrative offers a corrective to some of the deleterious moral shortcuts that have proliferated in trademark law in recent decades.<sup>116</sup> Explicitly weighing the interests of one consumer group against the other provides an alternative mechanism for assessing the welfare costs and benefits of trademark challenged practices that minimize the influence of rhetorically loaded terms on both sides—be it "free riding" or "free expression." I posit that doing so is easier when considering consumer groups rather than individual plaintiffs and defendants. To return to a recurring example, a maker of an imitation perfume who uses the Chanel name in advertising looks more like a "free rider" than does the consumer who desires a cheaper product that smells like

---

<sup>115</sup> See *supra* Part I.B; cf. *Playboy Enterprises, Inc. v. Baccarat Clothing Co.*, 692 F.2d 1272, 1275 (9th Cir. 1982) ("In addition to the harm caused the trademark owner, the consuming public is equally injured by an inadequate judicial response to trademark infringement.").

<sup>116</sup> See *supra* Part I.B.1.

Chanel. A court is more likely to look past the pejorative label to weigh the social value of the practice under the consumer-conflict framework than the seller-conflict narrative.<sup>117</sup>

### C. Some Objections

Before proceeding, two objections should be addressed. First, is it plausible to view junior trademark users as vindicating the interests of consumers? Second, does the Lanham Act, with its explicit focus on likelihood of confusion, permit consideration of the interests of non-confused consumers if a plausible likelihood of confusion exists?

#### 1. Trademark Defendants as Consumer Proxies

One may object that in the ordinary case, the claim that trademark defendants stand in the shoes of a distinct class of consumers may be charitably described as tenuous. Recall that in a conventional trademark infringement suit, the defendant's claim of necessity to use any given mark is weak because of the wide availability of arbitrary terms. That is, a seller of personal computers unable to dub her device "Apple" is free to

---

<sup>117</sup> Some courts, of course, do look past the free riding label. The Ninth Circuit noted that while "[d]isapproval of the copyist's opportunism may be an understandable first reaction . . . the copyist, albeit unintentionally, serves an important public interest by offering comparable goods at lower prices." *Smith v. Chanel, Inc.*, 402 F.2d 562, 568-69 (9th Cir. 1968). In contrast, it is the trademark owner who may be guilty of "sacrifice[ing] public to personal interests by seeking immunity from the rigors of competition." *Id.*

But courts are also apt to apply such rhetoric against the junior user. *See, e.g., Checkpoint Systems, Inc. v. Check Point Software Technologies, Inc.*, 269 F.3d 270, 294-95 (3d Cir. 2001) (declaring that if initial interest confusion were not actionable "an infringer could use an established mark to create confusion as to a product's source thereby receiving a 'free ride on the goodwill' of the established mark.") (citation and footnote omitted). Courts have been likewise quick to assume the worst about those who attempt free rides within the bounds of the law. *AmBrit, Inc. v. Kraft, Inc.*, 812 F.2d 1531, (11th Cir. 1986) ("[E]ven an intent to come as close as the law will allow is an intent to derive benefit from the other party's reputation and is therefore probative on the likelihood of confusion issue.").

call it “Nile” or “Force” or whichever of the millions of available arbitrary or fanciful terms that test well with focus groups. But if the cost of selecting an alternative mark from that of a senior trademark holder is low, any pass through to consumers will be correspondingly low. The “benefit” to non-confused customers of an alleged infringer who uses a mark similar to a trademark holder will therefore be limited.

So why view junior users as vindicating the interests of the non-confused? The flip answer—who else is there?—aside, there are three responses. First, the objection could be read as a claim that the classic form of trademark infringement, a “passing off” action at the point of sale, should be actionable under a consumer-conflict view just as the traditional narrative says. The greater problem for a consumer-conflict approach would be if it did not counsel this result.<sup>118</sup>

Second, even when the use of a mark causes likelihood of confusion with another’s trademark, the infringing mark still lowers search costs for non-confused purchasers of the product.<sup>119</sup> The low cost to the junior user of selecting a non-infringing alternative does not establish that there is no value of infringement to the junior user’s customers; it simply means that that value is low.

Third, and perhaps reminiscent of the flip answer, the question of how closely a trademark defendant’s interest mirrors those of non-confused consumers is somewhat

---

<sup>118</sup> See *infra* Part II.D.

<sup>119</sup> Landes & Posner, *supra* note 12, at 204-05 (“‘B’s trademark provides benefits to consumers who are not confused and use his mark to identify his good . . . but harms consumers who believe they are getting a good produced by A. Only if the additional cost to B of reducing confusion is less than the expected reduction in harm to the confused group from B’s abandoning the mark should he be found guilty of infringement.”).

beside the point. Even though the interests of consumers generally and trademark holders do not enjoy a perfect overlap, trademark law empowers trademark holders to assume the role of vindicating the consumer interest in avoiding deception. The same is true of consumers and trademark defendants. Some challenged forms of conduct may produce benefits to consumers that are not fully captured by a seller, and these benefits merit consideration when assessing whether a challenged activity should be enjoined under the Lanham Act.

To take a simple example, First Amendment trademark defenses serve both seller and consumer interests because free speech interests benefit not only the junior user's interest in self-expression, but society's.<sup>120</sup> The fact that the defendant is the one asserting the defense for both parties does not defeat the underlying interest. As discussed above, however, courts do not always recognize these dual benefits. In these cases, the consumer-conflict perspective may offer a needed corrective by ensuring that courts consider these interests explicitly, lest they are subsumed in an incomplete focus on the junior user's individualized needs.<sup>121</sup>

---

<sup>120</sup> See, e.g., *Rogers v. Grimaldi*, 875 F.2d 994, 999 (2nd Cir. 1989) (“We believe that in general the Act should be construed to apply to artistic works only where the public interest in avoiding consumer confusion outweighs the public interest in free expression.”).

<sup>121</sup> See *supra* Part I.D. Indeed, any mismatch of interests between sellers and buyers on both the plaintiff and defendant side favors the consumer-conflict perspective. If all consumer gains were perfectly captured by the competing sellers, bargaining between them would likely resolve most disputes. Varying interests between sellers and purchasers make looking to the interests of absent consumers more worthwhile, not less.

## **2. Does the Lanham Act Permit Considering the Interests of the Non-Confused?**

A second objection is that promotion of general welfare may be nice, but the Lanham Act is about preventing *likelihood* of confusion.

Again, there are three responses. First, given that trademark law already concerns itself with appeals to the public interest, it seems late in the day to object to efforts to make analysis of these concerns more precise.<sup>122</sup> Second, even if trademark law were to self-consciously purge itself of those public interest considerations that are not commanded by the Lanham Act or other laws (like the First Amendment), such considerations would still factor into judicial consideration of appropriate remedies for trademark infringement.<sup>123</sup> Third, as a descriptive matter, trademark doctrine has long accepted the possibility that there may be no “likelihood of confusion” notwithstanding the existence of some *actual* consumer confusion.<sup>124</sup> As discussed in greater detail below, these results arise in cases in which the consumer-conflict view of trademark law appears to favor the junior user, offering support for the narrative’s usefulness as a descriptive device.

---

<sup>122</sup> See *supra* Part I.C.

<sup>123</sup> See, e.g., *Borinquen Biscuit Corp. v. M.V. Trading Corp.*, 443 F.3d 112, 115 (1st Cir. 2006) (court considering preliminary injunction must weigh (1) movant’s likelihood of success on the merits; (2) threat of irreparable harm; (3) the balance of equities between the movant and nonmovant; and (4) impact on the public interest); *Restatement (Third) Unfair Competition* § 35 (listing the “the interests of third persons and of the public” as a factor in the issuance of injunctions).

<sup>124</sup> See, e.g., *Int’l Ass’n of Machinists & Aerospace Workers, AFL-CIO v. Winship Green Nursing Ctr.*, 103 F.3d 196, 200-201 (1st Cir. 1996) (“Just as one tree does not constitute a forest, an isolated instance of confusion does not prove probable confusion. To the contrary, the law has long demanded a showing that the allegedly infringing conduct carries with it a likelihood of confounding an appreciable number of reasonably prudent purchasers exercising ordinary care.”).

#### **D. Consumer Conflict as a Descriptive Tool**

Consumer conflict’s descriptive accuracy in relatively non-controversial matters of trademark doctrine bolsters the case for its use as a device for evaluating non-traditional trademark actions.

Consider the traditional, but still important, “passing off” cause of action.<sup>125</sup> Suppose seller A has an arbitrary mark for sales of soda; call it “FRAME” soda. Seller B enters the soda market using the same name, and does not otherwise engage in any deceptive behavior. Some of A’s customers are confused and inadvertently purchase B’s product. Other purchasers of B’s product do so knowingly even if they are aware of A’s product.

Using the consumer-conflict lens, the resulting litigation may be described as follows: Purchasers of A’s product (Group A) seek to enjoin purchasers of B’s product (Group B) from buying their preferred product under the FRAME brand. On these facts, balancing the interests between the parties offers a strong argument for Group A. They are being asked to bear an increase in costs, both in terms of search (“which FRAME cola am I getting?”) and in their purchases (“I just bought the wrong FRAME cola”). In contrast, Group B is asked to give up comparably little. A wide variety of monikers are available, so the relative cost of forgoing the title in question is minimal.<sup>126</sup> This echoes similar conclusions made when the focus is on junior users rather than their customers.<sup>127</sup>

---

<sup>125</sup> Carter, *supra* note 85, at 765 (“Despite decades of evolution, the workhorse of unfair competition remains the original common law action for ‘passing off’ or ‘palming off.’”).

<sup>126</sup> Assuming that Groups A and B share roughly similar aesthetic preferences in soda names.

<sup>127</sup> See *supra* notes 85-86 and accompanying text.

But there is a wrinkle. Some members of Group B may include former purchasers of A’s product who, as a result of confusion, purchased B’s product by mistake, liked it better, and therefore choose to remain with B *after* their confusion is dispelled. One could argue that their confusion was beneficial because it expanded their known soda options such that they experimented with a soda they would not have otherwise. This “gain,” however, must be balanced against the losses of others and against the ability of Group B to obtain such information by other means (as by viewing comparative advertising).<sup>128</sup> But the interest of Group B in obtaining information about rival products maps well onto those precedents that protect non-deceptive comparative advertising. In those cases, the harms to Group A of allowing comparative advertising appear lower than those to Group B of prohibiting it.

Any number of trademark doctrines may be recast in this manner. Consider trademark law’s shift to a system of national registration. Prior to the Lanham Act’s registration system, senior trademark users only had priority in their area of use plus an area of natural expansion.<sup>129</sup> When consumers in discrete markets use the same unregistered mark to find differing products, one consumer class cannot force the other to abandon a useful mark simply because the first group’s seller expands into the second’s market. Doing so would impose excessive costs to the junior consumers, who would have to develop associations with a new trademark, raising their search costs (not to

---

<sup>128</sup> Kozinski, *supra* note 26, at 973 (“Whatever first amendment rights you may have in calling the brew you make in your bathtub ‘Pepsi’ are easily outweighed by the buyer’s interest in not being fooled into buying it.”).

<sup>129</sup> *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90 (1918); *see generally* 5 McCarthy, *supra* note 3, §§ 26:1-26:30 (discussing common law use rights).

mention the possibility of passed on rebranding costs or the risk of market exit).<sup>130</sup>

Under a registration system, by contrast, the junior consumer’s “agent” has constructive notice of the prior mark, making the costs of avoiding confusion comparatively low.<sup>131</sup>

Likewise, many of the doctrines that do protect the interests of non-confused consumers may be described as an attempt to mediate consumer conflict.<sup>132</sup> The generic and functionality doctrines protect access of non-confused consumers to useful terms (generics) and product designs (functionality). They fulfill this function *notwithstanding* the potential existence of confused consumers who have come to associate the term or design with a single source.<sup>133</sup> The judgment is implicit that the needs of the non-confused group trump those of their likely confused peers.<sup>134</sup> But in both cases, courts

---

<sup>130</sup> See Landes & Posner, *supra* note 12, at 182-83.

<sup>131</sup> This is not to say that a system of national priority cannot be criticized from the perspective of comparative consumer costs. See Carter, *supra* note 85, at 788-95.

<sup>132</sup> See *supra* Part I.C.

<sup>133</sup> Jonathan Barsade has described the problem in consumer-conflict terms. Jonathan Barsade, *Distinct Classes of Consumers of a Single Product—Accommodating Competing Perceptions of Genericness of the Same Identification*, 86 Trademark Rep. 56, 56 (1996) (“This conflict is not easily resolved—the decision maker must balance the interests of the different classes of consumers, inquire who is more likely to be hurt and who will be less damaged and finally decide whose perception should prevail.”).

<sup>134</sup> This formulation avoids the claim—implicit in treating consumers as an undifferentiated interest—that the confused are still better off thanks to the confusion-inducing activity. Cf. Dogan & Lemley, *supra* 1, at 794 (“To the extent that the use may even mislead some members of the public, the functionality doctrine presupposes that the harm to consumers in these cases is outweighed by the greater availability of competitive products in the first place.”); Landes & Posner, *supra* note 12, at 195 (“Giving generic status to the former brand name may increase the search costs of consumers who believe there are quality differences between the old and the new brands. Overall, however, search costs would be greater if the sellers of the new brands could not use the generic name.”).

mediate between the two groups by attempting to minimize confusion for the potentially confused group on the one hand, while ensuring that the other enjoys continued access to useful product designs and information on the other.<sup>135</sup>

In some areas, consumer conflict may better explain doctrine than seller conflict. Actual evidence of confused consumers is an element common to the federal circuit courts' multifactor tests. Though the presence of actual confusion is not dispositive, a little goes a long way.<sup>136</sup> Yet courts still reject automatic liability where actually confused consumers are present.<sup>137</sup> Similarly, although surveys need not reveal much

---

Similarly, so-called dual use cases may be better described through consumer conflict. For example, the Illinois High School association failed in their effort to assert trademark rights in the term "March Madness," which it had long used to describe a high school basketball tournament, in the face of widespread public adoption of the term for the NCAA basketball tournament. *Illinois High School Ass'n v. GTE Vantage, Inc.*, 99 F.3d 244, 247 (7th Cir. 1996) ("Whatever you call it, it's a name that the public has affixed to something other than, as well as, the Illinois high school basketball tournament. . . . [W]e think that for the sake of protecting effective communication [the issue] should be resolved against trademark protection, thus assimilating dual-use or multiple-use terms to generic terms.").

<sup>135</sup> *Blinded Veterans Ass'n v. Blinded American Veterans Foundation*, 872 F.2d 1035, 1047-48 (D.C. Cir. 1989) (affirming availability of generic terms notwithstanding potential confusion, but allowing district court to require junior user to take steps to avoid confusion); Dogan & Lemley, *supra* note 1, at 795 ("courts have responded to this possibility not by prohibiting use of the feature, but by requiring competitors to 'use reasonable care to inform the public of the source of [their] product[s].'"') (quoting *Gum, Inc. v. Gumakers of Am., Inc.*, 136 F.2d 957, 960 (3d Cir. 1943)).

<sup>136</sup> *World Carpets, Inc. v. Dick Littrell's New World Carpets*, 438 F.2d 482, 489 (5th Cir. 1971) ("There can be no more positive or substantial proof of the likelihood of confusion than proof of actual confusion. Moreover, reason tells us that while very little proof of actual confusion would be necessary to prove the likelihood of confusion, an almost overwhelming amount of proof would be necessary to refute such proof.").

<sup>137</sup> See, e.g., *Int'l Ass'n of Machinists & Aerospace Workers, AFL-CIO v. Winship Green Nursing Ctr.*, 103 F.3d 196, 200-201 (1st Cir. 1996) ("Just as one tree does not constitute a forest, an isolated instance of confusion does not prove probable confusion. To the contrary, the law has long demanded a showing that the allegedly infringing conduct

confusion before a court will decide that the scales tip in favor of liability,<sup>138</sup> courts still balk at low levels.<sup>139</sup> Why? If selecting a trademark really has low costs, why not enjoin even minimal levels of confusion?

One possibility is that in the *de minimis* case, the harm to non-confused consumers of losing the use in question outweighs the value of protecting confused consumers. This view is supported by those cases that dismiss minor examples of confusion in light of the relative lack of care of the confused.<sup>140</sup> These considerations should have less bite in the traditional seller-conflict narrative. Some consumers are confused, and the plaintiff senior user is having some goodwill appropriated. Why not enjoin? Why not make defendant come up with another mark? But if non-confused

---

carries with it a likelihood of confounding an appreciable number of reasonably prudent purchasers exercising ordinary care.”).

<sup>138</sup> 4 McCarthy, *supra* note 3, § 23:2 (“Survey evidence which disclosed that the percentage of confused persons ranged from 11 percent to 49 percent was said not to be *de minimis*, and was held insufficient to justify modification of an injunction designed to prevent confusion. Extrapolating from the survey evidence, the court pointed out that even 11 percent of millions of potential buyers constitutes a large actual number of persons.”) (footnote omitted) (discussing *Humble Oil & Refining Co. v. American Oil Co.*, 405 F.2d 803 (8th Cir. 1969)).

<sup>139</sup> *S. S. Kresge Co. v. United Factory Outlet, Inc.*, 598 F.2d 694 (1st Cir. 1979) (rejecting likelihood of confusion where 7.2 percent of respondents thought surveyed marks shared an owner and where control—a patently dissimilar mark—had a confusion level of 5.7 percent).

<sup>140</sup> 4 McCarthy, *supra* note 3, § 23:13 (“[T]he courts have sometimes characterized evidence of actual confusion as mere ‘secretarial carelessness caused by a failure to check business addresses,’ or due merely to ‘inattention and indifference,’ or that misdirected mail and phone calls are caused by ‘mere carelessness’ of the post office or persons looking in the phone directory.”) (footnotes omitted) (quoting *United States Blind Stitch Machine Corp. v. Union Special Machine Co.*, 287 F. Supp. 468 (S.D.N.Y. 1968); *Belleville News-Democrat, Inc. v. St. Clair County Publishers, Inc.*, 26 Ill. App. 2d 95, 167 N.E.2d 573 (4th Dist. 1960); *Allstate Ins. Co. v. Allstate Inv. Corp.*, 210 F. Supp. 25 (W.D. La. 1962)).

consumers always have *some* interest in the junior user’s activity,<sup>141</sup> then the burden to them may outweigh any gains to the confused class, particularly when the exercise of reasonable care would preclude confusion in the first instance. If so, it stands to reason that a court would stay its hand in these circumstances.<sup>142</sup>

### **III. Consumer Conflict and Trademark’s Scope**

Viewing trademark litigation as a form of consumer conflict offers a springboard for critiquing some of the expansions of trademark’s scope in the last century. The framework also provides a differing perspective on the question of proper trademark remedies, refusals to expand trademark rights, and the question of goodwill’s continued prominence in trademark law.

#### **A. Trademark’s Expansion**

Trademark law has grown from a narrow remedy designed to prevent source confusion at the point of sale into a federal cause of action that reaches dilution by

---

<sup>141</sup> See *supra* note 119 and accompanying text.

<sup>142</sup> *Conopco, Inc. v. May Dept. Stores Co.*, 46 F.3d 1556 (Fed. Cir. 1994), is an example of a court’s protecting a marketing practice despite evidence of actual confusion. The case involved the use of a “house mark” in which a retailer sold hand cream that had similar packaging to the plaintiff’s trade dress, but had a clearly distinct brand name. The Federal Circuit rejected the district court’s findings of actual and likely confusion, and dismissed testimony of an actually confused purchaser as “atypical and an isolated incident.” *Id.* at 1564. The court noted the development of a market in retailer branded products in competition with better-known brand names. “[T]his form of competition has become commonplace and well-known in the marketplace. When such packaging is clearly labelled and differentiated . . . we are unwilling to attribute to the Eighth Circuit . . . a rule that would make such competition presumptively unlawful.” *Id.* at 1565. To be sure, these and similar cases may be also explained as a weighing of the interests of the marginal consumer against that of the junior use, but the consumer-conflict dimension may better accommodate the minimization of anti-defendant pejoratives (e.g., free riding) and the expectation that potentially confused consumers exercise greater care.

“tarnishing” or “blurring.”<sup>143</sup> Trademark’s expansion beyond policing confusion at the point of sale illustrates the shortcomings of the traditional trademark narrative and the potential corrective effect of the consumer-conflict framework.

### **1. Sponsorship and Merchandising**

Part I.D discussed *Anheuser-Busch v. Balducci Publications* to illustrate how the seller-conflict narrative promotes the expansion of trademark’s scope. In *Balducci*, a brewer successfully attacked the use of its trademark as raw material for a fake ad.<sup>144</sup> A number of similar cases have also taken a broad view of the Lanham Act’s provisions regarding “approval” of goods.<sup>145</sup>

Although this view has a statutory basis,<sup>146</sup> the result has been to police trademark usage in contexts in which the materiality of any consumer confusion of “approval” is

---

<sup>143</sup> 15 U.S.C. § 1125(c); *see supra* note 15 and accompanying text; Lunney, *supra* note 1, at 391 (“At the dawn of the twentieth century, the right to exclude associated with trademark ownership was carefully circumscribed, limited to excluding others from using the same or a near identical mark on the ‘same’ goods in the same geographic area.”) (citing examples).

<sup>144</sup> *See supra* notes 94-110 and accompanying text (discussing *Anheuser-Busch, Inc. v. Balducci Publications*).

<sup>145</sup> 4 McCarthy, *supra* note 3, § 24:6 (“Today, the test of ‘likelihood of confusion’ encompasses any type of confusion, including: confusion of source; confusion of sponsorship; confusion of affiliation; or confusion of connection.”) (collecting cases). This trend has been aided by the relaxation of any requirement that the products in a trademark case need to be related before liability is imposed. *Id.* (“‘Related’ does not mean that there is necessarily any physical relationship between the goods or services identified by the conflicting marks. Rather, it means that the marks as used are ‘related’ in the mind of the consuming public.”).

<sup>146</sup> Section 43(a) provides liability for use of a mark which “is likely to cause confusion, or to cause mistake, or to deceive as to the *affiliation, connection, or association* of such person with another person, or as to the origin, sponsorship, or *approval* of his or her goods, services, or commercial activities by another person.” 15 U.S.C. § 1125 (emphases added).

dubious. For many courts, approval does not mean “is the trademark owner standing behind the quality of this product?”, but rather, “did the trademark holder give permission for the trademark to be employed?”<sup>147</sup> So, for example, Dairy Queen succeeded in keeping its name out of a film title,<sup>148</sup> and various sports teams have successfully demanded a monopoly over the sale of branded merchandise.<sup>149</sup>

Though these efforts have not been universally successful, any success has a chilling effect on those who would use trademarks for purposes other than source identification. Or, as James Gibson observes, they may elect to pay a licensing fee rather than risk litigation with a non-definite outcome. If licensing becomes the norm, it will feed consumer perceptions that licensing is required, which in turn will encourage courts to find infringement against defendants who choose not to license, completing the cycle.<sup>150</sup>

---

<sup>147</sup> See, e.g., *Mutual of Omaha Ins. Co. v. Novak*, 836 F.2d 397 (8th Cir. 1987) (concluding that t-shirt with phrase “Mutant of Omaha” infringed “Mutual of Omaha” mark in light of survey indicating that “ten percent of all the persons surveyed thought that Mutual ‘goes along’ with” defendant’s use); *Balducci*, 28 F.3d at 775 (“Over half of those surveyed thought Balducci needed Anheuser-Busch’s approval to publish the ad. Many of these presumably felt that such approval had in fact been obtained. . . . Other courts have accepted similar survey findings.”) (citing *Mutual of Omaha, Schieffelin & Co. v. Jack Company of Boca*, 850 F. Supp. 232, 247-48 (S.D.N.Y. 1994)).

<sup>148</sup> *American Dairy Queen Corp. v. New Line Productions, Inc.*, 35 F. Supp. 2d 727 (D. Minn. 1998).

<sup>149</sup> *Boston Professional Hockey Ass’n, Inc. v. Dallas Cap & Emblem Mfg., Inc.*, 510 F.2d 1004 (5th Cir. 1975).

<sup>150</sup> James Gibson, *Risk Aversion and Rights Accretion in Intellectual Property Law*, 116 Yale L.J. 882, 907-27 (2007).

a) **Approval and Cultural Works**

Broad conceptions of the meaning of “approval” for Lanham Act purposes invites trademark owners to attempt to take control of the depiction of their marks in works of popular culture even though consumers would not think the trademark owner to be the source of those works.<sup>151</sup> The Dallas Cowboys thus won a preliminary injunction against an adult film, *Debbie Does Dallas*, whose character wore a uniform similar to that of the team’s cheerleaders.<sup>152</sup> The court focused on the harm to plaintiff’s reputation,<sup>153</sup> but liability still turned on potential confusion of viewers not as to source, but as to whether the team permitted the use in question.<sup>154</sup>

---

<sup>151</sup> These efforts are far from uniformly successful and run into both First Amendment hurdles and an inability to convince courts of a likelihood of confusion. *See, e.g., Hormel Foods Corp. v. Jim Henson Prods., Inc.*, 73 F.3d 497 (2d Cir. 1996) (trademark for SPAM not infringed by movie producer’s merchandising of a puppet named “Spa’am”); *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 905 (9th Cir. 2002) (no infringement of Barbie trademark in song entitled “Barbie Girl”); *Caterpillar Inc. v. Walt Disney Co.*, 287 F. Supp. 2d 913 (C.D. Ill. 2003) (denying temporary restraining order that would have halted release of film that portrayed plaintiff’s equipment). *But see* Gibson, *supra* note 150, at 917 n.138 (“[T]he fact that Caterpillar even bothered to bring suit may be more significant than the fact that it lost.”).

<sup>152</sup> *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200 (2d Cir. 1979).

<sup>153</sup> In the instant case, the uniform depicted in “Debbie Does Dallas” unquestionably brings to mind the Dallas Cowboys Cheerleaders. Indeed, it is hard to believe that anyone who had seen defendants’ sexually depraved film could ever thereafter disassociate it from plaintiff’s cheerleaders. This association results in confusion which has “a tendency to impugn (plaintiff’s services) and injure plaintiff’s business reputation . . . .”

*Id.* at 205 (quoting *Coca-Cola Co. v. Gemini Rising, Inc.*, 346 F. Supp. 1183, 1189 (E.D.N.Y.1972)).

<sup>154</sup> *Id.* (“The public’s belief that the mark’s owner sponsored or otherwise approved the use of the trademark satisfies the confusion requirement.”).

The “two against one” arrangement of interests drives the opinion’s expansive view of trademark protections. The plaintiff’s reputation was harmed, some consumers might be confused, and the defendant made a “depraved” film. With this scorecard, why not enjoin?<sup>155</sup> The court gave no consideration to the interests of those viewers who would not have believed there was any connection between the team and the film, but still would have appreciated a nod to verisimilitude.<sup>156</sup> Like *Balducci*, it restricted these considerations to a First Amendment analysis that looked only to the defendant’s need for the protected material and found that claim wanting.<sup>157</sup> The closest it came to considerations of the public interest writ large was to reject a defense based on the functionality of the cheerleader uniform design.<sup>158</sup>

While a consumer-conflict perspective would not negate a court’s ability to apply conceptions of morality to rule against the defendant,<sup>159</sup> it would at least guide the court in identifying members of the public with a stake in the conduct in question. The point is perhaps easier made outside the world of adult films, so consider *Any Given Sunday*, an

---

<sup>155</sup> *Id.* at 205 (“The trademark laws are designed not only to prevent consumer confusion but also to protect ‘the synonymous right of a trademark owner to control his product’s reputation.’”) (quoting *James Burrough Ltd. v. Sign of the Beefeater, Inc.*, 540 F.2d 266, 274 (7th Cir. 1976)).

<sup>156</sup> Granted, these may be deemed minor given the medium in question, but the case’s reasoning extends to less seedy realms.

<sup>157</sup> *Dallas Cowboys*, 604 F.2d at 206.

<sup>158</sup> *Id.* at 203-04. Nor did such considerations intrude upon the court’s review of the grant of an injunctive remedy. *Id.* at 207 (“[T]he confusion engendered by defendants’ movie would result in irreparable harm to plaintiff were defendants not enjoined from its distribution and exhibition.”).

<sup>159</sup> In *Dallas Cowboys*, the court likely would have concluded that the film’s consumers were as depraved as the film they wished to view.

Oliver Stone film about professional football. A sports movie is more likely to resonate with viewers if it is realistic.<sup>160</sup> The inability to set a football movie in the National Football League rather than some contrived fictional analogue is a potential barrier to such realism. Because of the NFL's restrictions on licensing its trademarks, knowledgeable viewers of *Any Given Sunday* could not help but notice its fictional compromises and, for some, this detracted from the film.<sup>161</sup> A decision to expand

---

<sup>160</sup> This is nothing new. *Pride of the Yankees*, though receiving a good review on the whole, received the following criticism from the *New York Times*: “sports fans will protest, with reason on their side, that a picture about a baseball player should have a little more baseball in it. Quite true . . . . What is shown is accurate. But it is only shown in glimpses or montage sequences, without catching much of the flavor or tingling excitement of a tight baseball game. Fans like to know what’s the inning, how many are on and how many out. At least, the score.” Bosley Crowther, “‘Pride of the Yankees,’ a Film Biography of Lou Gehrig, With Gary Cooper and Teresa Wright, on View at Astor,” *New York Times* (July 16, 1942). Part of the problem was star Gary Cooper’s inability to portray a convincing baseball player. *Id.* (“This underemphasis of Gehrig’s profession is partially excused by the fact that Gary Cooper, who plays the great hero, doesn’t look too good slamming or scooping ‘em up.”).

<sup>161</sup> One reviewer wrote:

Because the NFL wouldn’t extend support for the film—too many controversial subjects like drug use—the movie creates its own league, the AFFA. . . . While I understand the need to create this fictional league, Stone makes one major misstep when a character refers to the NFL’s Dolphins. This touch of realism actually makes the story less believable. If the AFFA was offered as a fake version of the NFL, I could accept it; I’d understand the need for the fictional teams and would simply regard the AFFA as an alternate universe’s NFL.

However, since the film’s world also includes the NFL, that makes it more difficult for me to accept the AFFA. Had it been represented as a fledgling league, I could have believed it, but the movie leads us to view the AFFA as an equivalent of the NFL, with a similarly-glorious and lengthy history.

I can’t make that leap. While I don’t think this stretch of reality made it impossible or even difficult for me to enjoy AGS, it did affect my suspension of disbelief. The introduction of the NFL caused me to be

trademark doctrine to force Stone to make such concessions should at least grapple with the issue of why the interest of viewers in not mistakenly thinking that the NFL “went along”<sup>162</sup> with the director’s use of NFL logos outweighs the interests of viewers in a more realistic piece of art. If the question is not even asked, the arguably immaterial harm to confused consumers stands alone in any infringement analysis and plays an outsize role in its resolution.<sup>163</sup>

b) **Merchandising**

Several cases expand trademark’s scope to allow trademark holders to enjoin the use of their logos as product components. Accordingly, a court may enjoin an unaffiliated vendor from selling, say, a Red Sox cap even though the hat’s logo does not

---

more critical of other aspects of the film’s factual basis, and this took me out of the story at times.

Colin Jacobson, “Any Given Sunday,” DVD Movie Guide, *available at <http://www.dvdng.com/anygivensunday.shtml>* (visited July 1, 2007). For other viewers, the parallel league may have made the story easier to accept. But the need for any compromise stems from the NFL’s decision, and ability, to withhold its logos. *See also* Robert Neely, “Real football, not reel football,” *ProFootball Weekly* (Dec. 20, 1999) (“The filmmakers had to create the AFFA and its teams because the NFL would not allow its trademarks to be used in the film . . . . Aside from the uniforms and logos, they did a good job.”), *available at [http://archive.profootballweekly.com/content/archives/features\\_1999/anygivensunday\\_122099.asp](http://archive.profootballweekly.com/content/archives/features_1999/anygivensunday_122099.asp)* (visited July 1, 2007).

<sup>162</sup> *See supra* note 147.

<sup>163</sup> It is no answer to argue that the problem is overstated because the value of verisimilitude would be reflected in bargaining between Stone and the NFL. Leaving aside that transaction costs may preclude bargains even in bilateral situations, Richard A. Posner, *Economic Analysis of Law* 60-61 (6th ed. 2003), licensing is problematic in those situations in which a rights holder fears that the work may convey an unwanted message about his intellectual property, *cf.* Landes & Posner, *supra* note 12, at 122 (noting that refusal to license may reflect desire to suppress criticism). This appears to have been the case with *Any Given Sunday*. Neely, *supra* note 161, (noting that the NFL “at one point discouraged teams and players from cooperating with filmmakers, fearing an unflattering portrayal of the pro game.”).

serve as a source identifier (“who is providing the hat?”) but is an integral part of the product for the consumer in the market for a Red Sox cap.

Here the interest of non-confused third parties is quite stark—will there be competition or monopoly for the merchandised good? Many courts still ignore this interest and focus instead on the possibility of consumer confusion, however remote, and the proprietary interests of trademark holders in capturing any value created in their mark at the expense of third party interests.<sup>164</sup>

Unsurprisingly, these cases have been heavily criticized.<sup>165</sup> On one level, they stand out as an example of one consumer group’s qualitatively marginal form of confusion that deprives other consumers of effective price competition.<sup>166</sup> What is it to the consumer, after all, if he has “certain knowledge . . . that the source and origin of the

---

<sup>164</sup> *Boston Professional Hockey Ass’n, Inc. v. Dallas Cap & Emblem Mfg., Inc.*, 510 F.2d 1004, 1011 (5th Cir. 1975) (noting that “major commercial value of the emblems is derived from the efforts of plaintiffs”). Not all cases accept a merchandising right. Stacy L. Dogan & Mark A. Lemley, *The Merchandising Right: Fragile Theory or Fait Accompli?*, 54 Emory L. J. 461, 476-78 (2005) (collecting examples in both directions) [hereinafter, Dogan & Lemley, *Merchandising*].

<sup>165</sup> See, e.g., Lunney, *supra* note 1, at 395-99; Dogan & Lemley, *Merchandising*, *supra* note 164.

<sup>166</sup> In this case, confusion over the precise requirements of what trademark law requires. This presents the familiar circularity problem in trademark law in which protection is based on what consumers believe the law requires, which is influenced by decisions predicting what consumers believe the law requires. See, e.g., Robert C. Denicola, *Freedom to Copy*, 108 Yale L.J. 1661, 1668 (1999) (“If trademark owners win enough high-profile cases or brag loudly enough about licensing revenues from ornamental use, consumers will naturally think that the products they see must be licensed, which in turn will help insure that a license is indeed required.”).

trademark symbols” were with someone other than the seller,<sup>167</sup> or believes that permission was obtained for such uses if the quality of the goods are not at issue?

It may be that some consumers of branded products believe that their purchases will support the creator of the underlying logo and be happy with that fact. I may buy a Red Sox cap for any number of reasons. I may want to show support for my hometown team. I may want to express my regional loyalties (important to a transplant to Oklahoma like myself). Or I may just want the sun out of my eyes and pay extra for a branded cap in order to kick in a few dollars to the team for its next free agent signing.<sup>168</sup> Only one of these interests is served by a merchandising right. Trademark law could easily mediate the conflict between the consumer classes representing these respective interests by requiring conspicuous disclosures of unofficial apparel without precluding competition for team merchandise.<sup>169</sup> There seems little reason to compel the sponsorship of trademark owners by unwilling consumers.<sup>170</sup>

---

<sup>167</sup> *Boston*, 510 F.2d at 1012.

<sup>168</sup> This may be so even though I would not unilaterally donate money to the team. I make no pretenses to being a purely rational consumer.

<sup>169</sup> Dogan & Lemley, *Merchandising*, *supra* note 164, at 488-89; *Plasticolor Molded Prods. v. Ford Motor Co.*, 713 F. Supp. 1329, 1339 (C.D. Cal. 1989) (“The potential for confusion can be diminished, however, by requiring that the manufacturer of a product that employs a trademark for functional purposes take all reasonable steps to eliminate post-sale confusion consistent with the functional use of the mark.”).

<sup>170</sup> Lunney, *supra* note 1, at 398 (“[T]hat there might be those who affirmatively desire ‘authorized’ goods would not justify a different result. There may be just as many consumers who would rather purchase lower-priced, or receive higher quality, unauthorized goods. If a court were to use the likelihood of confusion standard to prohibit such unauthorized use, then it would effectively preclude competitive entry, and would sacrifice the second group’s desires for the sake of the first.”) (footnote omitted).

## 2. Initial Interest Confusion

The proliferation of cases involving so-called initial interest confusion further testifies to the power of the two-against-one effect. In the normal trademark case, likelihood of confusion is measured at the point of sale (e.g., when I buy a Coke, am I really getting a Pepsi?). But confusion may arise while the buyer is searching for a good, only to be dispelled before a purchasing decision. I may ask for a Coke, be handed a Pepsi, and realize the distinction before I make a purchasing choice.

Courts have recognized for several decades that this form of pre-sale confusion may form the basis of a trademark claim.<sup>171</sup> Unfortunately, courts have been slower to articulate the precise harm of initial interest confusion. What does it matter if I once thought my Coke was a Pepsi as long as I know the product's true identity when I make my purchasing decision? For the most part, the answer from the courts has been to focus on the purported misappropriation of the trademark owner's goodwill.<sup>172</sup>

---

<sup>171</sup> See, e.g., *Grotrian, Helfferich, Schulz, Th. Steinweg Nachf. v. Steinway & Sons*, 523 F.2d 1331 (2d Cir. 1975); *Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254 (2d Cir. 1987).

<sup>172</sup> See generally Grynberg, *supra* note 30, at 105-112 (critiquing doctrine as applied by the courts). *Steinway & Sons*, a case involving competing piano trademarks, is a good example. The court focused on the danger that the junior user was free riding on the senior user's mark, not on any potential harm to consumers.

The issue here is not the possibility that a purchaser would buy a Grotrian-Steinweg thinking it was actually a Steinway or that Grotrian had some connection with Steinway and Sons. The harm to Steinway, rather, is the likelihood that a consumer, hearing the "Grotrian-Steinweg" name and thinking it had some connection with "Steinway", would consider it on that basis. The "Grotrian-Steinweg" name therefore would attract potential customers based on the reputation built up by Steinway in this country for many years. The harm to Steinway in short is the likelihood that potential piano purchasers will think that there is some connection

But focusing on goodwill alone is unsatisfying. To the extent initial interest confusion results in a diverted sale, the goodwill that motivates the purchase by an unconfused consumer is that of the junior user, not the trademark holder.<sup>173</sup> Moreover, activities accused of causing initial interest confusion frequently have the effect of benefiting consumers by increasing the information available to a potential purchaser without the risk of actual mistaken purchases.<sup>174</sup>

I have argued elsewhere that initial interest confusion claims are best resolved by focusing on the challenged activity's effect on consumer search costs. Sometimes the cost of pre-sale diversion significantly increases consumer search expenditures, sometimes it does not. Thus, a billboard that falsely advertises a video store at the next exit may raise search costs for a diverted consumer.<sup>175</sup> In contrast, using a color-scheme similar to that of a brand name shampoo on a clearly labeled alternative with the same chemical formula may not appreciably affect search costs. Stated another way, initial interest confusion is a form of point-of-sale confusion in which the item being purchased is not the final product, but a closer look at that product. The misappropriation of the senior user's goodwill, if any, comes into play here, not at the point of sale. But just as

---

between the Grotrian-Steinweg and Steinway pianos. Such initial confusion works an injury to Steinway.

523 F.2d at 1342 (footnote and citations omitted).

<sup>173</sup> Grynberg, *supra* note 30, at 106.

<sup>174</sup> *Id.* at 110-12.

<sup>175</sup> The billboard metaphor was notoriously applied by the Ninth Circuit to analogize to the practice of using trademarked terms in metatags as a means of attracting search engine protection. *Brookfield Communications v. West Coast Entertainment Corp.*, 174 F.3d 1036, 1064 (9th Cir. 1999).

courts ignore de minimis confusion at the point of sale, they should not treat negligible examples of initial interest confusion as a basis for liability.<sup>176</sup> In such cases, there is no meaningful displacement of the senior user's product in the consumer's attention.

Initial confusion's potential costs should be weighed against possible information benefits to consumers of the challenged practice. So, for example, using a color scheme similar to Tylenol's on a clearly labeled box of generic acetaminophen may help consumers who are interested in purchasing a cheaper, chemically identical, Tylenol alternative. The box's similarities to Tylenol provide valuable information to these consumers while the clear labeling prevents search costs from rising significantly for those for whom nothing but Tylenol will do.<sup>177</sup>

In practice, however, many courts entertain initial interest confusion claims even though the challenged activity does not meaningfully affect consumer search costs. The stacked deck of the seller-conflict storyline is part of the problem. Some courts wholeheartedly embrace the claim that initial interest confusion is an effort to "misappropriate" the goodwill of a trademark holder and unify the need to protect the trademark holder with the presence—sometimes hypothetical—of "diverted" consumers.<sup>178</sup> Because confusion, however marginal, is so often the unit by which public interest is measured, initial interest confusion has enjoyed broad applicability to the Internet. Courts have aggressively policed the practice of promoting one's own website

---

<sup>176</sup> Grynberg, *supra* note 30, at 108-12.

<sup>177</sup> *Id.*; cf. *Bristol-Myers Squibb Co. v. McNeil-P.P.C., Inc.*, 973 F.2d 1033 (2d Cir. 1992).

<sup>178</sup> See, e.g., *Brookfield*, 174 F.3d at 1063 (using trademarked term in metatags "improperly benefits from the goodwill that [plaintiff] developed in its mark").

by arranging to have it displayed to search engines in response to a search on a trademarked term. This despite the fact that the trademark owner's website is neither obscured nor suppressed and the maximum cost to any consumer of diversion is a mouse click.<sup>179</sup>

Those courts that have bucked the initial interest confusion trend have done so with an eye to the confused consumers, arguing that the ease of navigating the Internet minimizes the harm that they experience.<sup>180</sup> True enough. But this analysis concedes too much ground by accepting the false premise that consumer confusion is the only public interest at stake. If it is, then it is unsurprising that some cases of de minimis confusion slip through the cracks, opening the door to attacks against deep pockets like Google for the practice of selling advertising to be triggered upon searches for trademarked terms.<sup>181</sup> The argument that certain “diverting” practices may actually provide net benefits to consumers has yet to establish a firm toehold in initial interest confusion jurisprudence.

Treating the initial interest cases as consumer conflict and comparing the needs of the plaintiff and defendant consumer classes would make transparent the social costs of

---

<sup>179</sup> Grynberg, *supra* note 30, at 131-36.

<sup>180</sup> See, e.g., *Bihari v. Gross*, 119 F. Supp. 2d 309, 320 n.15 (S.D.N.Y. 2000) (“The harm caused by a misleading billboard on the highway is difficult to correct. In contrast, on the information superhighway, resuming one’s search for the correct web site is relatively simple. With one click of the mouse and a few seconds delay, a viewer can return to the search engine’s results and resume searching for the original web site.”).

<sup>181</sup> See, e.g., *Google, Inc. v. American Blind & Wallpaper*, No. C 03-5340, 2007 WL 1159950 (N.D. Cal. April 18, 2007) (denying summary judgment to Google on action based on keyword sales for search engine); *see also Playboy Enterprises, Inc. v. Netscape Communications Corp.*, 354 F.3d 1020, 1029 (9th Cir. 2004) (concluding that search engine’s refusal to remove trademarked terms from keywords coupled with profiting from any confusion was evidence of intent to confuse).

enjoining particular activities. If broad acceptance of initial interest confusion will prevent Google from selling trademarks as keywords, judges should address the diminished availability of information to consumers that would result. A manufacturer of generic acetaminophen who pays to have his ad displayed as a sponsored link in response to my Google search for “Tylenol” may be a free rider. But I am not. Defenders of a broad initial interest confusion doctrine are in effect arguing that I should refrain from using Tylenol as a search term (no matter how hard acetaminophen is to spell) unless my interest is in the more expensive product.<sup>182</sup> If there is something wrong with my behavior, courts should articulate what it is before they deprive me of the ability to search the Internet with the most information-rich terms available.<sup>183</sup>

Greater sensitivity to initial interest confusion’s consumer-conflict dimension would not eliminate the doctrine. As discussed above, some practices may raise consumer search costs without providing offsetting information benefits to non-confused consumers. Even on the Internet, where the costs of diversion are low, one could make the argument that practices like “cybersquatting” are not justified by offsetting benefits to consumers.<sup>184</sup> The problem is that courts cannot accurately make these distinctions if

---

<sup>182</sup> Chad J. Doellinger, *Trademarks, Metatags, and Initial Interest Confusion: A Look to the Past to Reconceptualize the Future*, 41 IDEA: J.L. & Tech. 173, 210 (2001) (“Some argue that consumers ought to be able to use a famous trademark as a shortcut. This argument would be more persuasive if alternative methods of receiving the same information were not easily accessible. With a minimal amount of consumer education, no consumers would be deprived of information.”) (footnotes omitted).

<sup>183</sup> Grynberg, *supra* note 30, at 126 & n.144.

<sup>184</sup> While arranging to have one’s website listed alongside another in a search engine results page may expand consumer options, using someone else’s trademark as a domain name (without more) may increase search costs for those any consumers who look for websites by guessing the domain name. *Id.* at 128-29. Congress has arguably made

they do not appreciate that some activities alleged to cause initial interest confusion may also offer consumer benefits.

### 3. “Knockoffs” and Post-Sale Confusion

Multiple cases recognize a Lanham Act cause of action for allegations of likelihood of confusion *after* the sale.<sup>185</sup> So, for example, the maker of a luxury car may attack the seller of car kits that allow buyers to convert their cars into Ferrari lookalikes.<sup>186</sup> Though there is no allegation of confusion near at point of sale, courts

---

precisely this social welfare judgment by passing the Anticybersquatting Consumer Protection Act, which targets “bad faith” efforts to use trademarked terms as domain names. Pub.L. No. 106-113, 113 Stat. 1501 (1999).

Cases involving trademark infringement on the internet follow the trends on display in the initial interest confusion context. Several courts view the low cost of moving from site to site online as a reason to weaken the threshold for finding likelihood of confusion. They reason that the number of consumers who experience confusion due to inattention will increase. Again, this analysis does not give equal weight to the interests of non-confused consumers. In other words, the “reasonably prudent purchaser” is dumbed down further, rather than supplemented by his non-confused colleagues. The Ninth Circuit has explained:

Navigating amongst web sites involves practically no effort whatsoever, and arguments that Web users exercise a great deal of care before clicking on hyperlinks are unconvincing. Our conclusion is further supported by the Third Circuit’s rule that “the standard of care to be exercised by the reasonably prudent purchaser will be equal to that of the least sophisticated consumer.”

*GoTo.com, Inc. v. Walt Disney Co.*, 202 F.3d 1199, 1209 (9th Cir. 2000) (quoting *Ford Motor Co. v. Summit Motor Prods., Inc.*, 930 F.2d 277, 293 (3d Cir. 1991)).

<sup>185</sup> See, e.g., *Mastercrafters Clock & Radio Co. v. Vacheron & Constantin-Le Coultre Watches, Inc.*, 221 F.2d 464, 466 (2d Cir. 1955); *Insty\*Bit, Inc. v. Poly-Tech Indus., Inc.*, 95 F.3d 663, 672 (8th Cir. 1996); *Polo Fashions, Inc. v. Craftex, Inc.*, 816 F.2d 145, 148 (4th Cir. 1987)).

<sup>186</sup> *Esercizio v. Roberts*, 944 F.2d 1235 (6th Cir. 1991).

posit two potential harms. First, post-sale confusion may endanger the trademark owner's reputation if shoddy products are mistaken for the trademark owner's goods.<sup>187</sup> Second, courts are solicitous of purchasers of "prestige" goods, who have an interest in the scarcity of expensive items. Price competition in the elite style endangers their ability to enjoy the cachet that comes from being one of the few able to spend money on a high-class good.<sup>188</sup>

The countervailing consumer interest is that of consumers who want a product with a similar aesthetic appearance to the prestige good at a cheaper price. Recognizing post-sale confusion claims subordinate the interests of these consumers to those wishing to cultivate the status that comes with the purchase of artificially scarce goods.

Fair enough, but the courts should be candid about it. The burden of a prestige-protection policy is borne not only by the defendant seller—who bears the pejorative weight of the counterfeiter label—but also her customers.<sup>189</sup> But pejorative labels are hard to shake, especially when trademark's moral heuristics focus on the defendant's

---

<sup>187</sup> *Id.* at 1244-45.

<sup>188</sup> Kozinski, *supra* note 26, at 970 ("Whatever pleasure people get from wearing an image-enhancing product is diminished if everyone else can get the same thing at a discount store."). The incentive rationale appears here as well, as courts have endorsed prevention of post-sale confusion as a method for ensuring a return on investment for trademark holders. *United States v. Torkington*, 812 F.2d 1347, 1353 n.6 (11th Cir. 1987).

<sup>189</sup> Lunney, *supra* note 1, at 407-07 ("[S]ome courts have simply assumed that on-looker confusion, being a form of confusion, necessarily represents actionable harm; others have substituted name-calling ('poaching') for reasoning . . .") (footnote omitted); Austin, *supra* note 45, at 921 ("[T]rademark doctrine privileges those consumers who are concerned with the prestige value of their goods over those who care somewhat less, or not at all.").

conduct.<sup>190</sup> It is easier, if not more accurate, to condemn the “counterfeiter” than his customers.

The analysis that favors the interests of the “snobs” over the “poseurs” is not explicit about comparing the relative merits of the two groups. For example, *Hermès International v. Lederer de Paris Fifth Avenue, Inc.* rejected a laches defense mounted by the maker of knock-off handbags based on defendant’s lack of good faith—a finding guided in part by the anti-free-riding impulse.<sup>191</sup> In finding bad faith, the court of appeals all but condemned the purchasers of so-called knockoffs while retaining a surface focus on the sellers.

First, the panel held that the district court’s confusion analysis was incomplete because its finding of no evidence of confusion at the point of sale failed to consider post-sale confusion resulting from a buyer’s cheap acquisition of the prestige associated with a

---

<sup>190</sup> The case of the phony Rolex watches seems to carry the strongest moral charge. Rolex has spent considerable energy and money creating an image for its product; the Rolex trademark has become a substantial part of the product itself—some might say the most important part. At the same time, the counterfeiters have only weak moral claims. They are free riding on the Rolex trademark, while doing very little, if anything, creative and nothing at all to advance Rolex’s interests. To the contrary: Rolex’s swank image is based on exclusivity, not popularity, and the proliferation of Rolex look-alikes cuts away at that valuable commodity. To be sure, the counterfeiters have expended a little energy in copying the product, and to that extent their moral claim might be superior to that of a thief. But when it comes to selling the watches, their moral claim is negligible because the only reason they can do so is that they are cashing in on someone else’s effort. Phooey on them!

Kozinski, *supra* note 26, at 967 (footnotes omitted).

<sup>191</sup> 219 F.3d 104, 107 (2000) (“[Defendants] intentionally copied Hermès’ designs and sought to sell knockoffs of Hermès’ originals. [Defendants] thus intentionally traded off the Hermès name and protected products and should not have been entitled to invoke the doctrine of laches against Hermès’ claims for injunctive relief.”).

more expensive product.<sup>192</sup> For the panel, the harm arises because some customers would buy the copier's product "for the purpose of acquiring the prestige gained by displaying what many visitors at the customers' homes would regard as a prestigious article."<sup>193</sup> This purchase is defined as the "copier's wrong,"<sup>194</sup> but the wrong—acquiring prestige on the cheap—is committed by an unconfused purchaser. The copier may be an accomplice, but she is not guilty of the "wrong."

Blurring that distinction facilitates the opinion's next conclusion—that defendants' conduct harmed "the *general* public." "[A] loss occurs when a sophisticated buyer purchases a knockoff and passes it off to the public as the genuine article, thereby confusing the viewing public and achieving the status of owning the genuine article at a knockoff price."<sup>195</sup> Resolution of a conflict between two competing consumer interests is masked behind a discussion about the "general public['s]" confusion. The court is doing no more than protecting snobs and condemning poseurs, but its claim to have identified "the copier's wrong" and its treatment of the public interest as single and undivided frees it of the burden of considering the ramifications of doing so. Even though one may argue that the tradeoffs between the two classes favor trademark rights in the post-sale context,

---

<sup>192</sup> *Id.* at 108.

<sup>193</sup> *Id.* (quoting *Mastercrafters Clock & Radio Co. v. Vacheron & Constantin-Le Coultre Watches, Inc.*, 221 F.2d 464, 466 (2d Cir. 1955)).

<sup>194</sup> *Id.*

<sup>195</sup> *Id.* at 109.

trademark’s seller-conflict narrative facilitates the concealment of an underlying policy analysis that should be explicit.<sup>196</sup>

#### 4. Dilution

Consumer conflict also offers a basis for critiquing the development of dilution law.<sup>197</sup> The federal dilution statute polices activities “likely to cause dilution by blurring or dilution by tarnishment of [a] famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.”<sup>198</sup>

In the case of dilution by blurring, the interest of the protected consumer class is not the avoidance of marginal confusion but rather the less concrete “imagination costs” of being presented with a mark similar to a famous mark in a non-competing industry and having to think that much harder about what it means.<sup>199</sup> On the other side of the ledger

---

<sup>196</sup> Compare, e.g., Landes & Posner, *supra* note 12, at 199-200 (arguing that aesthetic features used as marks do not disadvantage other firms so long as the feature does not become “an attribute of the product” in the consumer mind); Kozinski, *supra* note 26, at 970 (“Allowing the unrestricted copying of the Rolex trademark will make it less likely that Rolex, Guess, Pierre Cardin, and others will invest in image advertising, denying the image-conscious among us something we hold near and dear.”), with Lunney, *supra* note 1, at 467-68 (arguing that purchase of prestige goods imposes a negative externality).

<sup>197</sup> That approach may seem questionable for those courts that have described the dilution right as existing for the benefit of trademark holders, not consumers. See, e.g., *Viacom Inc. v. Ingram Enterprises, Inc.*, 141 F.3d 886, 890 n.7 (8th Cir. 1998) (“Trademark infringement relief protects the public from confusion by enforcing the rights of a prior mark, whereas dilution relief, being premised on the absence of confusion, merely protects the property rights of the prior mark’s owner.”).

<sup>198</sup> 15 U.S.C. §1125(c).

<sup>199</sup> Suppose an upscale restaurant calls itself “Tiffany.” There is little danger that the consuming public will think it’s dealing with a branch of the Tiffany jewelry store if it patronizes this restaurant. But when consumers next see the name “Tiffany” they may think about both the restaurant and the jewelry store, and if so the efficacy of the name as an identifier of the store will be diminished. Consumers will have to think harder-incur as it

is the potential removal of words that may have useful descriptive properties.<sup>200</sup> While dilution is, for good or ill, now part of the Lanham Act, courts should consider these and similar tradeoffs as they implement the new “likelihood of dilution” standard recently added to the statute.<sup>201</sup>

## **B. Other Prescriptive Consequences of Consumer Conflict**

Thus far, we have canvassed two possible consequences of treating trademark as consumer conflict. First, it offers a “counter-heuristic” for evaluating trademark claims that correct certain tendencies inherent to the traditional seller-conflict narrative. Second, a consumer-conflict view makes explicit some of the policy choices in trademark’s growth over the last century and suggests that these expansions of trademark’s scope have privileged certain consumer classes at the expense of others.

The consumer-conflict view has several additional implications for the future of trademark law.

### **1. Injunctions**

Courts have some discretion over whether to impose injunctions as a remedy for trademark infringement. In practice, however, they are quick to grant injunctive relief once liability is established. Insofar as the “public interest” is a factor in these analyses,

---

were a higher imagination cost—to recognize the name as the name of the store.

*Ty Inc. v. Perryman*, 306 F.3d 509, 511 (7th Cir. 2002).

<sup>200</sup> “How else do you say that something’s ‘the Rolls Royce of its class’?” *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 900 (9th Cir. 2002).

<sup>201</sup> Trademark Dilution Revision Act of 2006, Pub. L. No. 109-312, 120 Stat. 1730 (amending 15 U.S.C. § 1125(c)).

it usually favors such grants. This is unsurprising. Under the seller-conflict trademark narrative, the public interest is often viewed narrowly as an interest in avoiding confusion no matter the consequences. This view carries over into precedents on injunctions.<sup>202</sup>

The standard rationale for injunctive remedies (i.e., a property rule) instead of damages (a liability rule) is that courts are ill-suited to the task of accurately assessing proper damages. In the absence of high transaction costs, therefore, injunctive relief is more efficient because the parties may negotiate over an injunction while damages may

---

<sup>202</sup> See, e.g., *Restatement (Third) Unfair Competition* § 35 cmt. b (“The public interest in preventing confusion and deception also typically weighs in favor of an injunction.”); *Opticians Ass’n of Am. V. Ind. Opticians of America*, 920 F.2d 187, 198 (3d Cir. 1990) (“Public interest can be defined a number of ways, but in a trademark case, it is most often a synonym for the right of the public not to be deceived or confused.”). To say this is typically the case is not to claim that it is always such, but the exceptions tend to focus on the defendant, not the benefited members of the public through the balancing of equities. See *Restatement* § 35 cmt. b (“However, if the plaintiff’s interest is not substantial in comparison with the legitimate interests of the defendant and the defendant’s conduct was undertaken in good faith, the balance of equities may not justify injunctive relief.”).

Courts take a similar approach in preliminary injunction litigation. See, e.g., *Laboratorios Roldan, C. por A. v. Tex Intern., Inc.*, 902 F. Supp. 1555, 1571 (S.D. Fla. 1995) (citations and quotations omitted) (“In a trademark infringement or unfair competition case, a third party, the consuming public, is present and its interests are paramount. Injunctive relief will serve the public interest by immediately stopping Defendants’ deception of consumers.”). As with the analysis of trademark infringement, however, courts are sensitive to the public policy that favors free competition as a public interest to be weighed in assessing whether an injunction will issue. *Calvin Klein Cosmetics Corp. v. Lenox Laboratories, Inc.*, 815 F.2d 500, 505 (8th Cir. 1987) (reversing injunction where the “strong public interest in lowest possible prices was not taken into account . . . neither was the interest in avoiding monopolies and in encouraging, not stifling, competition.”).

be set at a level that does not reflect the value that the parties would assign to an entitlement.<sup>203</sup>

If we view trademark litigation as a form of consumer conflict, however, transaction costs are high indeed. Neither “party” is present in the suit; negotiation is impossible. This is not necessarily an argument against injunctions when dealing with traditional trademark actions—suits that seek to prevent source confusion at the point of sale. As discussed above, the benefits to consumers of the nominal defendant’s infringing conduct should be low. A property rule is therefore unlikely to harm the defendant consumer class and is probably more efficient than attempting to assess damages. The harder question involves non-traditional actions like initial interest or post-sale confusion.<sup>204</sup>

In those contexts, the relative social value of the allegedly confusing conduct is often unclear. Courts may guess wrong on liability and assign the entitlement to the incorrect consumer class. Broad injunctive relief may therefore compound the error because of the inability of the classes to bargain with each other. In contrast, damages—which trademark defendants may, depending on market conditions, pass through to customers—leave open the possibility of continued activity.

To be sure, if the nominal plaintiff and defendant value the conduct in a manner consistent with the consumer classes they represent, an injunctive remedy may still be

---

<sup>203</sup> See generally Guido Calabresi & A. Douglas Melamed, *Property Rules, Liability Rules, and Inalienability: One View of the Cathedral*, 85 Harv. L. Rev. 1089 (1972).

<sup>204</sup> See *supra* Part III.A.

efficient. But that assumption does not always hold.<sup>205</sup> Moreover, as we have seen, many cases at the peripheries of trademark law establish liability in situations where the argument that consumers are harmed is perhaps tenuous. In such cases, the best result would be to tailor an injunction that would address the purported harm while allowing the challenged practice to continue, e.g., requiring clear disclosure that the clothing vendor is not affiliated with the team whose logo is on the merchandise. But as between an absolute injunction or damages, an attempt to ascertain damages—tied to the confusion of the consumer—may ameliorate the social costs of a flawed liability decision. So if a court determines that a consumer’s belief that a third party vendor needed a license to sell a Red Sox cap establishes liability under the Lanham Act, attempting to assess damages based on lost sales *due to that misunderstanding* may be preferable to an injunction. If the trademark holder secures injunctive relief, he may be willing to license the logo, but would likely do so in a manner that would capture the value of a judicially granted monopoly on branded apparel.

## **2. Consumer Costs of Restricting Trademark’s Scope**

Just as the traditional narrative sometimes masks the harms to consumers of expanding trademark protection, it also may conceal the harms of limiting protection. Trademark law accepts the existence of confused—or otherwise disadvantaged—consumers in a number of contexts. Declaring a mark generic, for example, raises the search costs of consumers who still use the term in question as a trademark. These and similar circumstances generally concern matters of established doctrine (e.g., functionality, generics), so courts generally need not grapple with the possibility that

---

<sup>205</sup> See *supra* note 163.

some subset of the consumer population is having its interests sacrificed to the common good.

The issue may arise more frequently if courts embrace the reform agenda of those favoring a greater focus on the effect of challenged practices on consumer search costs.<sup>206</sup> Making a judgment about an activity’s effects in the aggregate (does the activity raise or lower search costs of “consumers”) may lead to overlooking some of the aggregate’s components. So, for example, just as proponents of initial interest confusion have drawn overly facile analogies between deceptive billboards and internet search engines, the doctrine’s critics are perhaps quick to minimize the consequences of any diversion.<sup>207</sup> Perhaps it is socially useful for a generic drug maker to copy elements of Tylenol’s trade dress to signal that it offers a chemically identical formula. Perhaps it is also true that the benefits to those who are more easily able to find cheap alternatives to Tylenol outweigh the costs to those who seek Tylenol—and only Tylenol—but who from time to time pick up the wrong package before realizing their mistake. What is not true is that these are the same consumers. It is not true that all consumers would prefer a world in which the generic maker is allowed to ape Tylenol’s trade dress even if she distinguishes her product with a clear brand name.<sup>208</sup>

---

<sup>206</sup> See, e.g., Dogan & Lemley, *supra* note 1, at 811 (“Maintaining the focus on search costs is critical to keeping the doctrine of trademark use alive. It is far too easy for courts and commentators to slip into the rhetoric of ‘free riding’ and ‘unfair competition.’”).

<sup>207</sup> I include myself here. See Grynberg, *supra* note 30, at 112.

<sup>208</sup> This point has been driven home to me in discussing initial interest confusion with people both inside and outside the law. When presented with the generic drug example and the argument for the benefits of tolerating some pre-sale confusion, most people agree, but some are irritated by the practice to the point that they might be happy to see it banned anyway.

Their loss should be dealt with honestly. Simply asserting that certain practices raise or lower search costs among consumers generally invites incomplete analyses from judges. Deciding cases with an eye to both benefited and burdened consumers is more likely to spur the development of metrics that will enhance the accuracy of future trademark litigation.

### **3. The Future of Goodwill**

This article has argued that one of the traditional trademark narrative’s primary shortcomings is its frequent failure to consider meaningfully the consumer benefits of challenged activities. The problem for the neglected consumers is that they lack a natural avenue to place their concerns before the court. The senior user has his goodwill to protect; the junior user has her need to compete; and the “plaintiff” consumer class has its interest in avoiding confusion, which is to be vindicated by the senior user. There is no easy entry point for the interests of the “defendant” consumers.

Approaching trademark as consumer, rather than seller, conflict ameliorates this tendency by asking a court to consider these interests explicitly. By focusing on non-party consumers, a court can avoid some of the prejudice that may infiltrate an analysis that looks to the needs of the junior user, who is open to pejorative attacks for free riding and misappropriation.

Consumer conflict asks a question in turn. What is left of goodwill? Just as the traditional narrative protects some interests of consumers through the protection of sellers, a consumer-conflict account protects the interests of sellers by focusing on the needs of consumers. Specifically, seller investments in goodwill are protected by ensuring that consumers have access to their preferred sellers without being distracted by unnecessary confusion. But there is no room in the consumer-conflict story for any

protection of goodwill *except as a function of protecting consumers*. If a practice benefits the defendant consumer class more than it harms the plaintiff consumer class, it will be permitted notwithstanding any use of the senior user's goodwill. Goodwill's only additional role may be as a standing requirement, ensuring that plaintiff consumers are represented by someone with a sufficient stake in the litigation to fight for their interests.<sup>209</sup>

Viewing trademark law as consumer conflict thus joins other challenges of goodwill's primacy in trademark jurisprudence.<sup>210</sup> If plaintiffs seek expansion of trademark's scope, it will not do for them to point to their interest in goodwill *plus* the presence of potentially confused consumers. As argued above, too frequently this is a form of double-counting. Those who pursue expanded trademark rights should justify their efforts in light of the consumer interest as a whole. If they cannot, perhaps there are other reasons to favor trademark holders at the expense of overall consumer welfare.<sup>211</sup> Viewing trademark law as a form of consumer conflict helps the rest of us know when the issue is before us.

## CONCLUSION

Trademark law's seller-conflict narrative is one factor driving the expansion of trademark rights. While it has consumer interests at heart, the seller-based storyline

---

<sup>209</sup> This arguably returns the concept of goodwill to its common law roots. *See* Bone, *supra* note 5, at 561.

<sup>210</sup> *See, e.g.*, *id.* at 616-22.

<sup>211</sup> *See* Litman, *supra* note 1, at 1730 ("[I]f competition is still the American way of doing business, then before we give out exclusive control of some coin of competition, we need, or should need, a justification."),

largely ignores the interests of non-confused consumers, leaving it ill-suited for evaluating trademark claims arising outside the traditional source confusion context. This article has argued that a judicial appreciation of the public interest consequences of expansive trademark claims is more likely if trademark litigation is viewed also as a conflict between consumers. This formulation is descriptively accurate, and it corrects the shortcomings of the seller-conflict narrative. Current doctrine invites plaintiffs to invoke the interests of potentially confused consumers, but defendants have a harder time vindicating the interests of non-confused consumers. A consumer-conflict view would blunt rhetorical attacks on “free riding” while asking courts to inquire into the overall social utility of challenged practices.

One problem to which consumer conflict responds is scarcity of applicable consumer protection doctrines when the trademark claim at issue is a non-traditional one. Although trademark law recognizes that consumers have interests beyond avoiding confusion, the doctrines that protect these interests are not always adequate to the task. They tend to be counterbalanced by trademark law’s solicitude for the interests of trademark holders, such as the preservation of goodwill or the desire to reward investment. The structure of the seller-conflict narrative encourages courts to overemphasize these concerns when novel questions arise. While trademark’s pro-seller rhetoric is easily imported to new settings, established consumer protection doctrines are harder to transplant. For example, the bar against trademarking generic terms has little to say about whether Google’s keyword advertising infringes trademark except by way of

analogy.<sup>212</sup> The rhetoric of misappropriated goodwill, by contrast, had an easy transition to the new world of initial interest confusion.

If the trademark doctrines that protect absent consumers have limited applicability at the frontiers of trademark law, courts may develop new ones to fill the gap. Maybe, for example, the requirement that a defendant engage in a “use” of a trademark will limit claims based on the use of a trademark to deliver information.<sup>213</sup> Perhaps the aesthetic functionality doctrine will become a more reliable counterweight to merchandising claims.<sup>214</sup> In the meantime, non-traditional claims are best considered in an analysis that provides the fullest possible picture of the public interest. Appreciating trademark law’s consumer-conflict component is a means to that end.

---

<sup>212</sup> Grynberg, *supra* note 30, at 107, 111.

<sup>213</sup> See, e.g., *1-800 Contacts, Inc. v. WhenU.Com, Inc.*, 414 F.3d 400 (2d Cir. 2005).

<sup>214</sup> *Au-Tomotive Gold, Inc. v. Volkswagen of America, Inc.*, 457 F.3d 1062 (9th Cir. 2006).