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# Branded

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# BRANDED

Irina D. Manta\*

## ABSTRACT

*Marks are traditionally said to serve three functions that are separate from the goals of other forms of intellectual property: source identification, advertising, and guarantee of quality. The story, however, that patents and copyrights incentivize creation and that trademarks do not fulfill that purpose does not withstand scrutiny. This Article argues that brands have evolved in such a way that they serve important incentivizing purposes of their own and that trademark law influences their ability to do so. This Article identifies three generally neglected functions of trademarks. The first pertains to the creation of original, unique marks and brands in and of themselves. Indeed, this Article contends that marks and brands possess a fan base that engages in artistic and other appreciation similar to the enjoyment derived from copyrighted works. The second underexplored function of trademarks and brands is to combine with products and provide new hedonic experiences to consumers in a way that is qualitatively little different from experiences of copyrighted or patented goods. Third, and perhaps most controversially, trademarks and brands—in part, but not exclusively, through the creation of status goods—may incentivize socially desirable behavior such as hard work and productivity that may increase overall economic welfare. This Article thus seeks to restore, or rather construct for the first time, as a theoretical matter the stature of trademarks as a full member of the family of intellectual property. The conclusion results that any future changes to trademark law and policy must account for effects on the incentivizing functions of marks.*

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## I. INTRODUCTION

MOST professors begin intellectual property survey courses by teaching students about the dividing line between patents and copyright on the one side and trademarks on the other. Patents and copyrights incentivize invention and creation, as well as the distribution of goods, the story goes. These legal instruments are rooted in the Intellectual Property Clause, which allows Congress "[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."<sup>1</sup> The Supreme Court made clear early on, in the so-called *Trade-Mark Cases*, that trademarks had no business being protected

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1. U.S. CONST. art. I, § 8, cl. 8.

under the same clause.<sup>2</sup> The Court specified that trademarks can only be regulated under the Commerce Clause and, hence, only when they relate to interstate or foreign commerce, and that “[i]f not so limited, it is in excess of the power of Congress.”<sup>3</sup>

While the Court got it right in the *Trade-Mark Cases* as a strictly constitutional matter, we must be wary of the intuitive appeal of the stories that have developed as a result of the case and its progeny—which pit the inventor/creator hero against the workmanlike “villain” (or at least red-headed stepchild) that is the trademark owner. After all, what relationship is there between a merchant that slapped a mark on his products to better attract customers and an inventor or creator that slaved away for years, as well as managed to infuse her work with a “flash of genius”? Marks are traditionally said to serve three functions that are separate from the goals of other forms of intellectual property; these three are source identification, advertising, and guarantee of quality.<sup>4</sup>

Like so many appealing stories, however, the story that patents and copyrights incentivize creation and trademarks do not serve that function, does not withstand scrutiny. This Article argues that brands have evolved in such a way that they serve important incentivizing purposes of their own and that trademark law has tracked that evolution without explicit ties to the theory and language of incentives. This Article identifies three heretofore-neglected functions of trademarks that bear little overlap with the three traditionally recognized goals that sought to protect consumers against fraud and deceit just as other forms of tort law did. These functions all relate to the fact that trademarks now form a vital part of brands, which are created after significant research into consumers’ values, habits, and preferences.

The first largely overlooked function pertains to the creation of original, unique marks in and of itself. Indeed, this Article argues that logos and other marks possess a fan base that engages in artistic and other appreciation similar to the enjoyment given copyrighted works. The second underexplored function of trademarks is to combine with a product to provide a new hedonic experience to consumers in a way that is qualitatively only little different from the experience of a copyrighted or patented good. Trademarked goods have just as much potential to add to human happiness or ability to experience meaning as the types of products covered by other forms of intellectual property. Third, and perhaps most controversially, trademarks—in part but not exclusively through the creation of status goods—may incentivize socially desirable behavior such as hard work and productivity that keep the engines of the world running. In the classic Christmas movie *Miracle on 34th Street*, the young janitor Alfred tells us: “[y]eah, there’s a lot of bad ‘isms’ floatin’ around this

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2. *In re Trade-Mark Cases*, 100 U.S. 82, 94 (1879).

3. *Id.* at 96.

4. I previously discussed these functions in Irina D. Manta, *Privatizing Trademarks*, 51 ARIZ. L. REV. 381, 387 (2009).

world, but one of the worst is commercialism.”<sup>5</sup> We must remain open to the possibility, however, that the commercialism of trademark owners helps to drive the economy by incentivizing consumers to be more creative and productive than they would need to be for bare subsistence.

This Article seeks to smooth the dividing line between copyrights/patents and trademarks. The argument shows how the reconceptualization of trademarks as an incentivizing instrument gains importance when legislatures and courts consider modifications to existing laws and policies in this area. While the eventual answer to the question of where to make changes will need to consider a number of factors, including moral priors and economic evidence, one of these factors should be the consequences on the incentivizing functions of brands, as bolstered by trademarks. Only by acknowledging the ways in which these functions would be strengthened or weakened can a full evaluation of the tradeoffs involved occur.

Part II describes the legal landscape of our current intellectual property regime, distinguishing between patents, copyrights, and trademarks, and showing both the parallels and differences between the three branches. Part III discusses the trademark legal regime in greater detail, with a focus on doctrines that have developed outside of the traditional framework of infringement resulting from consumer confusion at the point of sale. Part IV presents the three incentivizing functions of trademarks and their relationship to the law and legal change. Part V concludes.

## II. THE THREE FORMS OF INTELLECTUAL PROPERTY DISTINGUISHED

Trademarks, copyrights, and patents are typically grouped together under the rubric of intellectual property and are each ruled by their own statutory regimes.<sup>6</sup> All three types of goods are intellectual in that they are created by the mind and remain intangible, but they can each possess great value.<sup>7</sup> How and why we call them property, and whether that is a legitimate designation, has been debated at great length.<sup>8</sup> This Part will provide the relevant background on each regime and show the main similarities and distinctions between the current legal treatment of each form of intellectual property.

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5. *MIRACLE ON 34TH STREET* (Twentieth Century Fox Film Corporation 1947).

6. *See generally*, BRAD SHERMAN & LIONEL BENTLY, *THE MAKING OF MODERN INTELLECTUAL PROPERTY LAW: THE BRITISH EXPERIENCE* 168 (1999).

7. For a discussion of the origins of the phrase “intellectual property” and its applicability over time, see Justin Hughes, *A Short History of “Intellectual Property” in Relation to Copyright*, 33 *CARDOZO L. REV.* 1293 (2012).

8. *See generally*, Michael A. Carrier, *Cabining Intellectual Property Through a Property Paradigm*, 54 *DUKE L.J.* 1 (2004) (discussing the propertization of intellectual property); Stephen L. Carter, *Does It Matter Whether Intellectual Property Is Property?*, 68 *CHI.-KENT L. REV.* 715 (1993); Irina D. Manta & Robert E. Wagner, *Intellectual Property Infringement as Vandalism*, 18 *STAN. L. TECH. REV.* 331 (2015) (analyzing the relationship between intellectual property and property law, including as it applies to the sanctions regime of intellectual property).

## A. PATENTS

U.S. patent law grants rights to the inventor of a process, machine, article of manufacture, or composition of matter that is new, useful, and non-obvious.<sup>9</sup> A patent holder may exclude others from making, using, selling, offering for sale, importing, inducing others to infringe, and/or offering a product specially adapted for practice of the patent.<sup>10</sup>

To obtain a patent, the invention must be novel in the sense that it was not generally known to the public before the applicant invented it, and nonobvious in that it embodies more than a trivial change from prior art.<sup>11</sup> The standards to establish this are high and the patent examination process exacting.<sup>12</sup> In contrast, a trademark may be protected without any showing of novelty, non-obviousness, or originality.<sup>13</sup> Patent law is designed to encourage inventors to disclose their new technology to the world by offering the incentive of a limited-time monopoly on the technology.

Patents are granted and issued through the U.S. Patent and Trademark Office (PTO).<sup>14</sup> In addition to utility patents, which are granted for a process, machine, article of manufacture, or composition of matter, applicants can receive a design patent for ornamental designs of a functional item.<sup>15</sup> The term of a utility patent is twenty years from the earliest patent application filing date, although this term can be extended via patent term adjustment.<sup>16</sup> The current term for a design patent is fifteen years.<sup>17</sup> Once the patent term expires, the subject matter that the patent covered then enters the public domain and is free for anyone to use.<sup>18</sup>

## B. COPYRIGHTS

The current U.S. copyright laws most immediately resulted from the Copyright Act of 1976, as amended by several later-enacted copyright provisions.<sup>19</sup> The Act spells out the basic rights of copyright holders, codi-

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9. 35 U.S.C. §§ 1-390 (2012).

10. § 271.

11. §§ 102, 103.

12. §§ 102, 103.

13. See Justin Hughes, *Cognitive and Aesthetic Functionality in Trademark Law*, 36 *CARDOZO L. REV.* 1227, 1238 (2015). Because of the different standards for protection, the functionality bar to trademark protection is essential to ensure that trademark registration is not used to avoid the rigors of patent approval.

14. §§ 1-26.

15. § 171.

16. § 154(a)(2).

17. § 173.

18. § 173.

19. 17 U.S.C. §§ 101-1332 (2002). Section 106 grants five exclusive rights to copyright holders, all of which are subject to the remaining sections in chapter 1, currently, § 107-122: (1) the right to *reproduce* (copy) the work into copies and phonorecords, (2) the right to create *derivative works* of the original work, (3) the right to *distribute* copies and phonorecords of the work to the public by sale, lease, or rental, (4) the right to *perform* the work publicly (if the work is a literary, musical, dramatic, choreographic, pantomime, motion picture, or other audiovisual work), and (5) the right to *display* the work publicly (if the work is a literary, musical, dramatic, choreographic, pantomime, pictorial, graphic,

fies the doctrine of “fair use,” and, for most new copyrights, adopts a unitary term based on the date of the author’s death, rather than the prior scheme of fixed initial and renewal terms.<sup>20</sup>

These copyright laws protect “original works of authorship” when fixed in tangible form.<sup>21</sup> The purpose of copyright law is to stimulate the creation and dissemination of works of authorship to benefit the public. This includes an array of expressive works, including literary, artistic, and musical works, as well as sound recordings and audiovisual works.<sup>22</sup> Many expressive works are also capable of serving as trademarks.<sup>23</sup> Indeed, if the design is novel and nonobvious, it may further be eligible for design patent protection.<sup>24</sup>

### C. TRADEMARKS

While trademark protection has its roots in common law, Congress most significantly utilized its powers to pass the Lanham Act governing trademarks in 1946, with a clearly articulated purpose “to protect the public from deceit, to foster fair competition, and to secure to the business community the advantages of reputation and goodwill by preventing their diversion from those who have created them to those who have not.”<sup>25</sup> The Act provides for federal registration of trademarks and service marks that are distinctive and used in commerce and offers an array of remedies against parties who infringe on such marks.<sup>26</sup>

Trademark law serves two primary purposes: first, to protect consumers from being confused or deceived about the source of goods or services, and second, to encourage merchants to stand behind their goods and services by protecting the goodwill they have developed in their trademarks.<sup>27</sup> Trademarks arise only through the actual use of a mark to indicate the source of the goods or service, and the public must actually recognize the mark as a source indicator for it to be protected.<sup>28</sup> If a term begins to be used generically by the public, the mark loses its protection.<sup>29</sup>

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sculptural, motion picture, or other audiovisual work). The Act was amended in 1995 to include a sixth exclusive right: the right to perform a sound recording by means of digital audio.

20. 17 U.S.C. §§ 101-1332 (2012).

21. § 102.

22. § 102(a).

23. *See, e.g.*, Application of World’s Finest Chocolate, Inc., 474 F.2d 1012, 1015 (C.C.P.A. 1973). It is not unusual for trade dress to be protected both by a design patent and by a trademark under unfair competition law.

24. *Id.*

25. S. REP. NO. 79-1333, at 4 (1946).

26. 15 U.S.C. §§ 1051-1127 (2005).

27. Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813, 818 (1927). “The true functions of the trademark are . . . to identify a product as satisfactory and thereby to stimulate further purchases by the consuming public.” *See* Qualitex Co. v. Jacobson Prods. Co. Inc., 514 U.S. 159, 163-64 (1995).

28. §§ 1051(a)(1), 1127.

29. *See* DuPont Cellophane Co. v. Waxed Prods. Co., 85 F.2d 75, 81 (2d Cir. 1936). Regardless of how much money DuPont had invested to persuade the public that “cello-

Under the Lanham Act, federal registration of trademarks is available only if an applicant shows that the mark has been used in commerce or that he has a bona fide intent to use it in commerce.<sup>30</sup> Under the common law and § 43(a) of the Lanham Act, the exclusive rights of a trademark owner are generally limited to the geographic area in which the owner was the first to use the mark and has used it continually.<sup>31</sup> Thus, different parties may be able to use similar trademarks for similar goods or services sold in distinct geographical areas. Although federal registration allows trademark owners an even greater expansion of their common law rights by giving nationwide rights of priority to registered trademarks, the federal registration statute does not displace any preexisting common law rights.<sup>32</sup>

Three of the most fundamental sections of the Lanham Act are: § 2 that sets forth the standards for registering a trademark; § 32 that protects federally registered trademarks against unauthorized uses that are likely to confuse or mislead the consumer as to the source of the goods or services; and § 43(a) which provides a cause of action against false statements made by others in connection with the offering of goods or services, including infringement of an unregistered trademark.<sup>33</sup>

A mark must be distinctive to get protection under the Lanham Act as a trademark, meaning that it must be capable of distinguishing the goods or services in connection with which it is used from goods or services offered by another source.<sup>34</sup> Distinctiveness in the trademark context has been defined as the “tendency to identify the goods sold as emanating from a particular, although possibly anonymous, source.”<sup>35</sup>

There are two ways in which a trademark can be distinctive: it can be inherently distinctive or it can acquire distinctiveness through use.<sup>36</sup> A mark is inherently distinctive if, starting from the moment that its use commences, “[its] intrinsic nature serves to identify a particular source.”<sup>37</sup> Further, trademarks are traditionally divided into four categories of distinctiveness: arbitrary/fanciful, suggestive, descriptive, and generic.<sup>38</sup> If a mark is categorized as either arbitrary/fanciful or suggestive,

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phane” meant a DuPont product, they were unsuccessful in that effort and therefore not entitled to relief.

30. § 1127.

31. § 1125(a).

32. MARY LA FRANCE, UNDERSTANDING TRADEMARK LAW 13 (2011). Because the federal registrant’s nationwide priority is based on constructive rather than actual use, any party that had established common law priority rights through actual use of an identical or confusingly similar mark and who has not abandoned the mark, retains priority over the federal registrant in the geographical area where the actual use took place.

33. §§ 1052, 1114, 1125(a).

34. LAFRANCE, *supra* note 32, at 46.

35. *Paddington Corp. v. Attiki Importers & Distributors, Inc.*, 996 F.2d 577, 585 (2d Cir. 1993).

36. LAFRANCE, *supra* note 32, at 47.

37. *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 211 (2000) (citation omitted).

38. *See Zatarain’s, Inc. v. Oak Grove Smokehouse, Inc.*, 698 F.2d 786, 790 (5th Cir. 1983), *abrogated by* 543 U.S. 111 (2004).

it “bear[s] no relationship to the products or services to which they are applied.”<sup>39</sup> These arbitrary/fanciful and suggestive marks are considered to be inherently distinctive, and exclusive rights to them are determined solely by priority of use.<sup>40</sup> One well-known example of an arbitrary term used as a trademark is “Apple” for computers.

Marks that are classified as descriptive or generic to the particular goods or services to which they are applied can acquire distinctiveness through use if there is proof of secondary meaning.<sup>41</sup> A descriptive term identifies a characteristic or quality of an article or service, and secondary meaning arises once “the primary significance of the term in the minds of the consuming public is not the product but the producer [of it].”<sup>42</sup> Nonetheless, generic terms like “computer” cannot receive trademark protection even if secondary meaning is established.

In 1995, Congress passed the Federal Trademark Dilution Act (FTDA) and added § 43(c) to the Lanham Act, which created a cause of action for dilution of the selling power of famous marks.<sup>43</sup> The purpose of the Act was “to protect famous trademarks from subsequent uses that blur the distinctiveness of the mark or tarnish or disparage it, even in the absence of a likelihood of confusion.”<sup>44</sup> The protection is available to both registered and unregistered trademarks.<sup>45</sup>

#### D. TRADEMARKS, PATENTS, & COPYRIGHTS: COMPARED AND CONTRASTED

Congress derives its authority to enact legislation to protect trademarks, copyrights, and patents from two sources. In the case of copyrights and patents, the Constitution provides that authority pursuant to the IP Clause through which, for limited times, authors and inventors are granted the exclusive right to the writings or inventions they have created.<sup>46</sup> In contrast, Congress’s power to enact trademark laws originates in the Commerce Clause of the Constitution.<sup>47</sup> Since the trademark statute is founded on the Commerce Clause, federal trademark legislation

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39. *See id.* at 791.

40. *See id.*

41. *Wal-Mart Stores*, 529 U.S. at 211. The phrase “secondary meaning” originally arose in the context of word marks, where it served to distinguish the source-identifying meaning from the commonplace, or “primary,” meaning of the word. Secondary meaning has since come to refer to the acquired, source-identifying meaning of a non-word mark as well. *See id.*

42. *Zatarain’s*, 698 F.2d at 791; *Kellogg Co. v. Nat’l Biscuit Co.*, 305 U.S. 111, 118 (1938).

43. 15 U.S.C. § 1125(c)(1) (2005); *see also* Federal Trademark Dilution Act of 1995, Pub. L. No. 104-98, 109 Stat. 985-86.

44. H.R. REP. NO. 104-374, at 3 (1995).

45. Trademark Dilution Revision Act of 2006, Pub. L. No. 109-312, 120 Stat. 1730 (2006). In 2006, Congress enacted the Trademark Dilution Revision Act (TDRA) to clarify various aspects of Section 43(c).

46. U.S. CONST. art. I, § 8, cl. 8.

47. U.S. CONST. art. I, § 8, cl. 3 (Power “to regulate commerce with foreign Nations, and among the several States, and with Indian Tribes.”).

must bear a relationship to interstate commerce to be valid.<sup>48</sup> Because the Commerce Clause does not contain a “limited times” provision, Congress has the power to protect trademarks indefinitely.<sup>49</sup>

The rights of a trademark owner continue for as long as the owner keeps using the mark, rather than abandoning it.<sup>50</sup> In contrast, patent and copyright laws provide protection for fixed statutory periods.<sup>51</sup> The exclusive rights of a federal patent or copyright owner are nationwide in scope, whereas the geographical scope of a trademark depends on whether the mark derives its protection from common law, state statute, or federal registration.<sup>52</sup> The owners of trademarks, patents, and copyrights can seek civil remedies to protect their goods, although the law only imposes criminal punishments on copyright and trademark violators, and not patent infringers.<sup>53</sup>

A number of goods receive protection under more than one IP regime, sometimes simultaneously and at other times sequentially. Questions of how to calibrate IP protection in those contexts have been of particular sensitivity due to the possible risk of IP owners using a regime like trademarks to extend their now-defunct rights under, say, patent law in a way that thwarts congressional intent in providing the proper term and scope of patent protection. This issue famously came up in the case of *TraFFix Devices, Inc. v. Marketing Displays, Inc.*, in which the Supreme Court decided that functional designs could not receive trademark protection and that a design whose patent protection had expired would be presumed to be functional.<sup>54</sup> Courts’ treatment of the relationship between the different branches of intellectual property has thus largely been a cautious one, in which courts sought to maintain the separation of the regimes, rather than comment on their parallels.

Scholars have at times, however, directly or indirectly acknowledged some of these parallels. For instance, Clarisa Long has emphasized the informational function of patents, which she stated can be more valuable to the IP owner than the actual substance of the right.<sup>55</sup> Similarly, a rich copyright portfolio can serve as a marker of quality to customers of a company.<sup>56</sup>

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48. 15 U.S.C. § 1127 (2005).

49. §§ 1058, 1059.

50. *Id.*

51. 35 U.S.C. §§ 154(a)(2), 173 (2012); 17 U.S.C. §§ 302-304 (2002). As mentioned, rights under utility patents and design patents commence on the date that the patent is granted and end twenty years from the date the application was filed; the term of a design patent ends fifteen years from the date on which the patent issues. The present term of copyright protection for works created after December 31, 1977 is the life of the author plus seventy years, or, in the case of works made for hire, the shorter of ninety-five years from publication or 120 years from creation. 17 U.S.C. §§ 302-304 (2002).

52. *LaFrance*, *supra* note 32, at 13.

53. 18 U.S.C. §§ 2319, 2320 (2008); 35 U.S.C. § 281 (2012). For an explanation of this phenomenon, see Irina D. Manta, *The Puzzle of Criminal Sanctions for Intellectual Property Infringement*, 24 *HARV. J.L. & TECH.* 469 (2011).

54. *TraFFix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23, 34-35 (2001).

55. See Clarisa Long, *Patent Signals*, 69 *U. CHI. L. REV.* 625, 628 (2002).

56. I would like to thank Dmitry Karshtedt for our conversation on this subject.

### III. THE DEVELOPMENT OF TRADEMARK LAW

The common law has always recognized that a primary goal of trademark law is to prevent mistake, deception, and confusion with regard to the origin of goods.<sup>57</sup> In addition to protecting consumers from being confused or deceived about the source of goods or services, trademarks help to protect the goodwill that merchants have developed for their products.<sup>58</sup> Trademark law reduces the customer's search costs since a customer is assured that the product with a given mark is made by the same manufacturer and is of similar quality as an item she liked in the past.<sup>59</sup> The law also ensures that the producer "will reap the financial, reputation-related rewards associated with a desirable product."<sup>60</sup> The dual function of trademark law protects both buyers and sellers in that context.

Throughout the twentieth century, the courts and Congress broadened trademark law.<sup>61</sup> "Early cases sought to protect producers from illegitimate diversions of customers they had worked to attract. Modern trademark law, by contrast, seeks to protect brands, construed broadly."<sup>62</sup> This Part sketches the development of trademark law from its early days, which focused on a more limited set of functions of trademarks, to its current shape. In doing so, it shows how the goals of trademark law may have initially diverged from those of other areas of intellectual property, but increasingly converged over time.

#### A. TRADEMARKS AT COMMON LAW

Trademark law is rooted in common law and is part of the broader law of unfair competition.<sup>63</sup> The common law was particularly concerned with the tort of "passing off," where merchants attempted to divert sales to themselves by falsely representing the source of their goods as their competitors and capitalizing on their goodwill.<sup>64</sup> Merchants deceived customers by either using competitors' trademarks to falsely market their own products or employed other means to suggest false origins of the products (such as by imitating packaging or the appearance of the originals).<sup>65</sup> The distinction between trademark infringement and unfair competition was that trademark infringement involved the imitation of the source identifiers—i.e., the marks—whereas in unfair competition the imitated features were descriptive of the products only because the public had come to

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57. *See* Time, Inc. v. Motor Publ'n Inc., 131 F. Supp. 846, 848-49 (D. Md. 1955).

58. *See* Qualitex Co. v. Jacobson Prods. Co. Inc., 514 U.S. 159, 163-64 (1995).

59. *See id.*

60. *Id.* at 164.

61. Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 NOTRE DAME L. REV. 1839, 1896 (2007).

62. *Id.*

63. LAFRANCE, *supra* note 32, at 1.

64. *Id.* at 2.

65. *Id.*

associate these features with a single source of the goods.<sup>66</sup> Whatever the basis of the infringement, the underlying concern was that the consumer was being deceived as to the source of the goods.<sup>67</sup>

Today, trademark infringement encompasses both imitation of the trademark and of features that have acquired secondary meaning.<sup>68</sup> Although fraudulent intent was an element of such common law causes of action, the element of intent has gradually decreased in importance as protecting consumers from confusion has become paramount even if the confusion was inadvertent.<sup>69</sup> Although trademark law is a subset of the law of unfair competition, it is by far the most significant.<sup>70</sup> Under the common law, a trademark is protected regardless of whether it has been registered, provided that it is not a functional feature of a product, and assuming that it distinguishes in the consumer's mind one seller's goods from another's.<sup>71</sup> Many states have enacted statutes that apply to unregistered trademarks and have created registration systems that provide enhanced protection to registered marks.<sup>72</sup>

#### B. EARLY FEDERAL STATUTORY ENACTMENTS & THE TRADE-MARK CASES

The first trademark law enacted by Congress in 1870 provided for federal registration in the Patent Office for all trademarks used within the United States regardless of whether they were used in interstate commerce.<sup>73</sup> Six years later, Congress passed further legislation making the fraudulent use, sale, and counterfeiting of registered trademarks punishable by fine and imprisonment.<sup>74</sup> In 1879, in the *Trade-Mark Cases*, the Supreme Court struck down these statutes on the grounds that they were unconstitutional.<sup>75</sup>

The three cases before the Supreme Court involved criminal prosecution for violations of this trademark legislation. The Court articulated the well-understood propositions that the right to adopt and use a trademark had long been recognized at common law as well as by the statutes of some states, and that any right that Congress had to legislate in this area must be from the Constitution of the United States, which is the source of

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66. *Id.*

67. *Id.*

68. See 15 U.S.C. §§ 1051-1141 (2005).

69. J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION, § 5:2 (4th ed. 2009).

70. RESTATEMENT (THIRD) OF UNFAIR COMPETITION SECTIONS 2-4 (1995). The *Restatement (Third) of Unfair Competition* sets out the modern law of trademark and unfair competition and reflects the focus on consumers' purchasing decisions rather than the subjective intent of the seller. See *id.* The Restatement also recognizes as unfair competition false statements about the source of one's own goods, as well as false representations about the source of another's goods, known as reverse passing off. See *id.*

71. LAFRANCE, *supra* note 32, at 5.

72. *Id.*

73. Act of July 8, 1870, ch. 230, 16 Stat. L. 198-217.

74. Act of Aug. 14, 1876, 19 Stat. 141.

75. *In re Trade-Mark Cases*, 100 U.S. 82, 99 (1879).

all powers that Congress can lawfully exercise.<sup>76</sup>

Under the Constitution, Congress was authorized “[t]o promote the Progress of Science and useful Arts, by securing for limited Times, to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.”<sup>77</sup> The Supreme Court held that Congress had exceeded its authority under this clause because the statutes extended trademark protection without regard to the originality or creativity of the mark.<sup>78</sup> Highlighting the important distinctions that separate copyright and patent rights from the subject matter of trademark law, the Court noted that “the ordinary trade-mark has no necessary relation to invention or discovery.”<sup>79</sup>

The trademark may be, and generally is, the adoption of something already in existence as the distinctive symbol of the party using it. At common law the exclusive right to it grows out of *use*, and not its mere adoption. By the act of Congress, this exclusive right attaches upon registration. But in neither case does it depend upon novelty, invention, discovery, or any work of the brain. It requires no fancy or imagination, no genius, no laborious thought. It is simply founded on priority of appropriation.<sup>80</sup>

While the Supreme Court noted that such legislation “may be within the competency of legislatures whose general powers embrace that class of subjects, [the Court was] unable to see any such power in the constitutional provision concerning authors and inventors, and their writings and discoveries.”<sup>81</sup> The Court next examined the Commerce Clause to determine whether it conferred the requisite authority on Congress to pass the trademark legislation.<sup>82</sup> The Court found nothing in the trademark legislation limiting its regulation to “commerce with foreign nations, and among the several states and with Indian tribes.”<sup>83</sup> Accordingly, the trademarks statutes were declared unconstitutional.<sup>84</sup> It would be another twenty-five years before Congress passed legislation permitting the registration of marks used in interstate commerce.

### C. THE INITIAL BROADENING OF TRADEMARK RIGHTS

During the twentieth century, the courts and Congress considerably expanded trademark law to provide greater protection to brands as opposed to focusing primarily on protecting customers from illegitimate

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76. *Id.* at 92.

77. U.S. CONST. art. I, § 8, cl. 8.

78. *In re Trade-Mark Cases*, 100 U.S. at 99.

79. *Id.*

80. *Id.*

81. *Id.*

82. *Id.* at 94-95.

83. *Id.* at 95, 97.

84. *Feist Publ'n, Inc. v. Rural Telephone Serv. Co.*, 499 U.S. 340, 363 (1991). In *Feist*, the Supreme Court reiterated the essential point made more than a century before, namely that the Clause exacts originality and at least some minimal creativity as a condition of the exclusive rights it allows Congress to confer on authors and inventors. *See id.*

diversions.<sup>85</sup> As Mark McKenna posits, the traditional concepts of “goodwill” and “likelihood of confusion” became the tools for the expansion of trademark law such that consumers grew to expect that trademark owners had increasingly broad control over their brands and marks.<sup>86</sup> These new consumer expectations led to even broader trademark rights spiraling into greater expectations, spurred on by the help of marketers.<sup>87</sup> Indeed, what a company stands for in the eyes of its customers (i.e., the ideals that its brands project) can serve as the most important factor in the company’s future growth and profitability.<sup>88</sup>

The first step in this expansion of rights was the Trademark Act of 1905 permitting the federal registration of trademarks used in interstate commerce.<sup>89</sup> The 1905 Act allowed the registration of marks that were inherently distinctive, and excluded descriptive marks and trade dress, regardless of their degree of acquired distinctiveness.<sup>90</sup> Yet, the Act loosened the requirement of direct competition by defining infringement as a party’s use of the same or a similar mark as the plaintiff’s on goods of substantially the same descriptive properties.<sup>91</sup> Accordingly, this allowed claims against uses for goods that were descriptively similar, even if the proprietors did not directly compete with one another.<sup>92</sup>

Judge Learned Hand continued to apply this broad reading of the 1905 Act when the Second Circuit refused to allow the registration of the “YALE” mark for flashlights and batteries when it was already used for locks.<sup>93</sup> According to Judge Hand, “it ha[d] come to be recognized that, unless the borrower’s use is so foreign to the owner’s as to insure against any identification of the two, it is unlawful.”<sup>94</sup> Congress extended coverage to descriptive marks with secondary meaning in the 1920 Act and continued to revise these acts over the next forty years.<sup>95</sup>

In 1946, Congress undertook a major overhaul of the federal trademark law by enacting the Lanham Trademark Act of 1946.<sup>96</sup> The Act provides for federal registration of marks that are used in commerce and for an array of remedies against parties who infringe on registered marks.<sup>97</sup> Trademark protection could extend to “word[s], name[s], sym-

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85. McKenna, *supra* note 61, at 1896.

86. *Id.* at 1899.

87. *Id.*

88. See JIM STENGEL, GROW (2011).

89. Pub. L. No. 58-84, 33 Stat. 727 (1905), *repealed by* Lanham Act, Pub. L. No. 79-489, § 46(a), 60 Stat. 427, 444 (1946) (codified as amended in various sections of 15 U.S.C.).

90. LAFRANCE, *supra* note 32, at 6.

91. *See id.*

92. *See Aunt Jemima Mills Co. v. Rigney & Co.*, 247 F. 407, 410 (2d Cir. 1917) (allowing the owner of the Aunt Jemima’s mark for pancake batter to prevent the defendant’s use of the same mark for pancake syrup).

93. *Yale Elec. Corp. v. Robertson*, 26 F.2d 972, 974 (2d Cir. 1928).

94. *Id.*

95. Act of Mar. 19, 1920, 41 Stat. 533.

96. Pub. L. No. 79-489, 60 Stat. 427 (1946).

97. 15 U.S.C. § 1053 (2005). A national system of trademark registration provided advantages over state common law trademarks: First, a federally registered mark allows the registrant to overcome any claims of later use by good faith users by giving nationwide

bol[s], or devices, or any combination thereof.”<sup>98</sup> Product design and packing may constitute protectable trademarks.<sup>99</sup> Even sounds, scents, and colors may qualify for trademark protection.<sup>100</sup> The expansion of protection for marks outside traditional words and written media potentially signaled a shift away from the earlier narrower view of trademarks as naked source identifiers whose creativity was of little relevance.

According to the Act, such trademarks are protected under federal law so long as they are “used by a person” in commerce in a distinctive way “to identify and distinguish his or her goods . . . from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.”<sup>101</sup> This “anonymous source doctrine” signified a move away from traditional trademark law since consumers only need to recognize that a mark represents a single source, but do not need to know the specific origin of the good at issue.<sup>102</sup> The doctrine understands *the mark* to be the thing consumers care about, not the source.<sup>103</sup> It does not matter who is manufacturing or providing the product so long as it bears the appropriate mark, which carries with it information about the consumer’s tastes and the producer’s reputation.<sup>104</sup>

The inherent distinctive quality of a mark is an important factor in trademark law. Distinctiveness is traditionally measured on a scale described by Judge Friendly (which became known as the *Abercrombie* spectrum) as progressing from least to most distinctive, in terms of marks that are: (1) generic; (2) descriptive; (3) suggestive; and (4) arbitrary or fanciful.<sup>105</sup> Judge Friendly noted that the ascending order reflected not only “eligibility to trademark status,” but also “the degree of protection accorded.”<sup>106</sup> Marks are inherently distinctive if they are capable of identifying a unique source of that good or service when they are first used.<sup>107</sup> Arbitrary or fanciful terms bear no relationship to the products or services they describe and are “new coinage.”<sup>108</sup> A suggestive mark requires imagination, thought and perception to reach a conclusion as to the nature of the goods. Marks that are not inherently distinctive, but are descriptive of a particular good or service, can become distinctive if there is

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constructive notice; second, federal registration provides an independent basis for federal subject matter jurisdiction; and third, the statute conveys some additional rights, most notably incontestability, which arguably gives a registrant rights beyond common law rights. *See id.* The Act explicitly expands common law rights by allowing the registration of service marks. *See id.*

98. § 1127.

99. *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 209-16 (2000).

100. *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 162, 174 (1995).

101. § 1127.

102. *See* Deven R. Desai, *From Trademarks to Brands*, 64 FLA. L. REV. 981, 1011 (2012).

103. *Id.*

104. *Id.*

105. *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9-12 (2d Cir. 1976).

106. *Id.* at 9.

107. *See Zatarain’s, Inc. v. Oak Grove Smokehouse, Inc.*, 698 F.2d 786, 791 (5th Cir. 1983), *abrogated by* 543 U.S. 111 (2004).

108. *Abercrombie & Fitch Co.*, 537 F.2d at 11.

proof of secondary meaning.<sup>109</sup> Generic terms cannot receive trademark protection, even if secondary meaning is established.<sup>110</sup>

Jeanne Fromer explains that arbitrary and fanciful marks reflect a level of creativity in their design such that they are rewarded by receiving greater protection.<sup>111</sup> “Unlike creators, who receive no special cognizance under trademark law, creativity itself is strongly encouraged. In fact, in spite of Supreme Court and other pronouncements to the contrary, encouraging creativity lies at the heart of trademark law and theory.”<sup>112</sup> With respect to copyrights and patents, “problem finding” and “problem solving” are recognized and valued such that their “protectability” emphasizes how well the problem was solved.<sup>113</sup>

Creativity is something central that patent and copyright law each seeks to encourage, which is why it is vital to ensure that these laws actually encourage creative work in their respective purviews. With patent and copyright, the law seeks to encourage the creator to craft something valuable.<sup>114</sup>

Creativity made its way into trademark law once trademark law moved from protecting significations of a single known source to marks indicating a single, but typically unknown, source. Therefore the mark must be linked—usually by creativity—to the underlying good to imprint it on the consumer’s mind. Establishing this link is also an undertaking in creativity.

According to psychologists, creativity is “a process that generates a product or idea and possesses two qualities: newness and appropriateness—appropriate in the sense that some community recognizes it as socially valuable.” Trademark creation fits this schema of creativity. The creator here is, by definition, building something new: a link between a mark and goods and services that has not previously existed. In the abstract, this link creation is socially appropriate, in that trademark law seeks to benefit consumers and trade in innumerable ways.<sup>115</sup>

The experience of Procter & Gamble (P&G) demonstrates the power and profitability of establishing links that connect consumers with something they recognize as socially valuable in a new and different way.<sup>116</sup> P&G created a link between Jif peanut butter and the mothers who were typically the purchasers by exemplifying and incorporating the mothers’ values into its brand. The P&G protected slogan, “Choosy Mothers Choose Jif,” linked the mothers’ values of healthfulness and nutrition to

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109. See 15 U.S.C. § 1052(f) (2005).

110. See *Zatarain’s*, 698 F.2d at 790-91.

111. See Jeanne C. Fromer, *The Role of Creativity in Trademark Law*, 86 NOTRE DAME L. REV. 1885, 1907-08 (2011).

112. *Id.* at 1902.

113. *Id.*

114. *Id.*

115. *Id.* at 1905.

116. STENGEL, *supra* note 88, at 16.

its product by advertising that its product was of high quality and that no preservatives or toxins found on peanuts were used to make the product.<sup>117</sup> P&G further supported women's value by contributing ten cents from the sale of each jar to a local parent teacher association.<sup>118</sup> By explicitly aligning and linking its business to the values of moms, P&G achieved record market sales.<sup>119</sup>

This new and creatively driven role for brands demonstrates the way in which creators of brands utilize the same type of processes and intellect that is behind the development of copyrights and patents. Creativity is required to establish the unique links between customers and the brand that the seller wants its customer to experience. It is this experience that will bring the customer back for more. It was more than one hundred years ago that the Supreme Court drew a line of demarcation between copyrights and patents based in large part on its conclusion that trademarks did not "depend upon novelty, invention, discovery, or any work of the brain. It requires no fancy or imagination, no genius, no laborious thought."<sup>120</sup> Such conclusions may be turning into a thing of the past.

#### D. SPONSORSHIP CONFUSION

Infringement under the Lanham Act was intended to include any use that was likely to cause confusion as to a potential connection between the junior user and the mark owner.<sup>121</sup> This involved not only confusion about the actual source of the product but also as to the relationship or affiliation between the mark's owner and the junior user.<sup>122</sup> Under this scheme, the consumer's belief as to any potential relationship between the two parties affected the scope of the trademark owner's rights.<sup>123</sup>

Allowing infringement claims for non-competitive uses represented a shift in trademark law.<sup>124</sup> The Lanham Act allowed claims based on the argument that purchasers may be disappointed with the junior user's product and impute that disappointment to the mark's owner, mistakenly believing that there is some relationship. The senior user may lose future sales or be impeded in its efforts to enter new markets.<sup>125</sup> This shift allowing trademark owners' claims against noncompetitive uses reflected a fundamental change in trademark theory and the need for the development of factors for a court to consider in gauging the likelihood of confusion in the case of noncompeting products.<sup>126</sup>

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117. *See id.* at 15.

118. *See id.*

119. *See id.* at 16.

120. *In re Trade-Mark Cases*, 100 U.S. 82, 94 (1879).

121. Pub. L. No. 79-489, 60 Stat. 427 (1946).

122. MCCARTHY, *supra* note 69 (explaining this approach and collecting cases).

123. McKenna, *supra* note 61, at 1902.

124. *Id.* at 1903.

125. *Id.*

126. LAFRANCE, *supra* note 32, at 140.

Having jettisoned the requirement of competition, federal courts of appeal and state courts began to develop tests for determining the likelihood of confusion for noncompeting products.<sup>127</sup> The most well-known factors were set out in the *Polaroid* case: (1) the strength of the mark; (2) the degree of similarity between the two marks; (3) the proximity of the products or services; (4) the likelihood that the prior owner will “bridge the gap;” (5) evidence of actual confusion; (6) the defendant’s good faith (or bad faith) in adopting the mark in question; (7) the quality of the defendant’s product or services; and (8) the sophistication of the buyer.<sup>128</sup> The courts in essence ceased looking for a strong link between customer confusion and the particular purchasing decision, and instead accepted as actionable confusion regarding sponsorship or affiliation.<sup>129</sup> The emphasis increasingly shifted from protecting the buyer to protecting the producer’s goodwill. Thus, sponsorship confusion is another area in which the law began to serve as a tool to safeguard broader functions of trademarks rather than its ability to minimize consumer search costs.

#### E. DILUTION

Congress expanded the scope of federal protection available to owners of famous trademarks when it created a cause of action for dilution through the 1995 Federal Trademark Dilution Act (FTDA). The goal of the law was to provide a federal remedy against another person’s commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark.<sup>130</sup> The lack of competition or confusion is not determinative under that provision.<sup>131</sup> Some commentators considered this statute “the most seismic change” to the evolution of trademark law.<sup>132</sup>

The concept of trademark dilution is a departure from traditional trademark principles since such claims allow a mark holder to prevent a third party from using the same mark even though there is no potential confusion and no risk that there will be a diversion of customers.<sup>133</sup> Because the Act protects against the dilution of the mark’s “distinctive quality,” trademark owners seeking protection under the Act must establish that their marks possess a “distinctive quality” to state a claim for dilution.<sup>134</sup>

The Dilution Act further differs from traditional trademark law in that the class of entities for whose benefit the law was created is far

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127. *Id.*

128. *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961).

129. McKenna, *supra* note 61, at 1903-04.

130. 15 U.S.C. § 1125(c)(1) (2005).

131. *TCPIP Holding Co. v. Haar Commc’ns, Inc.*, 244 F.3d 88, 95 (2d Cir. 2001).

132. Jeremy N. Sheff, *Veblen Brands*, 96 MINN. L. REV. 769, 777 (2012).

133. McKenna, *supra* note 61, at 1914.

134. *See Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 216 (2d Cir. 1999) (“A mark that, notwithstanding its fame, has no distinctiveness is lacking the very attribute that the anti-dilution statute seeks to protect.”).

narrower. The action for infringement under the Lanham Act serves the interests of consumers, as well as sellers, in having trademarks function[] as source-identifiers. . . . In contrast, the Dilution Act is designed solely for the benefit of sellers. Its purpose is to protect the owners of famous marks from the kind of dilution that is permitted by the trademark laws when a junior user uses the same mark in a non-confusing way in an unrelated area of commerce. The Dilution Act offers no benefit to the consumer public—only to the owner.<sup>135</sup>

The circuit courts split as to whether the FTDA required a plaintiff to prove that the defendant's unauthorized use had in fact caused dilution or merely that such dilution was likely to occur.<sup>136</sup> In 2003, the Supreme Court resolved this split, holding in *Moseley v. V Secret Catalogue, Inc.* that the law required a showing of actual dilution.<sup>137</sup> In 2006, however, Congress changed this when it enacted the Trademark Dilution Revision Act (TDRA).<sup>138</sup> Under that new and still current law, the owner of a famous mark can obtain injunctive relief against an unauthorized use that "is likely to cause dilution by blurring or dilution by tarnishment."<sup>139</sup> The changes to dilution law were among the most important in the trademark arena in recent memory, along with Congress's enactment of laws that sought to adapt existing frameworks to new technologies.<sup>140</sup>

## F. CONFUSION OUTSIDE THE POINT OF SALE

### 1. Initial Interest Confusion

The expansion of trademark protection continued as the doctrines of "initial interest confusion" and "post-sale confusion" developed.<sup>141</sup> The initial interest confusion doctrine protects brand reputation by preventing others from shifting potential consumers' attention—even if no actual sales are diverted. The doctrine applies even when the confusion is resolved before the actual purchase.<sup>142</sup> The post-sale confusion doctrine

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135. *TCPIP Holding Co.*, 244 F.3d at 93. This Article argues, however, that consumers may in fact receive benefits from dilution law as well. See *infra* Section IV.B.

136. LAFRANCE, *supra* note 32, at 222.

137. *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 419 (2003).

138. Trademark Dilution Act of 2006, Pub. L. No. 109-312, 120 Stat. 1730.

139. *Id.* (emphasis added).

140. See, e.g., Anticybersquatting Consumer Protection Act (ACPA), Pub. L. No. 106-113, 113 Stat. 1536 (1999). With the proliferation of transactions on the Internet, Congress believed that protection was needed to ensure that parties were not using the trademark names of others in domain names that confused or misled consumers or undermined the selling power of the marks. The ACPA defined with greater clarity the circumstances in which registration, use, or trafficking in a domain name that resembled a valid trademark violates the rights of owners and established procedures for enforcing those rights even when the infringer is beyond the personal jurisdiction of the courts.

141. "Initial interest confusion" and "post-sale confusion" have been traced to the 1962 amendments to § 2 of the Lanham Act that removed references to "purchasers," and to the recognition that the Act also protects trademark owners in addition to consumers. In both instances, trademark protection has expanded to protect marks where there is no source confusion, but instead injury, or potential injury, to the goodwill that the mark owner has developed in its mark. This is especially true in cases involving the Internet.

142. *Brookfield Commc'n, Inc. v. West Coast Ent. Corp.*, 174 F.3d 1036, 1062 (9th Cir. 1999).

seeks to avoid uninterested third parties' confusion from knock-off goods; it allows firms to protect the prestige of trademarks and brands. According to Deven Desai, these doctrines are unmitigated brand protection premised on the "corporate" view of brands, which endows the mark's owner with most or all of the power to dictate mark usage and meaning.<sup>143</sup>

With the advent of the Internet, the number of cases involving initial interest confusion has risen significantly.<sup>144</sup> At least seven circuits recognize initial interest confusion as a valid basis for an infringement claim involving the unauthorized use of trademarks or service marks in metatags or keyword advertising.<sup>145</sup> Many infringement claims have arisen from the unauthorized use of trademarks in domain names and in metatags, the computer code embedded in a website.<sup>146</sup> A junior user of a mark may divert consumers to its website by incorporating the familiar trademark into its domain name or metatags so that a search engine returns the junior user's cite as relevant to the user's search, as happened in *Brookfield Communications, Inc. v West Coast Entertainment Corp.* This was one of the first Internet cases to invoke the doctrine.<sup>147</sup>

The Lanham Act limits trademark infringement and unfair competition actions to circumstances in which the defendant's use of another mark, or an imitation of that mark, is "likely to cause confusion, or to cause mistake, or to deceive."<sup>148</sup> Jennifer Rothman makes the argument that the Lanham Act's goal to protect consumers is limited to preventing "diversion" in the context of deception and should not extend when another business, competing or non-competing, simply provides customers with other purchase options.<sup>149</sup>

Many courts treat the initial interest confusion test as separate and distinct from the traditional "likelihood of confusion" analysis, thereby increasing the prospect that a given defendant will be found liable for

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143. Desai, *supra* note 102, at 992-999.

144. Jennifer E. Rothman, *Initial Interest Confusion: Standing at the Crossroads of Trademark Law*, 27 *CARDOZO L. REV.* 105, 109 (2005). "Prior to the consideration of trademark infringement online, the initial interest confusion doctrine only rarely appeared as the basis for finding trademark infringement—there were fewer than a dozen published cases relying on the doctrine before 1990. In dramatic contrast, between 1990 and today there have been more than 100 published cases considering 'initial interest confusion.'" *Id.* at 109-10.

145. *LAFRANCE*, *supra* note 32, at 173. Some courts do not reach the question of initial interest confusion because they conclude as a threshold inquiry that such activities do not involve trademark use within the meaning of the Lanham Act.

146. *Id.* at 167.

147. *Brookfield Commc'n., Inc. v. West Coast Ent. Corp.*, 174 F. 3d 1036, 1057-58 (9th Cir. 1999) (holding that the doctrine of initial interest confusion could be used to find trademark infringement even if there was no likelihood of confusion). The defendant was liable for infringement because the plaintiff's "Moviebuff" trademark appeared in the metatags for defendant's website. The court concluded that despite the lack of source confusion, there was initial interest confusion in that the defendant was using "Moviebuff" "to divert people looking for 'MovieBuff' to its web site . . . improperly benefit[ing] from the goodwill that [plaintiff] developed in its mark." *See id.* at 1062.

148. 15 U.S.C. §§ 1114, 1125 (2005).

149. Rothman, *supra* note 144, at 125-26.

trademark infringement.<sup>150</sup> Mark McKenna sees these types of cases as involving “treat[ing] a trademark itself as the exclusive property of a mark owner . . . . Such cases lose sight of the fundamental distinction courts traditionally drew between attempts to divert trade (competition) and attempts to divert trade *through deception*.”<sup>151</sup> This does not resolve the question of which timeframe is relevant for the deception to occur, however, and the courts who have recognized claims of initial interest confusion have drawn the answer more broadly. While initial interest confusion partly fits into the framework of protecting consumer search costs, there is no question that the doctrine departs from the original historical understanding that focused on deception at the moment of sale.

## 2. *Post-Sale Confusion*

The post-sale confusion doctrine goes one step further in protecting trademark owners from confusion in the minds of non-purchasers. The consumer experiencing post-sale confusion is not the one who made the purchase, but instead a potential purchaser who might mistakenly associate the inferior-quality work of the junior user with the senior user and therefore refuse to buy from the senior user in the future.<sup>152</sup> The fact that there is no confusion at the point of sale does not negate the possibility of post-sale confusion.<sup>153</sup>

McKenna sees post-sale confusion as “quite radically different [from] traditional trademark law. Rather than focusing on consumers actively searching for a potential producer, liability . . . turn[s] on the possibility of confusion among casual observers—individuals about whom we have no reliable information with respect to future purchasing potential.”<sup>154</sup> Although some courts characterize the post-sale confusion doctrine as an example of trade diversion, the end result of cases adopting the post-sale confusion doctrine is to assure a trademark owner that only it will reap the benefits of its desirable products.<sup>155</sup>

Jeremy Sheff points out in his critique of the doctrine that the Supreme Court has never endorsed this theory or even discussed it, although circuit courts have recognized it.<sup>156</sup> Sheff breaks down the post-sale doctrine into three distinct types of cases—each designed in his view to regulate “socially expressive consumption.”<sup>157</sup> “Bystander confusion” refers to observers who see the purchase of a non-confused buyer and mistake the product for that of the plaintiff claiming trademark infringement.<sup>158</sup> This was the situation in *Payless Shoesource v. Reebok*, wherein Reebok con-

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150. *Id.* at 141-142.

151. McKenna, *supra* note 61, at 1906-07 (emphasis added).

152. LAFRANCE, *supra* note 32, at 173.

153. *Payless Shoesource, Inc. v. Reebok Int'l, Ltd.*, 804 F. Supp. 206, 212 (D. Kan. 1992), *vacated by* 998 F.2d 985 (Fed. Cir. 1993).

154. McKenna, *supra* note 61, at 1908.

155. *Id.*

156. Sheff, *supra* note 132, at 772-73.

157. *Id.* at 773.

158. *Id.* at 774.

tended that the confusion occurred when a consumer observed someone wearing a pair of Payless shoes and believed that the shoes were Reebok's.<sup>159</sup> The bystander consumer may attribute any inferior quality to Reebok, and this would damage Reebok's reputation.<sup>160</sup> Problems with such claims can arise as courts link together a chain of inferences required to find bystander confusion, rather than holding plaintiffs to prove "likely confusion."<sup>161</sup> Sheff describes this as "downstream confusion," where there is the risk that a non-confused purchaser of a knockoff might try to sell or resell the goods to a confused recipient.<sup>162</sup> Although this claim may be in some tension with precedent regarding contributory negligence and trademark law's first sale doctrine, such claims have been recognized.<sup>163</sup>

The last theory, "status confusion," owes its origins to Thorstein Veblen, an economist and social critic who argued that "individuals conspicuously consume some expensive products (Fendi handbags, say) to stake claim to social status."<sup>164</sup> If such symbols are overused or available to many, their value is driven down.<sup>165</sup> The "purchasers of such goods are not purchasing a level of product quality associated with the brand, but are rather purchasing the social status that is accorded those who possess products bearing the brand."<sup>166</sup> What Sheff finds remarkable about these claims is that the focus is on what it tells us about people, not what it tells us about the trademarked product.<sup>167</sup>

Thus, the information asymmetry that trademarks are called on to mitigate in the status-confusion cases is not between buyers and sellers of goods bearing Veblen brands—genuine or counterfeit. Rather, the asymmetry is between purchasers of goods bearing Veblen brands—genuine or counterfeit—and their social audience. The information as to which the asymmetry exists is not ultimately about the product at all, but about the social status of the person consuming it.<sup>168</sup>

As the above discussion demonstrates, trademarks have evolved from being solely a source indicator of goods to a medium of communication that provide buyers with a new and different understanding and experi-

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159. Payless Shoesource, 804 F. Supp. at 212.

160. *Id.*

161. Sheff, *supra* note 132, at 778-785.

162. *Id.* at 774.

163. See *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 854 (1982). Limiting contributory trademark infringement liability to those cases where the defendant intentionally induces infringement or continues to supply its products to one he knows, or has reason to believe, is engaging in trademark infringement. See also Sheff, *supra* note 132, at 786.

164. Sheff, *supra* note 132, at 774.

165. *Id.* at 775. Sheff refers to luxury trademarks that serve this socially expressive function as "Veblen brands."

166. *Id.* at 792.

167. *Id.* at 792. Sheff raises the question of whether trademark law is designed to care whether a purchaser of luxury goods must suffer a lower degree of status because the degree of exclusivity is reduced or whether unspecified observers are now unable to reliably determine the social status of purchasers. See *id.* at 793.

168. *Id.* at 803.

ence of products that are being sold. Brands, and trademarks as part of them, lead consumers to purchase products that have been designed and marketed to invoke experiences and feelings in the minds of the consumers that influence what products they buy and how they experience the products. Consumers send messages about themselves through the medium of trademarks and seek social status through the same. The Supreme Court once perceived trademarks as an afterthought of our Founding Fathers when it came to the Constitution—at least in the sense of not finding explicit mention in the document, unlike other forms of intellectual property—but these legal devices have now taken on a new role and prominence in our market-driven society. The next Part will examine in detail how trademarks provide three kinds of incentives that developed over time and how future changes in the law must consider possible repercussions in this context.

#### IV. EXPERIENCES AND INCENTIVES IN TRADEMARKS

Trademarks received their separate status in intellectual property well before the world of mass marketing and strategic branding existed in which trademarks drive virtually all aspects of product design and development, including how products are seen and experienced. Trademarks are now parts of “brands” designed after extensive research and input about consumers, their values, their buying habits, and their subconscious preferences. Success is determined by the degree of imagination and creativity that marketers can bring to link the company’s trademark to the values and feelings of the consumers that they hope to persuade to buy their products.

In the days of the *Trade-Mark Cases*, the Supreme Court announced that trademarks did not require “creativity,” and therefore were simply not in the same category as copyrights and patents that the Founding Fathers deemed to be “special” and worthy of their own clause in our new Constitution. Unlike copyrights and patents, which are presumed to involve innovation and newness, trademarks were viewed as something “less,” only arising from their “mere use” in identifying the source of a product. Much has changed in the over 100 years since then, and the creativity and “work of the brain,” which the Supreme Court found lacking in the *Trade-Mark Cases*, is frequently present in the creation of today’s trademarks.

Marketers today create brands that inspire emotions and experiences,<sup>169</sup> not unlike those we experience when we hear a familiar copyrighted song. The most successful brands have used creative strategies, including advertising, for connecting their products with fundamental human values. In our current economic world, these creative brands, and the way in which consumers experience them, have become the “prod-

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169. See Mario Biagioli et al., *Brands R Us*, in *THE LUXURY ECONOMY AND INTELLECTUAL PROPERTY* 77, 91 (Haochen Sun et al. eds. 2015) (“Brands move from the realm of logic to the realm of emotion.”). See generally Desai, *supra* note 102.

uct” that trademark laws protect. Given the role that creativity and the work of the brain play in brand development, the law must reflect this development, especially when the possibility of legal changes arises.

#### A. CREATIVITY, “BRAIN POWER,” AND TRADEMARKS

Companies invest significant time, energy, and resources in developing, enhancing, and protecting their brands, and at times the trademarked elements they contain have become the most significant assets of many corporations.

Of all the assets any company owns, its brand is the single most valuable. A bold statement? Sure. But think about it: A brand is the only corporate asset that, managed well and properly, will never depreciate. *Never depreciate*. Those are magic words. Patents expire, software ages, buildings crumble, roofs leak, machines break, and trucks wear out. But a well-managed brand can increase in value year after year after year. That’s jaw dropping.<sup>170</sup>

Because of the value and importance of brands, companies invest heavily in the development of their trademarks and in a level of creativity that rivals the creativity required for copyrights and patents; this includes investments into advertising, which is ultimately hard to disentangle from other aspects of the identity of a mark. The manner in which trademarks link products to the hoped-for consumers has become an exercise in understanding fundamental human values and developing brands that speak to consumers at emotional levels and motivate them to become brand loyalists. Behind these strategies is not only extensive consumer research, but also innovative and unique approaches connecting brands to consumers.

These creative “links” arise in many different ways.<sup>171</sup> One path is through a unique and suggestive mark that associates aspects of the products to needs of the consumers. Or, creativity may come from the creation of a new word that enters our vocabulary because it ties together aspects of the product in a new and different way, just as Fitbit has done. Creativity may also come in the form of trade dress (i.e., the manner in which products are packaged or displayed) that has taken on an aspect of creativity minimized by the Supreme Court at the time of the *Trade-Mark Cases*. Studies reveal that behind this creativity are fundamental ideals that drive human behavior—ideals into which businesses tap to develop successful brands.

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170. STEVE MCKEE, *POWER BRANDING 2* (2014). According to an annual study by Interbrand, a leading global branding consultant, Coca-Cola’s brand is worth more than \$75 billion—and that figure is for its brand alone rather than including any physical assets. *See id.* According to the same study, McDonald’s brand is worth more than \$40 billion and Toyota, BMW, and Mercedes hover around \$30 billion each. *See id.*

171. Fromer, *supra* note 111 (examining the way in which the law provides enhanced protection for “distinctive” marks after trademark law moved from protecting significations of a single known source to a single but unknown source, where establishing a link is viewed as an exercise in creativity).

For instance, studies of global brands reveal that the most successful brands connect with people at a much different level than simply as source identifiers, which was the Supreme Court's early limited view of trademarks. The data from a ten-year-growth study of more than 50,000 brands around the world showed that companies with brands focused on improving people's lives outperformed the market by a huge margin. The data also indicated that an investment in the top fifty businesses in the study would have been 400 times more profitable than an investment in the S&P 500.<sup>172</sup>

The business case for brand ideals is not about altruism or corporate social responsibility. It's about expressing a business's fundamental reason for being and powering its growth. It's about linking and leveraging the behaviors of all the people important to a business's future, because nothing unites and motivates people's actions as strongly as ideals. They make it possible to connect what happens inside a business with what happens outside it, especially in the "black box" of people's minds and how they make decisions. Ideals are the ultimate drivers . . . of category-leading growth.<sup>173</sup>

When a consumer thinks about something, including a word or image signifying a brand, a network of associations is developed in the neural pathways of the brain. These pathways remain active with decreasing sensitivity for a period of time, making it easier to trigger pathways that have been recently activated. So if a person identifies a word such as "explore" more readily after seeing one brand's name than another, it indicates that the person associates the quality of exploration more strongly with one brand than another and therefore is more drawn to the brand that exudes her personal ideal.<sup>174</sup>

Companies encourage consumers to see a brand as having a personality and want consumers to connect with the brand in a deep and personal way. William McEwen identified five ways that a brand can have a personal meaning: as a sign of prestige (for example, the status of carrying a Louis Vuitton purse); a personal quality (such as demonstrating outdoorsmanship by wearing L.L. Bean boots); membership (like the club aspect of owning a Harley-Davidson motorcycle); memory trippers (associating Moët & Chandon with a special family occasion); and self-completion (such as L'Oréal being a sign that you are worth spending more on).<sup>175</sup> Buying branded goods is one way that consumers build that connection and satisfy those personal needs.

A look at how the most successful companies have tapped into the human values of their customers demonstrates the type of creative thinking at the heart of today's trademarks, which are a key part of brands. According to Stengel, successful brands like Google exist to satisfy our

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172. STENGEL, *supra* note 88, at 7, 9-10.

173. *Id.* at 11.

174. *Id.* at 40.

175. WILLIAM J. MCEWEN, MARRIED TO THE BRAND: WHY CONSUMERS BOND WITH SOME BRANDS FOR LIFE 36-38 (2005).

curiosity, IBM's ideal is to build a smarter planet, and other brands provide customers with a special experience that enhances life, like Moët & Chandon, whose ideal is to transform occasions into celebrations. Even Pampers is not about selling diapers—its brand ideal is to help parents care for babies' and toddlers' healthy and happy development.

Upon examining fifty high-performing companies, Stengel found a commonality of brand ideals. The brand ideals of the highest-growth businesses center around one of five “fundamental human values:”

ELICITING JOY: Activating experiences of happiness, wonder, and limitless possibility.

ENABLING CONNECTION: Enhancing the ability of people to connect with one another and the world in meaningful ways.

INSPIRING EXPLORATION: Helping people explore new horizons and new experiences.

EVOKING PRIDE: Giving people increased confidence, strength, security, and vitality.

IMPACTING SOCIETY: Affecting society broadly, including by challenging the status quo and redefining categories.<sup>176</sup>

To reach their customers at the human value level, companies combine the new implicit measures that modern neuroscience makes available with traditional methods of measuring people's conscious associations.<sup>177</sup> The bottom line is that ideals motivate individuals at their most fundamental levels.<sup>178</sup> Neuroscience-based measures of subconscious attitudes, thoughts, and feelings demonstrate how brand ideals motivate consumers and power the growth of companies. Understanding such factors and reflecting them in a company's brand is an exercise that involves a high degree of creativity and work of the brain. Put in the words of a renowned CEO of a French luxury goods company, “Star brands only stem from an artistic and creative mind.”<sup>179</sup>

So what is behind those artistic and creative minds? How do they create these successful brands? What is the creative process at work? According to the research undertaken by Stengel and his colleagues, these business artists share five common traits and excel at: (1) Discovering and rediscovering a brand ideal that connects with a fundamental human value; (2) Building the business around that ideal; (3) “Communicating that ideal internally and externally to engage employees and customers”; (4) “Delivering a near-ideal customer experience”; and (5) “Evaluating business progress and people against the ideal.”<sup>180</sup> This takes place through a number of mechanisms, including advertising.<sup>181</sup> The brand makes up a whole of which the mark itself forms an integral part. The

176. STENGEL, *supra* note 88, at 38-39.

177. *See id.* at 40.

178. *See id.*

179. *Id.* at 52 (quoting Bernard Arnault, CEO of French luxury conglomerate LVMH).

180. *Id.* at 54.

181. Some have noted the possible risk, however, that advertising and marketing—as encouraged by intellectual property—may dissipate social value. *See, e.g.*, Mark A. Lem-

ways in which we protect trademark law thus have the power to influence the mechanisms through which branding can take place.

Stengel is not the only expert in branding who recognizes the importance of developing brand strategies that connect with customers at a deeper level:

The best brands do their best to ensure that every contact with their company offers a psychic reward, not just a physical one. Find out what your customers really value. Never violate their trust or sense of security. Make it your objective to build not only short-term transactions but long-term affection as well.<sup>182</sup>

Other experts in branding explain that the creativity they bring is their focus on “link[ing] their services to the users’ daily routine and emotions” to form habits such that the consumer becomes “hooked.”<sup>183</sup> The potential of a product to create a habit includes the evaluation of frequency, that is, how often the behavior occurs, and the perceived utility, or how useful and rewarding the behavior is in the user’s mind over alternative solutions.<sup>184</sup> The perceived utility is an evaluation of how the brand solves a problem. The company’s hook is designed to creatively manifest itself on the consumer’s mind through daily habits so that the consumer will turn to the company to solve the problem.<sup>185</sup>

There can be little doubt that today’s brands reflect a high degree of creativity and brain power with regard to their development. No longer are the trademarks that they contain merely “source identifiers.” They have now, together with other branding elements, become creatively designed vehicles for companies to connect with consumers’ deep-seated human values. If the Supreme Court evaluated trademarks today, while the constitutional outcome of the *Trade-Mark Cases* likely would not change for other reasons, the Court may conclude that trademarks can demonstrate a similar degree of creativity to that present behind the development of copyrights and patents. The similarities do not stop there. Because trademarks seek to activate consumers’ ideals and human emotions, many trademarks are now experienced at a level not unlike the one related to copyrighted works or patented inventions. These similarities merit further examination.

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ley, *Property, Intellectual Property, and Free Riding*, 83 TEX. L. REV. 1031, 1063 (2005) (citation omitted).

182. MCKEE, *supra* note 170, at 26.

183. NIR EYAL, HOOKED 3 (2014).

184. *Id.* at 29.

185. See Jeanne Fromer, *A Psychology of Intellectual Property*, 104 NW. U. L. REV. 1441 (2010). This is similar to the world of patents and copyrights wherein copyrights and patents are recognized and valued to the extent that they are “problem finding” and “problem solving.”

## B. EXPERIENCING BRANDS, COPYRIGHTS, AND PATENTS

The infusion of creativity into branding brings the experience of a brand closer and closer to the way we experience a copyrighted movie or book:

The best branding, like a beautiful painting or well-crafted movie, should be stirring, moving, thought provoking, even uplifting. Must it be strategic? Of course—but even the best strategy won't compensate the lack of imagination.<sup>186</sup>

One never asks whether creativity sells when it comes to movies or books or art. Of course, it does. And the same is true when it comes to brands. One common factor in branding effectiveness is creating trust—trust that the product or service will meet a need, and trust that it will be of value. According to McKee, a proven way to create this trust is through creativity. Trust is based in familiarity and chemistry. Behind every sale are factors beyond objective criteria, but ones that involve some level of good feelings.<sup>187</sup>

So how do consumers experience trademarks? Since marketers now focus on brand development that is aimed at invoking human emotions and “good feelings,” how do these emotions play into purchasing decisions and brand loyalty? Stengel's research reflects the fact that these deeper and more complex emotions are behind purchasing decisions. While human beings like to believe that their decisions are objective and dispassionate, research reveals that they are in fact influenced by emotional and instinctive reactions.<sup>188</sup> Marketers design trademarks to tap into those emotional and subconscious reactions to affect directly the manner in which trademarks are experienced. Stengel's research looks into the associations that brands as a whole activate in consumers' minds, finding that the “highest growth businesses are run by business artists, leaders whose primary medium is brand ideals.”<sup>189</sup>

When consumers experience products, they are to some degree experiencing the “brand” that has been planted in their subconscious minds through the marketing that the company has designed and that includes images, slogans, sounds, colors, and packaging. Consumers' experiences are oftentimes influenced by neurological responses that have developed because of the associations between the brands and these marketing techniques, as well as a number of other factors such as consumers' memories associated with particular brands.<sup>190</sup> When consumers see a familiar

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186. MCKEE, *supra* note 170, at 124 (emphasis added).

187. *Id.*

188. STENDEL, *supra* note 88, at 36. This is the “power of thinking without thinking” that Malcolm Gladwell described in his work. See MALCOLM GLADWELL, *BLINK: THE POWER OF THINKING WITHOUT THINKING* (2007). For a critique of the book, see Richard A. Posner, *Blinkered*, *NEW REPUBLIC* (Jan. 24, 2005), <http://www.newrepublic.com/article/blinker> [https://perma.cc/6L8M-C24G].

189. Stengel, *supra* note 88, at 36.

190. I have described these phenomena in more detail in previous work. See Irina D. Manta, *Hedonic Trademarks*, 74 *OHIO ST. L.J.* 241, 246 (2013).

brand, these neural pathways in the brain are more readily triggered and influence the consumers' expectations, experience, and ultimately their buying decision.

One interesting piece of evidence is the 2009 Caltech study that demonstrated that people believe expensive wines taste better, even when the prices of Cabernets ranging from \$5 to \$90 were randomly mixed.<sup>191</sup> Similarly, consumers "prefer" Coke to Pepsi even when they are unwittingly drinking Pepsi.<sup>192</sup> Specifically:

Neuroscience research shows that brands convey emotional content as well as information about product characteristics, and that people react to their favorite brands in ways that mirror their reaction to religious icons. This is why, despite the fact that people tend to prefer Pepsi over Coke in blind taste tests, those exposed to the brand names during the test tend to prefer Coke: exposure to the Coca-Cola brand stimulates a region of the brain not stimulated in blind taste tests.<sup>193</sup>

Martin Lindstrom has plumbed the depth of neuroscience by studying brain scans related to reactions to specific brands, not simply to products, in an effort to explore and explain what the concept of brands really means to our brain.<sup>194</sup> He confirmed that brands were recognizable and strong, and that they activated different areas of consumers' brains.<sup>195</sup> While many react negatively to the idea of brain scans and their use in marketing, the reality is that much is revealed about brands by tracking areas of the brain that register increased activity when presented with brands that marketers have imbued with qualities calling out to fundamental human values.<sup>196</sup> Although we like to think that we act rationally and report true and honest responses about our purchasing decisions, most of us regularly engage in behavior for which we have no clear-cut explanations.<sup>197</sup> It is within this world that brands exist and are experienced by consumers. And brain scans do not lie—from the consumers' vantage point, all experiences, even those that they cannot logically explain, are part of how their minds react to and interpret brands.

Consumers now experience brands, including their trademarked elements, in ways that satisfy fundamental human needs and desires described by Stengel as those that are eliciting joy, enabling connections, inspiring exploration, evoking pride, and impacting society.<sup>198</sup> But is this not the same way that consumers experience a painting or a novel or a song? Creators of copyrighted songs try to evoke a memory or an event

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191. MCKEE, *supra* note 170, at 31.

192. See Mark A. Lemley & Mark P. McKenna, *Is Pepsi Really a Substitute for Coke? Market Definition in Antitrust and IP*, 100 GEO. L. J. 2055, 2081 (2012).

193. *Id.*

194. See MARTIN LINDSTROM, *BUYOLOGY: TRUTH AND LIES ABOUT WHY WE BUY* 123–26 (2008).

195. *See id.*

196. *Id.* at 4.

197. *Id.* at 19.

198. *See supra* Part I.

or a special feeling in the person hearing it. No doubt, particular areas of the brain are stimulated as consumers experience the song. Every Sunday, when football fans hear the “NFL Theme” song that introduces the weekly game, they experience an array of emotions. The song is designed to cause ardent fans to feel excitement and anticipation, to conjure up memories and emotions of games past, and to project passion and hopes onto the upcoming game. All of this is how fans “experience” this copyrighted song—whether consciously or subconsciously.

What about a poem? The poet has infused his poem with words that allow the reader to imagine and to see beauty or to feel and experience emotions including love, anger, excitement, and loss. How did Samuel Butler want his readers to experience his copyrighted poem “I Fall Asleep.”<sup>199</sup> One may argue that he was pulling on the same strings of fundamental human values that the creators of brands are trying to tug:

I fall asleep in the full and certain hope  
That my slumber shall not be broken;  
And that though I be all-forgetting,  
Yet shall I not be all-forgotten,  
But continue that life in the thoughts and deeds  
Of those I loved.<sup>200</sup>

This experience becomes an interactive one in that brands can also facilitate self-expression. People can display some values or attach themselves to social groups by acquiring goods with brands that exemplify those values or are popular among specific segments of the population.<sup>201</sup> To the extent that self-expression is beneficial, this function of brands may promote happiness.<sup>202</sup>

Given that brands are developed through creativity and experienced on emotional levels, the differences when one compares trademarks to copyrights and patents seem to be evaporating. The next question to examine is the extent to which brands, including their trademarks, incentivize their creators just as copyrights and patents do.

### C. THE INCENTIVIZING FUNCTIONS OF BRANDS

As mentioned, it has been commonly thought that the purpose of patent and copyright law is to incentivize innovation and creativity on the part of artists, musicians, authors, inventors, and similar imaginatively-

199. SAMUEL BUTLER, *I FALL ASLEEP* (2005).

200. *Id.*

201. As Taio Cruz makes it a point to state in his song “Dynamite” (2009): “I’m wearing all my favorite brands brands brands brands (Yeah).” TAILO CRUZ, *DYNAMITE* (Island Records 2009).

202. *But see* Sheff, *supra* note 132, 775 (arguing that some people’s self-expression comes at the expense of other people’s who are limited from using the brands). *See also* Haochen Sun, *Can Louis Vuitton Dance with Hiphop? Rethinking the Idea of Social Justice in Intellectual Property Law*, 15 U. PA. J. L. & SOC. CHANGE 389 (2012) (discussing the relationship between trademark law, luxury goods, and social justice).

inclined others.<sup>203</sup> For many years, lawyers, judges, and legal scholars differentiated trademark law on the basis that trademarks carried no incentivizing function.<sup>204</sup> This mindset, however, appears to be quite outdated in light of the creativity and ingenuity it takes to create a successful brand—and trademark as part of that—and the manner in which brands are experienced, as discussed above. What incentivizing functions does trademark law carry now that the focus is on the brand and not the product? And how do these incentives compare to those that drive the creators of copyrights and patents?

### 1. *Creating a Unique Trademark in and of Itself*

There is something to be said about the feeling one gets after making something new, different, exciting, and unique; it is exhilarating to have creation and innovation at one's fingertips. The pinnacle of those feelings often comes when the public adopts one's creation and integrates it into daily life and everyday vocabulary. Such is the case with Fitbit, as mentioned above. Before James Park and Eric Friedman, the founders and creators of the Fitbit company, came along, no one ever uttered the word Fitbit. Yet today, because of the imagination, creativity, and hard work of Park and Friedman, Fitbit is used without confusion in casual conversation.<sup>205</sup> Consumers associate Fitbit with health, wellness, and weight loss as soon as they hear those two familiar syllables. To individuals with an entrepreneurial spirit, like Park and Friedman, having one's unique creation adopted is an important incentive for coming up with interesting, meaningful, useful trademarked product—for which the creators will receive protection under trademark law. Indeed, the incentive to create such goods is undoubtedly stronger when control over the term and connection with a particular product is associated with it, rather than when people will associate the term with all products that loosely fall into this category of trackers as a generic matter.

Netflix is another example of how words that were creatively joined produced a new expression that represents a novel brand idea.<sup>206</sup> Netflix

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203. U.S. CONST. art. I, § 8, cl. 8.

204. See Jeanne C. Fromer, *Expressive Incentives in Intellectual Property*, 98 VA. L. REV. 1745 (2012) (building the case for expanding the concept of intellectual property's incentives to include expressive incentives as well as traditional pecuniary ones by drawing parallels to literature on law and norms and expressive theories of the law). Fromer seeks to examine the incentivizing aspects of intellectual property but focuses on copyrights and patents, rather than trademarks as is the case here. See *id.*

205. For a discussion of the work and research that goes into naming products, see John Colapinto, *Famous Names*, NEW YORKER (Oct. 3, 2011), <http://www.newyorker.com/magazine/2011/10/03/famous-names> [<https://perma.cc/6HSM-6GMY>]; Susan Krashinsky, *The art—and science—of creating a brand name*, GLOBE & MAIL (May 29, 2014), <http://www.theglobeandmail.com/report-on-business/industry-news/marketing/the-art-and-science-of-creating-a-brand-name/article18915415/> [<https://perma.cc/G2GR-SRKC>].

206. Ken Favarò, *Netflix Wasn't All Wrong*, STRATEGY + BUSINESS (Apr. 2, 2012), <http://www.strategy-business.com/article/cs00003?gko=b2e51> [<https://perma.cc/7MGS-H6QQ>]. Netflix also experienced a backlash from its loyal customer base when it attempted to introduce the brand “Qwikster” for the DVD-by-mail arm of the company. The decision

launched in 1997 as a DVD rental by mail service and experienced the excitement and satisfaction of seeing its new name and brand become used in everyday parlance to represent its products.

Netflix had built its brand on being an innovative, consumer-centric company that revolutionized the way movies were rented. It allowed people to move from the inconvenient bricks-and-mortar chain store model to one with online, assisted selection; home delivery of DVDs in an iconic red envelope; and, most importantly, no returns, no late fees, and no “library fine”-style guilt.<sup>207</sup>

The innovative brand and its created name were built on those attributes and conveyed those qualities to its loyal subscriber base.<sup>208</sup>

Similar to the way in which Netflix successfully created a new expression, SoulCycle is another instance of a business linking two unrelated terms to create a new word and brand idea in the mind of consumers. SoulCycle is a company offering indoor cycling classes across the United States.<sup>209</sup> Its brand is built on the idea that exercise is a mode to strengthen not only one’s body, but more importantly, one’s mind and soul.<sup>210</sup> In 2006, the company opened its first studio in New York City.<sup>211</sup> Through its creative and innovate idea of linking indoor cycling classes with empowering riders, providing inspirational coaching, and generating a positive community, SoulCycle’s product successfully resonated with consumers. Just nine years after opening with a single studio, SoulCycle now has over forty-five studios across the country with plans to expand internationally. When consumers today hear “SoulCycle,” a word that had never existed before, they conjure thoughts of exercise, fitness, and self-empowerment, all as a result of the creativity and innovation behind the creation of the brand.

Trademark and brand creators may also be incentivized by the satisfaction that comes from finding and solving a problem by bringing to the market something that is novel and different not only in terms of the new words or phrases they may create, but with regard to the unique problem they solve. P&G tapped into this incentivizing function when it rediscovered its Downy brand, which led to centering the product on eliciting joy (one of the fundamental human values identified by Stengel) through new scents, packaging, and consumer communications.<sup>212</sup> In Latin America, P&G saw that access to water was the biggest problem that low-income women faced in embracing the P&G brand and was incentivized to create a new brand that would make their lives easier and provide a

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was quickly reversed as customers loyal to Netflix did not want any change to the brand name.

207. *Id.*

208. *Id.* Netflix has now broadened its brand by becoming a streamer of online content through licensing deals.

209. See *Our Story*, SOULCYCLE, <https://www.soul-cycle.com/-our-story/> [<https://perma.cc/4DUZ-LXVG>].

210. *Id.*

211. *Id.*

212. Stengel, *supra* note 88, at 43-44.

“more re-creative, senses-renewing experience.”<sup>213</sup> The result was a new “brand,” called “Downy Single Rinse,” which utilized less water.<sup>214</sup> It made a positive difference in the lives of women in Latin America and other low-income markets around the world.<sup>215</sup> “It added extra impetus to the Downy’s team efforts, as well as helped to motivate P&G employees in general.”<sup>216</sup>

The incentive to create something new and different may come in the form of a commitment to environmental sustainability that is reflected in innovative packaging and authentic-appearing messaging. San Francisco-based Method “produce[s] surface cleaners and soaps made from non-toxic, mostly natural ingredients, like coconut oil and plants, and package[s] them in sleek modern bottles that people want to display in their kitchens and bathroom[s].”<sup>217</sup> In 2000, the founders of the company “introduced eco-friendly Method, a line of colorful cleaning agents with fruity or flowery scents like ‘ginger yuzu,’ and sold them in these curvaceous, often clear bottles.”<sup>218</sup> They tied their unique packaging with their message of “going green” to build their brand loyalty. They have combined their branding with a message of environmental sustainability:

The company tries to engender brand loyalty through its online efforts. It provides more detailed information about its sustainability initiatives on its website and hopes the message will spread through word-of-mouth promotion from its loyal customers. Method also has recruited an army of advocates online called “People Against Dirty,” who join campaigns the company starts such as its call for more transparent labeling of household cleaning products. “A lot of people will come in for the design and the fragrance,” Ryan says, “but it’s the sustainability that will ultimately build the loyalty.”<sup>219</sup>

One can see how trademarks and brands can build fan bases both 1) in their names and images, the latter of which also drives people to visit museums and exhibits related to branding and advertising,<sup>220</sup> and 2) with the way the brand becomes part of a larger creative effort that drives other values such as social equality or environmental sustainability. Changes to trademark law will therefore implicate potential effects on a whole host of frequently unexplored aspects of branding of this sort rather than simply on the functions of source identification, advertising, and quality guarantee.

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213. *Id.* at 44.

214. *Id.*

215. *Id.*

216. *Id.*

217. Kelly K. Spors, *The Method Vision: Green Consumers Want to Have Fun, Too*, *ENTREPRENEUR* (Dec. 29, 2011), <http://www.entrepreneur.com/article/222523> [<https://perma.cc/UW4K-G6R6>].

218. *Id.*

219. *Id.*

220. *See, e.g.*, MUSEUM OF BRANDS, PACKAGING & ADVERTISING, <http://www.museumofbrands.com/> [<https://perma.cc/96JT-FQCH>] (presenting information about this London-based museum).

## 2. *Creating a New and Unique Experience*

Brand creators may also be motivated to generate unique and new experiences for consumers and to enhance the overall quality of consumers' experience:

Everything your business does comes together with the ideals-inspired experience . . . provide[d] to customers. It's not only your product and service but how people learn about it, buy it, use it, live with it, and share the quality of the experience with others.<sup>221</sup>

The way consumers experience brands reflects a complex interplay between the messages conveyed through brand image and the manner in which the brand is imprinted in the consumers' minds and retrieved when the trademarked brand reappears.<sup>222</sup> This ability to create something new that will affect consumers is likely a significant motivator and incentive for a trademark creator, yet one that commentators have often overlooked.

Given that today's trademarks are, like patents and copyrights, built on creativity and experienced on many similar emotional levels, they more rightfully should be considered siblings of copyrights and patents rather than distant cousins. Scholars who have examined the question of the relationship between patent and copyright law and their protectability standards have generally omitted trademarks in their analysis:

[T]he comparison of patent and copyright law offers insight into the general role of intellectual property law and demonstrates what, if anything, patent and copyright law can teach one another. Using the same theoretical approach to explain or challenge their dissimilarities indicates that, at their foundation, patent and copyright law have more in common than legal scholarship often appreciates, instead viewing patent and copyright as separate spheres of study. The ability to locate such common understandings suggests that a unified theory of intellectual property could exist despite the manifest differences between patent and copyright law.<sup>223</sup>

Patent and copyright law require a certain threshold level of creativity in their works, resulting in the law granting an incentive of an exclusive right in exchange for societal benefits.<sup>224</sup> Without such protections, the creators of patented and copyrighted works might forego their creations. Jeanne Fromer has coined the term "expressive incentives" to describe the ways in which copyright and patent law protect creators' labor and personhood interests:<sup>225</sup>

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221. STENGEL, *supra* note 88, at 232.

222. *See supra* Section IV. B.

223. Fromer, *supra* note 185, at 1442-43.

224. *Id.*

225. Fromer, *supra* note 204 (building the case for expanding the concept of intellectual property's incentives to include expressive incentives as well as traditional pecuniary ones by drawing parallels to literature on law and norms and expressive theories of the law).

Evidence from multiple vantage points demonstrates how significantly authors and inventors care about their personhood and labor interests in the works they create. Pertinently . . . they believe that their self-concept is critically bound up in their creations; they are uniquely situated to employ their personal vision and genius to create their works; they create in large part for reputational gains; they psychologically possess their creations; and they often hold strong interests in their works and their works' integrity by virtue of their expended labor.<sup>226</sup>

Fromer's "expressive incentives" could equally apply to trademark creation that requires similar levels of creativity. This is not to say that we should *require* creativity before trademark protection applies; rather, we should recognize the importance of its existence in some cases. The concept of the "brand" now includes conveying to potential consumers the "self-concept" of the company. Brand creators are uniquely situated to identify their products' intrinsic "fundamental human value" and to express this message creatively and memorably to consumers. Brands are created for reputational gain as well as for a company's financial gain; and brand creators are strongly interested in the protection of their works because of the labor expended to develop them. Based on this comparison, the creation of trademarks as part of brands, and their impact on consumers run parallel with those of copyrights and patents. Fromer asserts:

Protectability is the key to whether particular works can reap the benefits of intellectual property protection and, correspondingly, whether the availability of protection will encourage the production of such works in the first instance.<sup>227</sup>

Because of the lower threshold standard, copyrights are easier to obtain than patents. Fromer sets out the answers previously provided by scholars as to why that is, but argues that the full answer lies within the psychological process by which artists and scientists create their works and by which individuals experience them.<sup>228</sup>

The discussion in this Article demonstrates the degree to which trademarks are now not just source identifiers of products, but instead key parts of brands. The creators of such brands utilize a creative process not unlike that used by those who develop copyrights and patents. And perhaps more importantly, a "psychological process" is utilized by the creators of brands to touch fundamental human values, thereby influencing the way in which consumers experience brands. This is not unlike the "psychological process" that Fromer recognizes is a key component of the incentives that drive the development of copyright and patents. The steps

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226. *Id.* at 1760.

227. Fromer, *supra* note 185, at 1442. To merit protection under patent law, inventions must meet the high hurdles of novelty, non-obviousness, and utility. *See* 35 U.S.C. §§ 102-103 (2012). Copyright law requires a lower threshold of creativity. *See* 17 U.S.C. §102(a) (2002).

228. Fromer, *supra* note 185, at 1453-56.

in the creation process translate to parallels in consumers' experience of brands (which come about both through marks and other brand-related activities like advertising) and the hedonic enjoyment that consumers obtain that way.<sup>229</sup> The extent to which this enjoyment will be available depends on the precise shape of trademark law and policy, however. Next, this Article addresses the incentivizing effects of trademarks and branding on other social behaviors.

### 3. *Using Trademarks to Incentivize Other Potentially Desirable Behaviors*

One of the goals of the political and legal systems is to incentivize productivity on the part of a country's inhabitants. A way in which individuals become more productive is if they strive for specific things, which can include branded goods. By influencing the power of brands, the shape of trademark law can thus potentially indirectly influence the level of productivity of a country.<sup>230</sup>

Motivation has been researched and analyzed by many, especially in the context of work. Among the factors frequently identified as motivating people are both "self-indulgence" and "happiness."<sup>231</sup> Glenn Llopis found that people are motivated by selfish reasons, including money, attention and fame, and happiness. "[M]otivation to achieve is ultimately based on earning a living that brings you tremendous joy and satisfaction."<sup>232</sup>

Researchers have examined extensive data to determine in more scientific terms the relationship between money and levels of job satisfaction.<sup>233</sup> Most individuals choose to spend the majority of their adult lives in paid employment, and many view personal satisfaction and self-concept as important drivers. At the same time, when individuals are asked why they work, money naturally is one of the most commonly cited reasons:

No other incentive or motivational technique comes even close to money with respect to its instrumental value. . . . For most, the choice to work may not be seen as much of a choice at all, since money provides sustenance, security, and privilege. To no small extent, people work to live, and the pecuniary aspect of the work is what sus-

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229. Trademark law has the power not only to affect the creation of marks themselves but can also have a peripheral effect on encouraging advertising and the like.

230. This Article brackets out a discussion of the larger cultural critiques that indict capitalism for creating so-called false needs. This issue is addressed at greater length in Manta, *supra* note 190. See generally MAX HORKHEIMER & THEODOR W. ADORNO, *DIALLECTIC OF ENLIGHTENMENT* (1944); HERBERT MARCUSE, *ONE-DIMENSIONAL MAN* (1964).

231. Glenn Llopis, *The Top 9 Things That Ultimately Motivate Employees to Achieve*, FORBES (June 4, 2012), <http://www.forbes.com/sites/glennllopis/2012/06/04/top-9-things-that-ultimately-motivate-employees-to-achieve/3/> [<https://perma.cc/HU7Z-H2VD>].

232. *Id.*

233. Thomas Judge et al., *The Relationship Between Pay And Job Satisfaction: A Meta-Analysis Of The Literature*, J. VOCATIONAL BEHAVIOR 77 (2010). The study used meta-analysis to estimate the correlation between pay level and job satisfaction.

tains the living.<sup>234</sup>

The study goes on to highlight the fact that there are few more visible signs of success in society than those related to the income and the indicia of such wealth. “Comparatively wealthy people are able to afford a whole host of goods and services—homes, schooling, health care, luxuries—that presumably greatly enhance quality of life.”<sup>235</sup>

Sometimes overlooked is the relationship between the motivation to purchase luxuries and other products and the unique trademarks and brands designed by companies to designate these goods and draw consumers to purchase them. Consumers work so that they are able to purchase the goods to enhance their lives and reflect their wealth and status.<sup>236</sup> It seems clear that the existence of brands, which are designed to tap into consumers’ most fundamental human emotions, are among the motivating factors that encourage the desirable behavior of having people gainfully employed.

Luxury goods are traditionally defined as goods for which the mere use or display of a particular branded product brings the owner prestige apart from any functional utility.<sup>237</sup> Meanwhile, a modern definition of so-called “new luxury goods” explains that they are “products and services that possess higher levels of quality, taste, and aspiration than other goods in the category but are not so expensive as to be out of reach.”<sup>238</sup> People purchase luxury branded goods for a variety of reasons, including socio-economic status (e.g., “keeping up with the Joneses”), brand recognition (e.g., quality and safety), loyalty, personal motivation, and even social media fame.<sup>239</sup>

The possibility arises that people work harder or longer to purchase particular items, including luxury brands.<sup>240</sup> Owning luxury brands is a status symbol; plainly, people want to fit in with their neighbors and/or

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234. *Id.* at 157.

235. *Id.* at 162.

236. For a critical view of the effect of brands on social behavior, see Barton Beebe, *Intellectual Property Law and the Sumptuary Code*, 123 HARV. L. REV. 809 (2010).

237. Gene M. Grossman & Carl Shapiro, *Foreign Counterfeiting of Status Goods*, 103 Q. J. ECON. 79 (1988), <http://www.nber.org/papers/w1915.pdf> [<https://perma.cc/PH5V-WBHR>].

238. Michael J. Silverstein et al., *Trading Up: Why Consumers Want New Luxury Goods—and How Companies Create Them* 16 (2008).

239. See Young Jee Han, *Signaling Status with Luxury Goods: The Role of Brand Prominence*, 74 J. MARKETING 15 (2010); Alexander Koch et al., *Self-Rewards and Personal Motivation*, 68 EUROPEAN ECON. REV. 151 (2014) (discussing that consumers purchase luxury items as a self-reward for hard work); Alice E. Marwick, *Instafame: Luxury Selfies in the Attention Economy*, 27 PUB. CULTURE 137 (providing examples of youths purchasing luxury goods to gain social media celebrity status).

240. See generally Tyler Cowen, *Why Hasn't Economic Progress Lowered Work Hours More?*, YOUTUBE (March 21, 2016), <https://www.youtube.com/watch?v=8Pk654J8-5c> [<https://perma.cc/Y5TR-GPSA>] (exploring the reasons why individuals work more hours than strictly necessary); Robert H. Frank, *Luxury Fever: Weighing the Cost of Excess* (2010) (noting the trend of working to buy luxury goods, albeit critically). See also Edward J. McCaffery, *Must We Have a Right to Waste?*, in NEW ESSAYS IN THE LEGAL AND POLITICAL THEORY OF PROPERTY 77, 83 (Stephen R. Munzer ed. 2001) (characterizing luxury spending as potential waste).

project a certain image to them. Also, studies show that people, even if it can be short lived, are emotionally satisfied when they purchase luxury goods.<sup>241</sup> Further, brand recognition is often associated with higher quality and safety.<sup>242</sup> Although intuition and preliminary evidence suggest that people would work harder or longer to obtain a specific item, the question remains understudied empirically.<sup>243</sup> One of the most relevant projects sets out to prove that “one of the reasons that Americans work longer hours than their counterparts . . . is because of desires for higher levels of material consumption in the US, which are driven by advertising.”<sup>244</sup> Notably, most economists do not share the authors’ view that the intensity of advertising influences income-leisure decisions.<sup>245</sup> At the same time, the results of this study “demonstrate the possibility” that an American’s high hours of work per week are due to their preferences for luxury consumer goods.<sup>246</sup> Further, unsurprisingly, the study shows a direct relationship between 1) income and more hours worked and 2) consumption of luxury goods.<sup>247</sup>

In an interesting perspective, one author articulated that owning status symbols can (and does) open doors for minorities. Tressie McMillan Cottom explained that “[t]here is empirical evidence that women and people of color are judged by appearances differently and more harshly than are white men.”<sup>248</sup> She notes by way of personal anecdote that owning a suit of a recognizable brand has positively impacted her job interviews.<sup>249</sup> It is not a stretch to believe that there are some people who work extra shifts (or even an extra job) to obtain luxury goods that will allow them to progress socially, including in the context of overcoming racial barriers.

Below is a short story from Michael Silverstein, describing a conversation with a typical blue-collar American, Jake, and the founder of Callaway Golf, a luxury golf club manufacturer.<sup>250</sup> The short story illustrates why people buy luxury goods, the benefits of buying luxury goods, and

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241. See Koch, *supra* note 239. But see ROBERT H. FRANK, *LUXURY FEVER: WHY MONEY FAILS TO SATISFY IN AN ERA OF EXCESS* (2001) (describing situations where people keep buying luxury goods to satisfy short-term reward, although in some situations this can result in long-term debt and unhappiness).

242. Emma Macdonald & Byron M. Sharp, *Brand Awareness Effects on Consumer Decision Making for a Common, Repeat Purchase Product; A Replication*, 48 J. BUS. RES. 5 (2000) (“I’ve heard of the brand, so it must be good”).

243. See generally Yann Truong, *Personal Aspirations and the Consumption of Luxury Goods*, 52 INT’L J. MARKET RESEARCH 653 (2010) (highlighting that studies that depict consumer motivations are common, but studies detailing how people afford luxury goods are uncommon); see also Keith Cowling & Rattanasuda Poolsombat, *Advertising and Labour Supply: Why do Americans Work Such Long Hours?*, 25 INT’L REV. APPLIED ECON. 283 (2011) (“To draw any conclusions from overtime hours, however, is not possible.”).

244. *Id.* at 284.

245. *Id.* at 289.

246. *Id.* at 295.

247. *Id.* at 296.

248. Tressie McMillan Cottom, *The Logic of Stupid Poor People*, TRESSIEMC (Oct. 29, 2013), <http://tressiemc.com/2013/10/29/the-logic-of-stupid-poor-people/> [https://perma.cc/8W3N-A8P7].

249. See *id.*

250. SILVERSTEIN, *supra* note 238, at 16-17.

the determination and effort to forego inferior goods to save for the perceived luxurious model:

Consider Jake, a thirty-four-year-old construction worker earning about \$50,000 a year, whose passion is golf. It took Jake a year to save enough money to buy a complete set of Callaway golf clubs—\$3,000 worth of premium titanium-faced drivers, putters, and wedges—although he could have bought a decent set from a conventional producer for under \$1,000. During the eight-month golf season in Chicago, Jake works the 6 A.M. shift so he can be on the course by 2 P.M.; he plays eighteen holes nearly every weekday after work and—again, believe it or not—twice on Saturday and twice more on Sunday. He is a three-index golfer, which means he is in the top 1 percent of all recreational golfers in terms of skill. We played a round of golf with Jake at a public course, during which he described in detail the technical differences and performance benefits of his Great Big Bertha clubs. “But the real reason I bought them,” he told us at last, “is that they make me feel rich. You can run the biggest company in the world and be one of the richest guys in the world, but you can’t buy any clubs better than these.” Then, looking at us with a hint of a smile, Jake said, “When I kick your butt on the course, I feel good. I feel equal. I may make a lot less money than you do, but I think I have a better life.” After the round (during which he did, in fact, kick our butts), Jake carefully placed his clubs in his pickup truck and said, “Thank you, Mr. Callaway, for another fine day.”<sup>251</sup>

Although in this short story, Jake’s purchases are not supported by working overtime or “working harder,” it is clear that he was motivated to work for his luxury experience and his luxury clubs. He altered his work schedule to obtain a luxury (playing golf daily) that is typically only available to trust fund recipients, retired workers, and hedge fund managers.<sup>252</sup>

Indeed, “[America’s middle-market consumers] are willing, even eager, to pay a premium for remarkable kinds of goods that we call New Luxury.”<sup>253</sup> “It is widely accepted that people make inferences about others on the basis of their possessions.”<sup>254</sup> One author describes certain consumers as *parvenus* (the Latin *pervenio* meaning “arrive” or “reach”), finding that they are mainly concerned with separating or disassociating themselves from the have-nots.<sup>255</sup> Owning expensive goods—particularly in visible categories like cars—can signal a higher community status.<sup>256</sup> A person who is concerned with her community status may be inclined to work harder or longer hours in the short term to purchase a specific item that she believes will increase that status. “For such persons, luxury brand purchases can function as alternative means of bolstering their self-image

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251. *Id.*

252. *Id.*

253. *Id.*

254. See Han, *supra* note 239, at 18.

255. *Id.* at 17.

256. *Id.* at 18.

in the absence of authentic achievement.”<sup>257</sup>

Some have issued the critique that “keeping up with the Joneses” results in a zero sum outcome:

Suppose that both neighbors are working a standard week, and driving modest sedans. However, by putting in a bit of overtime, it is possible for each to buy a more expensive car, say an SUV. Suppose further that the extra status associated with being the only one to own such a vehicle is of greater value than the foregone leisure time, and that the humiliation associated with being the only one *not* to own such a vehicle is worse than the loss of leisure. . . . Both neighbors will decide to work harder, either to get the extra status, or just to avoid the humiliation. As a result, they will wind up right back where they started—both driving the same type of car, both having the same relative status—except that now they will be working harder in order to maintain their lifestyle. Thus the outcome produced through status competition is inferior, *from both of the participants’ perspectives*, to the situation that initially obtained. (Notice, incidentally, that the possibilities for status competition are limited by the range of consumption goods available. The appearance of exotic new consumption goods makes it possible for individuals to distinguish themselves in a new way. Thus consumers can be harmed by the introduction of new status goods, even if they voluntarily purchase them.)<sup>258</sup>

This need not be correct, however. First, there are many more actors involved in these situations than just the two neighbors. Hence, if they both worked hard, they will likely gain self-perceived status over others. Some of these others may not have the same perceptions of social status in the first place, and so even though lovers of luxury brands feel better about themselves and are incentivized to work harder to obtain them, brands will make no difference one way or another to a number of other people. Not only that, but the individuals with new cars may never or hardly ever run into people with different values (who will often live in different neighborhoods, etc.). It is thus not at all obvious that one person’s perceived rise in status necessitates someone else’s perceived drop. Meanwhile, the productivity and creativity that an individual may have had to exert to achieve greater purchasing power could have accomplished far-reaching benefits in realms such as science, medicine, or business.

Finally, this Section seeks to focus on the way in which trademarks can incentivize productivity because branded goods can serve as self-rewards, meaning self-administered gifts as incentives for personal accomplishment.<sup>259</sup> For example, people may reward themselves with a coffee from

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257. Brent McFerran et al., *Evidence for Two Facets of Pride in Consumption: Findings from Luxury Brands*, 24 J. CONSUMER PSYCHOL. 455, 457 (2014).

258. Joseph Heath, *The Structure of Hip Consumerism*, 27 PHIL. & SOC. CRITICISM 1, 10 (2001).

259. See Koch, *supra* note 239.

Starbucks for studying all day. On a grander scale, people may reward themselves for a promotion with buying a new pair of shoes or bottle of wine that they otherwise would not have purchased. In a survey conducted by KPMG in China, “over 60 percent of the respondents bought luxury goods as a way to reward themselves for their hard work and success.”<sup>260</sup> Although this study did show that people reward themselves with luxury goods for working hard or finding success, it did not specifically state that people worked harder or longer than what was in fact required of them. Notably, working from home is becoming increasingly popular.<sup>261</sup> Offices are designed to minimize distractions and increase productivity. Thus, one can easily imagine a scenario in which people reward themselves with luxury goods for just “getting through” a typical workday at home.<sup>262</sup> Their relationship with branded goods, whether of the true luxury or everyday “mini-luxury” style (e.g., a cup of Starbucks coffee) may provide a particularly fertile ground for future study.

One new-age argument for people working harder to purchase luxury goods, whether on behalf of themselves or their entire families, is the concept of the “microcelebrity.”<sup>263</sup> Microcelebrities are famous as a result of their social media accounts. Examples like “Rich Kids of Instagram” and Kane Lim prove that people can get famous just by showing that they have access to luxury goods.<sup>264</sup> This may incentivize people to be more productive and find new ways to contribute to society that result in financial rewards such as the purchase of luxury goods, which has shown to increase the number of followers that one can obtain.<sup>265</sup>

The mechanisms through which people finance luxury purchases are either by saving the money up front or taking out loans. Either one could result in greater productivity to earn the additional income. Indeed, historians have traced the shifts that led American society toward an ethic of full-time work in the name of greater consumption as opposed to shorter hours and less purchasing power.<sup>266</sup> Some empirical data suggests that Americans may work longer hours than their European counterparts by individual rather than simply by employer choice because they wish to attain a higher level of consumption.<sup>267</sup> While it is difficult to measure empirically the effects of consumerism on the functioning of the Ameri-

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260. *Id.* at 165.

261. *Id.*

262. *See id.* at 166 (finding that employees have more freedom working from home, and thus, more opportunities for self-regulation).

263. *See* Marwick, *supra* note 239, at 138 (defining a microcelebrity as a “collection of self-presentation practices . . . in which users strategically formulate a profile . . . to increase attention and thus improve their online status”).

264. Rich Kids of Instagram (@richkidsofinstagram), INSTAGRAM, <http://richkidsofinstagram.tumblr.com/> [<https://perma.cc/3E5S-C5AG>].

265. *See* Marwick, *supra* note 239, at 143 (“Since [Instagram] consists primarily of photographs, it intensifies the importance of visual self-presentation.”).

266. Benjamin Kline Hunnicutt, *Work Without End: Abandoning Shorter Hours for the Right to Work* (1988).

267. Cowling & Poolsombat, *supra* note 243.

can economy, in a recent study that evaluated countries' levels of creativity (using as metrics levels of technology, talent, and tolerance), the United States came in second and was outranked only by the culturally fairly similar Australia.<sup>268</sup>

#### D. TRADEMARK LAW AND INCENTIVIZING FUNCTIONS

Trademark law does not operate in a vacuum. Like all other law and policy, it shapes individual and societal behavior. How we draw the contours of trademark law affects the three incentivizing functions highlighted in this Article. Complex empirical questions abound, such as the precise mechanisms behind and effects of dilutive marks.<sup>269</sup> The key point, however, is that whatever the answers are to those kinds of questions, they are relevant to the contours of trademark law and hence to incentivization. This parallels the difficult determinations we must make when calibrating copyright or patent law to societal goals based on the (national and international) data that we are able to obtain.

Objectors may argue that this paper defends an unappealing version of consumerism that has negative consequences. For example, to the extent that longer work hours result from the desire for specifically branded goods, these hours may have an impact on health and happiness.<sup>270</sup> That said, according to at least one study, a worker's health and happiness is generally unaffected when he is working overtime for personal reasons, including to pursue luxury goods.<sup>271</sup> Some studies also suggest that subjective wellbeing based on the pursuit of such goods depends on the initial mindset of the individuals involved.<sup>272</sup> Ultimately, this Article does not imply that a specific vision and level of consumerism are correct. Rather, it argues that whichever level the political system chooses to prioritize should be supported by a corresponding calibration of the trademark system given the direct relationship between 1) this system and 2) branding, as well as its effects on the incentivizing functions of marks.

The same is true for value judgments regarding the cultural effects of the pursuit of status goods.<sup>273</sup> One related critique is that the pursuit of such goods creates a never-ending zero-sum game in which individuals constantly seek to one-up one another and never end up satisfied.<sup>274</sup>

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268. See Jake Flanagin, *These Are the World's "Most Creative" Countries*, QUARTZ (Oct. 16, 2015), <http://qz.com/523124/these-are-the-worlds-most-creative-countries/> [https://perma.cc/YBE7-6ZUH].

269. I discuss some of these issues in Manta, *supra* note 190.

270. See generally Debby G.J. Beckers et al., *Voluntary or Involuntary? Control over Overtime and Rewards for Overtime in Relation to Fatigue and Work Satisfaction*, 22 WORK & STRESS 33 (2008).

271. See *id.* (comparing relative happiness and satisfaction levels for voluntary and involuntary employee overtime).

272. Liselot Hudders & Mario Pandelaere, *The Silver Lining of Materialism: The Impact of Luxury Consumption on Subjective Well-Being*, 13 J. HAPPINESS STUD. 411 (2011).

273. See generally Beebe, *supra* note 236.

274. For a discussion of the role of status goods as part of the larger phenomenon of status anxiety, see generally ALAIN DE BOTTON, *STATUS ANXIETY* (2005).

While the thesis of this Article does not hinge on any answer, there are several responses to that concern. The first is that a certain level of dissatisfaction in that context need not be inherently bad if it motivates people to strive for more achievements and they contribute to the economy through creativity in a variety of forms and through sheer hard work. Second, it is entirely possible that rather than leading to a never-ending quest, status goods actually allow people to feel equal to others rather than better than them. This may be particularly true for individuals who do not come from families of blue-blooded lineage and have only recently “arrived,” which would enable greater fairness and meritocracy in that sense. As a related matter, brands provide a shorthand to those that did not grow up educated as to what qualifies as high-level quality, a skill that intuitively tends to correlate with socioeconomic status. This becomes another way in which brands can serve an equalizing function because an individual from a modest background who works his way up can quickly access higher quality without delving into expensive and time-consuming research. To the extent to which people are interested in acquiring quality or “taste,” in part to enable status-signaling, brands may thus increase social efficiency.

This Article agrees with the scholars who have argued that dilution law and other doctrines that do not relate to confusion at the point of sale have at times moved away from the original purpose of trademarks. The Article goes a step further by asking: now that we have the doctrines that we have—which provide some (empirically largely unexplored) level of incentives for society’s creativity and productivity—how do we best evaluate possible changes to trademark law and policy?

Even though the related social science is messy due to the complex constellation of factors involved, empirical data will need to play an important role in these determinations, as mentioned above. This is so because even if enough social and political actors agreed on the goals of the legal framework, the debate would move to how to reach them. Conversely, what we learn about the world through empirics may affect the values that we seek to have the law pursue in the first place. Future debates will involve questions such as how we can measure societal well-being, on both economic and other hedonic axes, and what levels and types of consumerism will advance social progress on these measures.<sup>275</sup> As difficult as these explorations are from both philosophical and methodological viewpoints, society cannot hide from them, and if trademark law is left out of the calculus, its values will just be assigned by default.

One of the areas that will require the closest examination in this respect is dilution law. The first step will be an analysis of the ways in which dilution weakens brands in the eyes of consumers, or at least realistically risks doing so. The second matter is looking at the extent to which the

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275. For an example of a recent study that seeks to explore one of these questions see Darwin A. Guevarra & Ryan T. Howell, *To Have in Order to Do: Exploring the Effects of Consuming Experiential Products on Well-Being*, 25 J. CONSUMER PSYCHOL. 28 (2015).

current law can protect against this risk. The third is balancing the gains from the legal framework in protecting brands against the drawbacks of such protection. These drawbacks include potential First Amendment concerns, but also questions of how high the level of protection can be before it inhibits the ability of other brands to develop as part of a competitive market.<sup>276</sup> Despite all their limitations, empirical studies and possibly cross-jurisdictional analyses are the tools most likely to provide answers in the inquiry of how we should shape dilution law and other areas of trademark protection. Last, when conducting these inquiries, one should remain mindful of the dynamic relationship between the law and business practice, which will lead to fluctuations over time in its own right and a need to retest and recalibrate periodically accordingly.<sup>277</sup>

On a theoretical level, Michael Abramowicz and John Duffy have argued that intellectual property, including trademarks, can encourage market experimentation because an entrant into a new market will be able to maintain market share when faced with competition.<sup>278</sup> For example, the ability of the company Netflix to maintain its name allows it to continue exploiting its position as the first entity with its business model, a possibility which will encourage entities in other lines of business to take more risks as well than they would otherwise because they will hope to benefit from the same.<sup>279</sup> Abramowicz and Duffy argue that as a result, trademarks can serve a useful function, even if consumers engage in irrational brand loyalty, and that doctrines like initial interest confusion, the strict rather than liberal application of genericide, trade dress protection, and dilution have a place in the legal system due to their role in incentivizing market experimentation.<sup>280</sup>

Indeed, some have questioned further the doctrinal isolation of each field of intellectual property and have argued that the relationships between fields can have a positive impact on research and development, such as when trademarks are used to leverage patent protection.<sup>281</sup> Gideon Parchomovsky and Peter Siegelman have critiqued the Supreme

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276. See, e.g., Laura A. Heymann, *The Trademark/Copyright Divide*, 60 SMU L. REV. 55, 85 (2007) (explaining how restrictions on the public domain can impair creativity). That said, some have argued in the copyright context that, counterintuitively, constraints on creative choices can increase rather than decrease creativity, and the same could hold true at times for trademarks. See Joseph Fishman, *Creating Around Copyright*, 128 HARV. L. REV. 1333 (2015). On the relationship between trademarks and free speech, see generally Rebecca Tushnet, *Stolen Valor and Stolen Luxury: Free Speech and Exclusivity*, in THE LUXURY ECONOMY AND INTELLECTUAL PROPERTY 121 (Haochen Sun et al. eds. 2015).

277. See John D. Mittelstaedt, *Trademark Dilution and the Management of Brands*, in BRANDS COMPETITION LAW AND IP 203, 209-16 (Deven R. Desai et al. eds. 2015) (discussing the implications of the Supreme Court's dilution jurisprudence on business practice surrounding branding). Mittelstaedt goes as far as saying that there has been an "effective merger of trademarks and brands." *Id.* at 216.

278. See Michael Abramowicz & John F. Duffy, *Intellectual Property for Market Experimentation*, 83 NYU L. REV. 337 (2008).

279. See *id.* at 366-68.

280. See *id.* at 385-89.

281. Gideon Parchomovsky & Peter Siegelman, *Towards an Integrated Theory of Intellectual Property*, 88 VA. L. REV. 1455, 1457 (2002).

Court's reluctance to embrace the idea that "[p]atents can help create goodwill, and trademarks can be used to appropriate the gains from innovation."<sup>282</sup>

While empirical research will prove significant in balancing the effects on first- versus second-order innovation of particular trademark doctrines—which is the same analysis we must conduct when constructing copyright and patent regimes—we at least have some clues as to which areas of trademark law will deserve particular attention. The boundaries around trademark law are of special importance under some circumstances because, unlike copyrights and patents, trademarks can be renewed indefinitely.<sup>283</sup>

Assuming that we accept the importance of the link between 1) the incentivizing functions of brands and 2) trademark law, we must next determine the proper subject matter of marks. How much should we protect product packaging and, more controversially, product design to calibrate market incentives properly? The second set of questions revolves around trademark infringement away from the point of sale, meaning both initial interest confusion and post-sale confusion. In recent years, both of these doctrines have rarely been enforced, especially outside of contexts in which point-of-sale confusion was present as well. The third set of questions targets non-confusion doctrines such as dilution by blurring or tarnishment. Here as well, it is currently difficult to make out a case of dilution that does not also involve confusion. Perhaps both the confusion doctrines outside the point of sale and the non-confusion-based doctrines serve a protective function by discouraging excessive encroachments, however. All these matters are worthy of further investigation, but the possibility that incentivizing functions are present, combined with the difficulties inherent in conducting precise measurements in this area, may give pause when one considers calls for the immediate abolishment of these doctrines.

Some would argue that perhaps the legal system should consider only protecting creative marks through doctrines such as dilution given that many trademarks are not especially creative and may not provide a lot of hedonic benefits. Just like we only require a minimal level of originality in copyright law, however, trademark law has its reasons not to draw such distinctions. Like in copyright, where we try to limit the amount of qualitative analysis in which judges engage such as not to have them decide what is "good" art worthy of protection,<sup>284</sup> trademark law is a poor vehicle for judicial aesthetic critique.

As a final matter, a note of caution is advisable here about those who use trademark law to keep out competitors outside the intended purview of the law. First, a trademark system can only carefully calibrate incen-

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282. *Id.*

283. That being said, trademarks that are not in use any more will no longer be eligible for registration and will be deemed abandoned for common law purposes.

284. *See* *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239, 251 (1903).

tives if it guards against the possibility that some entities, especially those with large financial means, will engage in trademark bullying. Other scholars and I have discussed previously some strategies and procedures that the legal system could adopt to hem in bullying behavior.<sup>285</sup> Second, in addition to containing the risk of bullying, the law can inherently prove to be an overdeterrent to innovation if it promotes uncertainty.<sup>286</sup> Due to the difficulties with line-drawing and the existence of multiple balancing tests in the IP context, policymakers may well choose to provide stricter legal definitions for trademark-related offenses than they might otherwise prefer, as a means to provide a “buffer zone” against the hazards involved in the judicial discretion that will ineluctably follow.

## V. CONCLUSION

This Article set out to demonstrate that trademark law is far from being the red-headed stepchild of the intellectual property family. Society enjoys trademarks as art, has hedonic appreciation of the joint entity that arises when a trademark and the rest of a product combine, and receives motivation to perform other important functions through the incentive that is the increased ability to purchase branded goods. Trademarks have come a long way from their days as mere source identifiers and guarantors of quality. Brands that contain trademarks form a significant part of the market economy, and the law must either embrace that or openly reject it. If it chooses to do the latter, however, it must be with society’s full recognition that the differences between trademark law and other forms of IP law have been overstated with regard to incentives. In the end, trademarks may belong in the pantheon of intellectual property after all rather than being relegated to handmaiden status.

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285. See Leah Chan Grinvald, *Shaming Trademark Bullies*, 2011 WIS. L. REV. 625 (2011); Irina D. Manta, *Bearing Down on Trademark Bullies*, 22 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 853 (2012).

286. See generally Manta, *supra* note 53.