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Consumer Investment in Trademarks

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CONSUMER INVESTMENT IN TRADEMARKS

Deborah R. Gerhardt¹

Introduction

This article seeks to solve a discrete but significant problem resulting from the expansion of trademark law: the failure to adequately protect consumer interests in using trademarks to find information. For example, a consumer exploring options before buying a fuel-efficient car may type “Prius” into an Internet search engine. Internet technology provides endless possibilities to find responsive information. However, open questions of trademark law restrict this freedom, making it impossible for search engine providers to use marks to trigger competitive advertisements without risking liability. Federal circuit courts are split over whether search engines commit trademark infringement if they display a Honda or GM sponsored link in response to the “Prius” search. To reduce the risk of trademark liability, search engines are blocking links to truthful comparative advertisements.² Therefore, because of an unclear question of trademark law, consumers have access to less information. The consumer’s interest in finding information about a Honda hybrid or the GM ENVI is too often ignored in favor of policies that permit trademark owners like Toyota to have more control over how their marks are used. Access to a wide array of commercial, political and artistic expression on the Internet will remain available only if trademark expansion is controlled to protect consumer interests in using marks to find information.

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² See, note 130 and accompanying text.

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Trademark law has lost its way. In the early twentieth century, trademark law developed to protect consumers and trademark owners from counterfeit goods. If a pirate used “Coca-Cola” to trick the public into believing that their fake soda was the real thing, the Coca-Cola Company could sue for trademark infringement. In these situations the interests of trademark owners and consumers aligned perfectly. Protection from false or misleading trade symbols was justified by the policies of promoting fair competition for trademark owners and protecting consumers from deception.³ Economists supported such trademark protections because they maximize informational and economic efficiency.⁴ As trademark law expanded, it outgrew these policies, becoming a vehicle for mark owners to control an increasing array of unauthorized uses, whether or not consumers were deceived. The alignment between trademark owner interests and consumer interests broke apart.

This expansion of trademark law has uprooted the doctrine from its limiting principles, resulting in trends that ignore or harm consumer interests. The harm is especially apparent when trademark law is used to deny consumers the opportunity to use trademarks to find information. When trademark law inhibits keyword advertising, trademark owners gain control over the results consumers see when they use marks as search terms. If trademark owners achieve such plenary control over their marks, consumers will suffer economic and expressive harm. Under current doctrine, no adequate check exists to protect consumer interests. This article suggests that a consumer investment model will provide a limiting principle to protect expressive and informational interests in trademarks. Adoption of this model would provide a balancing force in favor of the public as trademark rights expand. It would also return trademark law to a place where it can do a better job of achieving its traditional purposes of protecting consumers and

³ J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 2:2 (4th ed. 2006).

⁴ WILLIAM M. LANDES, RICHARD A. POSNER, *THE ECONOMIC STRUCTURE OF INTELLECTUAL PROPERTY LAW* ____ (2003).

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trademark owners by promoting fair competition and providing consumers with truthful information.

The discussion proceeds in three parts. Section I illustrates the inadequate treatment of consumer interests in trademark doctrine and theory. Because consumer confusion must be proven to establish trademark infringement, consumer interests should serve as a meaningful limiting principle. Unauthorized trademark uses should, in theory, be permitted when consumers are not confused. In practice, consumers are often portrayed as hopelessly confused to justify expanding the scope of trademark protection. Consequently, actual consumer interests are too often ignored. After identifying how this malleable consumer construct developed in trademark doctrine, Section I explains why several theoretical approaches do not provide an adequate mechanism for addressing this problem. Due to the absence of a workable limiting principle, trademark protection has expanded—and in the name of consumer protection—has often failed to acknowledge or protect actual consumer interests.

In response, Section II introduces a new model of consumer investment. The model proposes that because consumers make substantial cognitive and economic investments in marks, they deserve a return. Section II first explores the nature of the investment. Lessons from the social sciences are used to challenge two frequently asserted assumptions about consumers in current trademark legal doctrine: (1) that trademark value is created solely by trademark owners and (2) that the public informational interest in marks is passive. Drawing on literature from psychology, economics, marketing and cognitive science, this section provides a broader vision of how consumers participate in creating trademark value. The model of consumer investment is based on this more collaborative model of trademark creation through which consumers invest

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trademarks with meaning and value. Consumers also actively use marks for many purposes, such as self-expression, value affirmation, social connections and information searches.

Next, Section III turns to the type of return that consumers should receive from their investment. Because the public invests marks with meaning that is essential to their success, the model provides that consumers should be able to use marks freely for many informational purposes. It suggests three contexts in which adopting the model of consumer investment could inform the choice to expand trademark protection or create a safe harbor: keyword advertising, cultural dilution and lexicography. Application of the model to current trademark doctrine in these contexts and others would provide a means for assuring that consumer interests do not get pushed aside in important trademark cases that affect public interests.

I. Consumer Interests Are Losing Ground to Expanding Interests of Trademark Owners

Consumers hold an ambiguous place in trademark legal discourse. Much commentary assumes that consumer protection is the theoretical heart of trademark law.⁵ Yet recent scholarship has questioned whether this assumption holds true in practice. As Mark McKenna observes, “[m]odern trademark law . . . amounts to little more than industrial policy intended to increase brand value.”⁶ While the law moves towards greater protection for trademark owners, it risks compromising public interests in using marks for expressive or informational pursuits.

Identifying and preserving a public domain of intellectual property is necessary so that the public retains some rights to use works protected by intellectual property.⁷ Most legal scholarship on this subject focuses on preservation efforts aimed at limiting copyright and patent protection. Insufficient attention has been paid to the increasingly powerful rights of trademark

⁵ Mark McKenna, *The Normative Foundations of Trademark Law*, 82 *Notre Dame L. Rev.* 1839, 1843 (2007).

⁶ *Id.*

⁷ *See, e.g.*, JAMES BOYLE, *THE PUBLIC DOMAIN ENCLOSING THE COMMONS OF THE MIND* (2008) and Lawrence Lessig, *FREE CULTURE* (2004).

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owners, and how this expansion threatens to erode public interests in trademarks. Intellectual property law involves a constant balancing between the rights of creators to control the integrity of their work and the income it generates against the rights of the public to use and share works or to create new works and business models based on the work of others.⁸ To avoid permanent monopolies on information, culture and knowledge, a quid pro quo in favor of the public must provide a balance so that intellectual property rights are not unlimited—even during the time that the intellectual property protection exists. Some of the same reasons that justify public use of copyrighted and patented works apply to public use of trademarks as well. Although often less novel than patented and copyrighted works, the ideas embodied in trademarks create “substantial non-rivalrous public benefits.”⁹ The common narratives associated with certain marks contribute to public knowledge and cultural identity. Perhaps because this similarity has been deemphasized in the trademark literature, the extent to which the public should possess positive rights has not been adequately developed.

However, it is perhaps the differences that provide an even more important justification for protecting the rights of consumers in trademarks. Copyright and patent protection is constitutionally grounded in Article I, Section 8, Clause 8 of the United States Constitution which provides that “To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.”¹⁰ The “limited times” provision assures that copyrighted and patented works will ultimately enter the public domain for the public to use and share. Unlike copyrights and

⁸ See Jessica Litman, *Breakfast with Batman: The Public Interest in the Advertising Age*, 108 YALE L.J. 1717, 1728 (1999) (“As Ralph Brown reminded us often, the essence of any intellectual property regime is to divide the valuable stuff subject to private appropriation from the valuable stuff that, precisely because of its importance, is reserved for public use.”).

⁹ David Barnes, *A New Economics of Trademark*, 5 NORTHWESTERN J. OF TECHNOLOGY AND INTELLECTUAL PROPERTY 122, __ (2006)

¹⁰ U.S. Constitution, Article I Clause 8, Section 8.

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patents, trademark rights attach from mere use, and if well tended, can last forever. Because trademarks are not awarded to encourage the creation of new inventions or creative works and may never expire, the policy for granting even a limited monopoly in trademarks carries less force.¹¹ Also, the public interest in some unauthorized uses during the term of protection is stronger because any rights the public will have must be available during the term of protection. In addition to their cultural value, consumers rely on trademarks as essential tools for finding a wide variety of information. If such unauthorized uses are to be permitted,¹² the law must articulate a theory to identify and preserve public interests in trademarks.

Trademark doctrine is moving in a direction that threatens consumer interests. Ironically, this trend is occurring at a time when consumer power over marks is stronger than ever. Trademark owners are not the only ones who seek to use marks for commercial and expressive purposes. Even in the small gesture of exchanging business cards, we use marks to define ourselves, express values and tastes, define our niche in life and connect to a community. An entrepreneur may post a competitor's mark on its web site to make a legitimate product comparison. Consumer safety advocates use marks to provide information about branded goods and services. Consumers use brands to find products and connect to communities with similar interests. Search engine providers seek to use trademarks to help Internet users find information responsive to their queries.¹³ Yet trademark discourse too often ignores both the extent to which consumers shape trademark value and how public interests in the informational value of marks

¹¹ Ann Bartow, *Likelihood of Confusion*, 41 SAN DIEGO L. REV. 721 (2004); Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 YALE L. J. 1687, 1694-95 (1999).

¹² For two of the many informational uses threatened by expanding trademark rights, see Eric Goldman, *Deregulating Relevancy in Internet Trademark Law*, 54 EMORY L. J. 507, 509 (2005) (describing how the research agendas of a tenth grader trying to learn about Nike's role in Greek mythology and a rock climbing enthusiast seeking comparative product reviews between Nike and Reebok shoes may be threatened by expanding trademark rights).

¹³ Eric Goldman, *Deregulating Relevancy in Internet Trademark Law*, 54 EMORY L. J. 507 (2005).

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should be reflected in trademark doctrine.¹⁴ Consumers have been cast in strange and conflicting roles, described by Barton Beebe as the “sovereign” and the “fool.”¹⁵ Although the “sovereign” may be invoked to explain the theoretical basis for trademark law, the “fool” appears much more often in trademark decisions because the gullible consumer is often used as a vehicle to justify greater trademark protection.¹⁶ Neither construct provides a workable foundation on which to shape trademark law for a future that will respect public interests in using marks for expressive and informational purposes.

A. How The Likelihood of Confusion Standard Created a Template for Undervaluing Consumers

Although pro-consumer policies are thought to provide a foundation for trademark law, in trademark infringement practice, consumer interests are not sufficiently valued. Trademark infringement claims require proof that consumers are likely to be confused about the source of a product or service because it appears similar to a symbol used by another.¹⁷ This likelihood can be found even if now evidence of actual confusion is presented. Therefore, no matter what the evidence shows, a court is inclined to protect trademark rights will find it easy to justify that result by stating that consumers are likely to be confused. For example, if an entrepreneur were to offer a fancy web site with “Wharton” distant education business courses, the site would likely cause confusion over whether it is affiliated with the famous Wharton Business School. If the

¹⁴ In this Article, the term “consumers” includes all persons who may seek to use a trademark that they do not own, and therefore shall be broad enough to embrace competitors, information providers, and anyone other than the trademark owner who wants to use a mark for commercial or non-commercial purposes.

¹⁵ See, Barton Beebe, *Search and Persuasion in Trademark Law*, 103 MICH. L. REV. 2020, 2021-26 (2004) (“the ‘sovereign consumer is a utility-maximizing agent of unbounded rational choice. . . the fool [is] the ‘Pavlovian’ stooge of the advertising industry . . . The sovereign consumer . . . serves the trademark apologist, in theoretical disputes over the basis of trademark protection and another, the restrictionist, in disputes over the scope of that protection. . . . The consumer as fool is a similarly double-edged construct. His susceptibility to the persuasive content of trademarks undermines the basis of trademark protection, but his lack of discernment also recommends a wide scope of protection when protection is given.”).

¹⁶ *Id.*

¹⁷ 15 U.S.C. § 1114(1) (2006); 15 U.S.C. § 1125(a) (2000 & Supp. 5 2006).

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site were not a Wharton affiliate, Wharton would have a viable trademark infringement claim because consumers may be confused about whether it is connected with the new on-line courses. If the site does not offer business classes, but instead promotes art instruction for children, likely consumer confusion may be harder to prove. A court that wanted to protect Wharton's control over its mark may portray potential visitors as very easily confused, even if no evidence of confusion had been presented.

This impulse to define consumer confusion in a way that protects trademark interests has resulted in years of trademark discourse that demeans consumers and devalues their interests. In trademark opinions, the language used to describe consumers is often strikingly paternalistic. Courts often describe consumers as pawns, easily manipulated and confused by choices.¹⁸ In *Mishawaka Rubber Mfg. Co. v. S.S. Kresge Co.*, Justice Frankfurter wrote that:

A trade-mark is a merchandising short-cut which induces a purchaser to select what he wants, or what he has been led to believe he wants.¹⁹

Justice Sandra Day O'Connor wrote that the roots of trademark and unfair competition law lie in "*protecting consumers* from confusion as to source. While that concern may result in the creation of 'quasi-property rights' in communicative symbols, the focus is on the *protection of consumers* . . ."²⁰ According to this logic, robust protection of trademarks will protect consumers as well. If one assumes that the public interest aligns perfectly with those of the

¹⁸ See generally, Barton Beebe, *Search and Persuasion in Trademark Law*, 103 MICH. L. REV. 2020, 2021-26 (2004) (asserting in his introduction, *The Sovereign and The Fool*, Beebe that "restrictionist trademark commentary has charged, often quite comically, that the consumer is not so much the sovereign as the fool, the 'Pavlovian' stooge of the advertising industry."). Some commentators outside the law literature also cast consumers in passive roles. Giovanni B. Ramillo and Francesco Silva weave a compelling tale of trademark economics, but in doing so, they say that "today's market also exhibits a second dimension of trademark, connected with the impact on consumers of the meaning conveyed by the commercial sign." Giovanni B. Ramillo and Francesco Silva, *Appropriating Signs and Meaning: The Elusive Economics of Trademark*, 3 (May 2006), <http://ssrn.com/abstract=936653> (follow hyperlink to download PDF document from the Social Science Research Network). Later they add that "trademark provides a virtual identity that reconstructs useful meaning for guiding consumer choice." *Id.* at 6.

¹⁹ *Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co.*, 316 U.S. 203, 205 (1942).

²⁰ *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 US 141, 157 (1989) (emphasis added).

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trademark owner, there is no reason to consider consumer interests separately. The problem with this assumption is that it does not account for situations in which such “quasi-property rights” conflict with consumer interests.

Yet based on the implicit assumption of parallel interests, courts frequently protect mark owners even if no consumer confusion had occurred. In *Florence Manufacturing Co v. J.C. Dowd & Co.*, the defendant prevailed at trial and was permitted to continue selling its “Sta-Kleen” toothbrushes notwithstanding the similarity with plaintiff’s “Keepclean” mark for toilet brushes.²¹ The District held that neither party had a protectable mark (descriptive marks were not then registrable) and found no evidence of consumer confusion.²² Yet, the Second Circuit reversed, holding that unfair competition had occurred because the defendant had a “dishonest motive” in selling its toothbrushes in similar packaging.²³ Notwithstanding this primary reason for reversing the trial court’s decision, the Second Circuit took the following swipe at consumers:

“The law is not made for the protection of experts, but for the public—that vast multitude which includes the ignorant, the unthinking and the credulous, who in making purchases, do not stop to analyze, but are governed by appearances and general impressions.”²⁴

The Second Circuit’s opinion in *Florence* has been cited over two hundred times, and at the time of this writing, eighty-two federal and state cases specifically quoted the disparaging language about the public. Federal and state trademark decisions are littered with similar references to consumers as careless and easily fooled.²⁵

²¹ *Florence Mfg. Co v. J.C. Dowd & Co.* 171 F. 122, 125 (C.C.D.N.Y. 1909), *rev’d*, 178 F. 73 (2d Cir. 1910).

²² *Id.*

²³ *Id.* at 75.

²⁴ *Id.*

²⁵ *See, e.g.,* *McLean v. Fleming* 96 US 245, 255 (1878) (“Where the similarity is sufficient to convey a false impression to the public mind, and is of a character to mislead and deceive the ordinary purchaser in the exercise of ordinary care and caution in such matters, it is sufficient to give the injured party a right to redress”); *August Storck K.G. v. Nabisco, Inc.*, 59 F.3d 616, 618 (7th Cir. 1995) (“Many consumers are ignorant or inattentive, so

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In retrospect, it seems clear that the confused consumer was a necessary construct for justifying the expansion of trademark rights. In order to find infringement when the products or services did not compete, courts would portray the public as less discerning and more easily confused.²⁶ In *Stork v. Sahati*, the famous New York “The Stork Club” sued an “unpretentious” San Francisco nightclub that used the same name.²⁷ The district court found that confusion was not likely, and denied injunctive relief.²⁸ The Ninth Circuit reversed, explaining that the law “protects not only the intelligent, the experienced, and the astute. It safeguards also the ignorant, the inexperienced, and the gullible.”²⁹ Before federal dilution protection was available, consumers were portrayed as easily confused in order to justify protecting famous marks. The *Sahati* decision is an apt example, as the court made it clear that it was compelled to reverse the district court in order to stop “an unfair trade practice that threatens to ‘nibble away,’ ‘whittle away,’ or ‘dilute’ the value of its dearly-bought prestige.”³⁰ To justify the expanded trademark rights, courts often portrayed consumers as more and more easily confused. By 1999, Jessica Litman remarked, “Recently, we have seen a great deal of the extraordinary gullible consumer.”³¹

some are bound to misunderstand no matter how careful a producer is.”); *E. & J. Gallo Winery v. Consorzio Del Gallo Nero*, 782 F. Supp. 457, 465 (N.D. Cal. 1991) (“[T]he lack of consumer sophistication significantly enhances the likelihood of confusion between the two products.”), *and granting plaintiff’s motion for attorney fees, and denying defendant’s motion for discovery and a hearing, and denying defendant’s motion to amend the judgment*, *E. & J. Gallo Winery v. Consorzio Del Gallo Nero*, 782 F. Supp. 472 (N.D. Cal. 1991); *Id.* (“Moreover, with all due respect to Alabama, it would seem common knowledge that wine was not a widely appreciated beverage in the South in 1959.”); *Pillsbury v. Pillsbury-Washburn Flour Mills Co.*, 64 Fed. 841, 847 (7th Cir. 1894) (“[T]he purchaser of goods, with respect to brands by which the goods are designated, is not bound to exercise a high degree of care”); *Williams v. Brooks* 50 Conn. 278, 283 (Conn. 1882) (“It is a matter of common knowledge that many persons are in a greater or less degree careless and unwary in the matter of purchasing articles for their own use.”).

²⁶ Ann Bartow, *Likelihood of Confusion*, 41 SAN DIEGO L. REV. 721, 724 (2004) (“Trademark rights should not be strengthened and expanded by reliance on unproven and demonstrably incorrect allegations about the ignorance, poor reasoning, and deficient observational powers of the public . . .”).

²⁷ *Stork Rest., Inc. v. Sahati*, 166 F.2d 348 (9th Cir. 1948).

²⁸ *Id.* at 3__.

²⁹ *Id.* at 364.

³⁰ *Id.*

³¹ Jessica Litman, *Symposium, Breakfast with Batman: The Public Interest in the Advertising Age*, 108 YALE L.J. 1717, 1722 (1999). *Id.* (“Courts have been generous in interpreting the scope of confusion from which today’s

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The oblivious consumer construct in infringement analysis differs from the treatment of consumers in other areas of the law—and even in other areas of trademark law.³² As Michael Petit noted:

This emphasis on carelessness was in stark contrast with the dominant vision of the liberal subject in the nineteenth century. In most legal and political contexts, the autonomy, independence, and self-reliance of the white, male subject-citizen were highlighted. The liberal self was an individual who possessed self-mastery and control. Private citizens were expected to act prudently and embrace personal responsibility for life's risk as an emblem of their freedom.³³

One reason consumers have been relegated to the sidelines of trademark analysis is that in trademark litigation, generally, two private corporate actors engage in a tug of war to control the meaning and proceeds generated by a specific symbol. Often, neither side has an incentive to protect the investments and rights of consumers because acknowledging those rights would diminish their control. Even if the incentive exists, as in the case of corporate search engine owners, consumer interests are not given adequate protection within the current doctrinal framework notwithstanding the traditional policies that form the common law foundation.

B. Consumer Investment Would Add an Important Limiting Principle To Trademark Theory

Trademark protection is often justified by the theory that consumers should be protected from deceptions and misrepresentations in the use of trade symbols. Some theorists emphasize

credulous purchasers must be protected: Not only must they be shielded from confusion about the source of a product at the point of sale, they must also be protected from after-market confusion, reverse confusion, subliminal confusion, confusion about the possibility of sponsorship or acquiescence and even confusion about what confusion the law makes actionable.”) (citations omitted). *See also*, Rochelle Cooper Dreyfuss, *We are Symbols and Inhabit Symbols, So Should we be Paying Rent? Deconstructing the Lanham Act and Rights of Publicity*, 20 COLUM.-VLA J.L. & ARTS 123, 129 (1996) (“The assumption of consumer naïveté is, in fact, so strong that even accurate usages of a person’s name and image, even when accompanied by labels that specify that person’s involvement with the product, have been thought likely to give rise to confusion.”) (footnote omitted).

³² *See*, Barton Beebe, *Search and Persuasion in Trademark Law*, 103 MICH. L. REV. 2020, 2025 (2004) (“The rational consumer may justify the protection of trademarks for their informational content, but, in his perspicacity, he also justifies a narrow scope of protection as against other similar marks.”).

³³ Michael J. Petit, *The Unwary Purchaser: Consumer Psychology and the Regulation of Commerce in America*, 43(4) JOURNAL OF THE HISTORY OF THE BEHAVIORAL SCIENCES 379, 384 (2007) (citation omitted).

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the importance of honoring this traditional view and advocate returning to it.³⁴ If some sort of misrepresentation is required, trademark rights may be asserted only to the extent that they protect the public from false and confusing statements about quality, origin and ownership.³⁵ If this theory guided legal limits on trademark rights, third party uses would be lawful if they did not lead to consumer confusion. Misrepresentation theorists support interpretations of trademark law that encourage robust competition and limit trademark rights.³⁶

The use of misrepresentation as a general limiting principle for trademark protection does not seem likely to occur in view of current trends in trademark law. The Lanham Act of 1946 was touted as way to protect consumers, but its primary beneficiaries were corporate mark owners.³⁷ Since its enactment, trademark protection has steadily expanded to include protection

³⁴ See e.g., Ann Bartow, *Likelihood of Confusion*, 41 SAN DIEGO L. REV. 721, 817 (2004) (“Both free speech rights and efficient commerce would best be served if courts entertained trademark infringement claims only where either identical or exceedingly similar marks are used commercially in a trademark sense, on directly competing or closely related goods and services.”); See also Jessica Litman, *Symposium, Breakfast with Batman: The Public Interest in the Advertising Age*, 108 YALE L.J. 1717, 1719 (1999) (“The law should protect the integrity of trade symbols in order to prevent consumer confusion or deception The law should not, however, extend additional protection to trade symbols’ persuasive function as well”) (footnote omitted).

³⁵ *Id.*; Ralph S. Brown Jr., *Advertising and the Public Interest: Legal Protection of Trade Symbols*, 57 YALE L.J. 1165, 1205 (1948) (“As we have seen, it may at once represent: (1) the source of goods (2) the reputation of that source (3) satisfaction with the goods themselves (4) persuasive advertising value (5) intrinsic symbol value. We have agreed that the first three are desirable private interests, entitled to protection. The last two are not.”).

³⁶ See Rochelle Cooper Dreyfuss, *Expressive Genericity: Trademarks as Language in the Pepsi Generation*, 65 NOTRE DAME L. REV. 397, 399 (1989) (“I do not believe that there is a tenable theory for plenary control over trademarks. . . . [T]he rationale underlying trademark law is fully effectuated by protecting the significance of marks in the principal markets of their proprietors.”); See also Jessica Litman, *Symposium, Breakfast with Batman: The Public Interest in the Advertising Age*, 108 YALE L.J. 1717, 1729-30 (1999) (“Protecting consumers from deception is the justification most familiar to trademark law, but it does not support assigning broad rights to prevent competitive or diluting use when no confusion seems likely.”) (footnote omitted).

³⁷ In 1946, the Lanham Trademark Act became law, widely expanding the scope of federal protection for trademarks. Bartow, *supra* note _ at 721, 724, 727 (demonstrating in Section II that “the true intended and actual beneficiaries of the Lanham Act are trademark holders rather than consumers”). The Senate Committee reported, “when it is considered that the protection of trademarks is merely protection to good will, to prevent diversion of trade through misrepresentation, and the protection of the public against deception, a sound public policy requires that trademarks should receive nationally the greatest protection that can be given them.” S. Res. 1333, 79th Cong. (1946). The Senate report appears premised on the assumption that consumer and corporate interests in trademarks run parallel. The Act was so favorable to corporate interests that one commentator wrote, “American business owes to Mr. Lanham a debt of gratitude it can never pay.” J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 5:4 (4th ed. 2008) (quoting Robert, *The New Trademark Manual*, 237 (1947)).

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against unauthorized uses that are often not confusing or deceptive at all, such as dilution,³⁸ cybersquatting,³⁹ and the loss of exclusive merchandising rights.⁴⁰ Therefore, misrepresentation theory can no longer serve as a workable check on expanding trademark protections.

On the opposite end of the trademark theoretical spectrum from the misrepresentation theorists are those who oppose all sorts of free-riding on marks based on the claim that trademarks should be protected as exclusive “property” belonging to the trademark owner.⁴¹ This view assumes that trademark value results solely from efforts made by the trademark owner. From this assumption flows the conclusion that no one but the trademark owner should be able to “free ride” by making money from a mark belonging to someone else.⁴²

In his excellent work explaining why the rhetoric of free riding is misguided in the intellectual property context, Mark Lemley exposes the agenda of the anti-free rider: “absolute protection” against any sort of copying or use “is the goal.”⁴³ Anti-free riding rhetoric is frequently asserted by trademark owners and used to justify judicial decisions.⁴⁴ Some who advocate for greater protection of marks assert ownership over consumer consciousness as if it

³⁸ The Federal Trademark Dilution Act in 1996 and its amendments (especially the lowered burden of proof) in the Trademark Dilution Revision Act of 2006 made it possible to protect marks from uses that are likely to diminish a mark’s distinctiveness, even if no one is confused. 15 U.S.C. § 1125(c) (2000 & Supp. 5 2006). In the hearings preceding the 2006 revision to the federal dilution statute, not one witness argued that it should be scrapped.

³⁹ 15 U.S.C. § 1125(d) (2000 & Supp. 5 2006).

⁴⁰ See e.g., Stacey L. Dogan & Mark A. Lemley, *Article: The Merchandising Right: Fragile Theory or Fait Accompli?*, 54 EMORY L.J. 461, 472 (2005) (“[T]he so-called “merchandising right” is something of an anomaly. . . . When fans buy t-shirts with the name of their school, team, or rock band, they are almost always buying a product bearing an established mark. . . . But the mark in these cases is rarely serving the traditional function of a trademark. . . . [T]he mark is the product - or at least is a critical part of what makes the product attractive.”)(footnote omitted); Rochelle Cooper Dreyfuss, *Expressive Genericity: Trademarks as Language in the Pepsi Generation*, 65 NOTRE DAME L. REV. 397, 397 (1989) (“[A]s trademark owners have begun to capitalize on the salience of these symbols in the culture, the justifications that formerly delineated the scope of the law have lost significance. The Mets’ right to prevent others from selling banners, caps, and tee shirts marked with its logo could not initially be explained on quality-promotion grounds so long as it was clear that fans are not confused, and that they did not regard the franchise as insuring the quality of anything but a baseball team.”) (footnote omitted).

⁴¹ Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 YALE L. J. 1687, 1694 (1999).

⁴² See, *infra* notes _____ and accompanying text.

⁴³ Mark A. Lemley, *Property, Intellectual Property and Free Riding*, 83 TEXAS L. REV. 1031, 1031 (2004)

⁴⁴ See, *infra* notes _____ and accompanying text.

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were real estate.⁴⁵ The unfortunate result of this trend is that trademark law has outgrown its limiting principles at the expense of public interests. As Lemley observes,

Trademark law, which was once limited to protecting against consumer confusion, has increasingly taken on the character of a property right, with the result that trademark “owners” now have the power to prevent various kinds of uses of their marks, regardless of whether consumers will be confused or search costs increased.⁴⁶

Trademarks are not and should not become monopolies.⁴⁷ Although “courts and commentators have worried that without protection, imitation and free riding by others will undermine the incentive necessary to ensure sufficient investment in desirable trademarks,” as Professor Glynn S. Lunney, Jr. observes, free riding is not always inefficient or undesirable.⁴⁸ In fact, trademark law expressly creates a safe zone for the unauthorized use of many symbols so that the public can freely use generic terms, functional features, and to a lesser extent, descriptive terms and colors.⁴⁹

The tendency to protect against free riding may have a longer history in trademark doctrine than many theorists have acknowledged. Mark McKenna describes how trademark protection developed out of unfair competition doctrine primarily to protect corporations from unfair competition.⁵⁰ Much twentieth century United States case law supports the idea that a trademark is property owned by its corporate creator. Rarely were positive rights (other than the

⁴⁵ Jerre Swann, *Dilution Redefined for the Year 2002*, 92 TRADEMARK REP. 585, ____ (2002) (noting that even in 1927, Frank Schechter “appreciated the need to preserve the deem ‘impress’ of a strong singular brand upon the public consciousness.”). See also Scott M. Davis, *Brand Asset Management: Driving Profitable Growth Through Your Brands 1* (2000) (“The strongest brands in the world own a place in the consumer’s mind . . .”)

⁴⁶ *Id.* at 1042.

⁴⁷ See J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 2:10-2:11 (4th ed. 2007); Stacey L. Dogan and Mark A. Lemley, *Trademarks and Consumer Search Costs on the Internet*, 41 HOUS. L. REV. 777, 790 (2004) (“[T]rademark law rewards—and provides incentives for—investment in goodwill, but does not provide rights to all of the economic value that derives from that goodwill.”).

⁴⁸ Glynn S. Lunney, Jr., *Trademark Monopolies*, 48 EMORY L.J. 367, 440-41 (1999).

⁴⁹ *Id.*

⁵⁰ Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 NOTRE DAME L. REV. 1839, 1841 (2007) (“[T]rademark law was not traditionally intended to protect consumers . . . Instead, trademark law, like all unfair competition law, sought to protect producers from illegitimate diversions of their trade by competitors.”).

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right not to be confused) described as belonging to the public. The trademark right itself was defined as extending only to corporate interests. In *American Steel Foundries v. Robertson*, the Supreme Court declared, “[t]here is no property in a trademark apart from the business or trade in connection with which it is employed.”⁵¹

While the anti-free riding theorists may reflect the reality of expanding trademark rights, this approach is fundamentally flawed for not articulating any limits. The assumption that only trademark owners may financially benefit from their marks is contrary to many necessary fair uses built into trademark law. Numerous trademark exclusions permit the use of another’s mark for expressive and commercial purposes, such as the right to use the mark “Honda” when selling a used Honda car or offering to service them.⁵² The commercial use of marks is also essential in news reporting, comparative advertising and consumer testing services. Although the Lanham Act and its recent amendments were enacted to protect corporate interests, it retained exceptions for such commercial conduct, and therefore is not and was not intended to be “a general anti-copying statute.”⁵³

Economic theories of trademark protection fare better in balancing consumer interests, but would still benefit from a consumer investment paradigm. Economic theorists assert that trademarks embody “information capital” in reducing consumer search costs and providing a short hand for valuable information about the source and quality of a good or service.⁵⁴ A trademark helps consumers relocate a product or service so they can duplicate a prior satisfactory

⁵¹ *American Steel Foundries v. Robertson*, 269 U.S. 372, 380 (1926).

⁵² See, *infra* notes _____ and accompanying text.

⁵³ Mark Lemley, *The Modern Lanham Act and The Death of Common Sense*, 108 YALE L.J. 1687, 1714 (1999).

⁵⁴ See William M. Landes, Richard A. Posner, *Trademark Law: An Economic Perspective*, 30(2) JOURNAL OF LAW AND ECONOMICS 265, 269 (1987).

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experience.⁵⁵ For example, if I put my twins to bed for the night in diapers that leak, and I end up bathing boys and changing linens on two beds in the middle of the night, I am likely to remember that experience next time I go to the store to buy diapers. If using “Huggies” diapers results in no leaks, you can bet that I will buy them again. In this way, consumers use trademarks to locate quality products and as a mechanism to try to repeat past satisfactions.

Because of the consumer impulse to gather and use this information, trademark owners have an incentive to make high quality products. Proctor & Gamble and Kimberly Clark know well that excellent diaper performance will result in positive associations with their mark. Leaks will not. Poor or inconsistent diaper quality may cause a consumer to avoid their brand. In this way both, producer and consumers benefit from the use of marks on consistently high quality products. If the trademark is used on a product that has consistent quality, the consumer can rely on specific expectations and will not need to spend time reading fine print, asking questions, or seeking the advice of others before making a purchase.⁵⁶ The signaling function of the trademark at the point of purchase is worthy of legal protection because of the informational efficiencies that result.

Economic theorists contributed much to trademark doctrine by emphasizing the importance of trademarks as information tools. The economic model is premised on the goals of promoting economic efficiency and consumer welfare.⁵⁷ It focuses on consumer perceptions at the moment a purchase is made. The limitation of this model is that it does not adequately

⁵⁵ WILLIAM M. LANDES, RICHARD A. POSNER, *THE ECONOMIC STRUCTURE OF INTELLECTUAL PROPERTY LAW* 166-67 (2003). In theory trademarks will facilitate the flow of truthful information. However, for a discussion of how recent expansion of trademark rights threaten to “obstruct the flow of information about competing products and services,” see Stacey L. Dogan and Mark A. Lemley, *Trademarks and Consumer Search Costs on the Internet*, 41 *HOUS. L. REV.* 777, 777 (2004).

⁵⁶ See e.g., WILLIAM M. LANDES, RICHARD A. POSNER, *THE ECONOMIC STRUCTURE OF INTELLECTUAL PROPERTY LAW* 166-67 (2003) (“The implicit economic model that guides that law is our model, in which trademarks lower consumers’ search costs by providing them with valuable information about brands . . . rather than create social waste and consumer deception.”).

⁵⁷ See *id.*

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embrace consumer interests in trademarks before and after the moment of the purchase. As the next section illustrates, consumers use trademarks for a variety of purposes at other times.

Returning to the “Prius” example, a consumer may type the mark into a search engine, not to effectuate a purchase, but simply to find information about hybrid cars, find a place to a Prius serviced or connect to a community of Prius enthusiasts.

Another limitation to the economic theory is that it fails to account for the many expressive uses of marks, and the extent to which they contribute to trademark value. An economist might theorize that those seeking to purchase a hybrid car would make their selection based primarily on price and fuel economy. Sometimes the economist is wrong. In a survey conducted in the spring of 2007, 57% of Toyota Prius owners indicated that their primary motivation was that the Prius “makes a statement about me” while 36% said their primary motivation was “higher fuel economy.”⁵⁸ A big reason for Toyota’s competitive edge is that the Prius is sold only as a hybrid, and therefore sends a clear and powerful message about its owner’s commitment to living an environmentally responsible life.⁵⁹ Mary Gatch of Charleston, South Carolina explains that she bought the Prius because “I felt like the Camry Hybrid was too subtle for the message I wanted to put out there . . . I wanted to have the biggest impact that I could, and the Prius puts out a clearer message.”⁶⁰ Interestingly, three years earlier, only 34% of Prius owners cited expressive value as their primary purchasing motivation.⁶¹ The Prius example is not meant to demonstrate consumer irrationality. Rather, it is strong evidence that even in making purchasing decisions, consumers choose a mark for purposes that often are not explainable by economic theories alone.

⁵⁸ Michelle Maynard, *Say Hybrid and Many People will hear “Prius”*, N.Y. TIMES, July 4, 2007, at A1.

⁵⁹ *Id.*

⁶⁰ *Id.*

⁶¹ *Id.*

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Some scholars in the legal academy eloquently acknowledge consumer power in building trademark value. Most memorably, Jessica Litman wrote that,

The argument that trade symbols acquire intrinsic value – apart from their usefulness in designating the source – derives from consumers’ investing those symbols with value for which they are willing to pay real money. . . . It may well increase the total utils in our society if every time a guy drinks a Budweiser or smokes a Camel, he believes he’s a stud. We may all be better off if, each time a woman colors her hair with a L’Oreal product, she murmurs to herself “and I’m worth it.” If that’s so, however, Warner Brothers, Anheuser-Busch, R.J. Reynolds, and L’Oreal can hardly take all the credit. They built up all that mystique with their customers’ money and active collaboration.⁶²

Some recent commentary has acknowledged the expressive value of marks and an expanded view of consumers as co-authors in the creation of strong brands.⁶³ Yet current theoretical approaches do not adequately apply these observations to protect consumer interests. Therefore, they would be substantially improved with recognition of the consumer investment model set forth in the section that follows.

II. Consumer Investment in Trademarks

Social science literature provides a wealth of insights into the nature of consumer investments in marks. Trademark law could benefit immensely if these insights prompt a reexamination of doctrinal assumptions about how consumers use and respond to trademarks.

This discussion will focus on two broad themes that support the consumer investment model.

⁶² See also Jessica Litman, *Symposium, Breakfast with Batman: The Public Interest in the Advertising Age*, 108 YALE L.J. 1717, 1730 (1999).

⁶³ Alex Kozinski, *Trademarks Unplugged*, 68 N.Y.U. L. REV. 960, 975 (1993) (“The originator must understand that the mark or symbol of image is no longer entirely its own, and that in some sense it also belongs to all those other minds who have received and integrated it. This does not imply a total loss of control, however, only that the public’s right to make use of the word or image must be considered in the balance as we decide what rights the owners is entitled to assert.”) (footnote omitted); See also, Rochelle Cooper Dreyfuss, *We are Symbols and Inhabit Symbols, So Should we be Paying Rent? Deconstructing the Lanham Act and Rights of Publicity*, 20 COLUM.-VLA J.L. & ARTS 123, 142 (1996) (“At the least, the purveyor and the audience should be considered co-creators of the value. If rights are determined by the existence of value, then purveyors and audience should be treated as joint authors or co-inventors.”).

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First, much social science literature indicates that many variables contribute to trademark value.

This collaborative notion refutes the increasingly common assertion in trademark disputes that trademark value is created and controlled solely by mark owners.⁶⁴ Second, many studies indicate that consumers do not merely receive information from marks, but actively use them as informational tools. This evidence should prompt a close look at the tendency in trademark doctrine to cast consumers as mere passive recipients of information embodied in trademarks as though we are all mute dummies merely able to absorb the mark owner's mass media messages. In place of that notion, trademark discourse should not ignore the many ways in which consumers actively use marks to express themselves, connect to others and find information. This section will explore these twin themes and then demonstrate how they support the model of consumer investments in trademarks. The many precise ways in which consumers shape trademark meaning and value is rich terrain for future work. However, at a minimum, trademark issues should be decided in an environment that is open to consider how consumers actually use and think about trademarks.

A. Examining the Assumption that Trademark Meaning is Authored Solely by Trademark Owners

Some claim that the success of a trademark is wholly dependent on the resources and advertising message transmitted by the trademark owner. If that were so, all brands with a strong

⁶⁴ See, e.g., *San Francisco Arts & Athletics, Inc. v. U.S. Olympic Committee*, 483 U.S. 522, 107 S.Ct. 2971 (1987) (quoting *International News Service v. Associated Press*, 248 U.S. 215, 239, 39 S.Ct. 68, 72 (1918)) (“[W]hen a word acquires value ‘as the result of organization and the expenditure of labor, skill, and money’ by an entity, that entity constitutionally may obtain a limited property right in the word.”), *1-800 Contacts, Inc. v. WhenU.com*, 309 F.Supp.2d 467 (2003) (“Plaintiff has spent considerable sums to establish and maintain its marks’ notoriety with online consumers, and is entitled to protect this investment from conduct that infringes those marks Enjoining the Defendants from triggering pop-up advertisements . . . will prevent Defendants from capitalizing on the goodwill and reputation that Plaintiff has earned through its own investment.”)

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economic engine behind them would succeed. In fact, eight out of ten brands fail.⁶⁵ Some of the most notorious brand failures had wealthy corporate coffers behind them. A brand can fail because consumers decline to invest in it at all or because consumers withdraw an investment made previously. Consumer perceptions about trademarks are dynamic and can change over time and in response to experience and other stimuli.⁶⁶ Consumers have the power to fuel brand strength, but they also have the power to invest a mark with negative meaning, withdraw their loyalty and devastate brand value.⁶⁷ Trademarks give consumers a “means of retaliation if the quality does not meet expectations.”⁶⁸ Empirical studies have documented that corporate fraud, faulty design resulting in recalls, and false advertising may result in consumer withdrawal of loyalty that can result in falling stock prices that exceed the magnitude of actually incurred damages.⁶⁹

In the 1980’s, Coca-Cola was losing market share to Pepsi as a youth alternative for the “Pepsi Generation”.⁷⁰ Pepsi ran blind taste tests—“the Pepsi challenge”—in which consumers

⁶⁵ MARTIN LINDSTROM, *BUYOLOGY: TRUTH AND LIES ABOUT WHY WE BUY* 20, 24 (2008); MATT HAIG, *BRAND FAILURES* 7 (2003).

⁶⁶ C. Whan Park et al., *Beyond Attitudes: Attachment and Consumer Behavior*, 2006, at 3, <http://ssrn.com/abstract=961469> (“attitudes . . . can exhibit temporal instability”). See Kathryn A. Braun-LaTour et al., *How and When Advertising Can Influence Memory for Consumer Experience*, 33 J. ADVERTISING 7 (2004).

⁶⁷ Robert E. Smith & Christine A. Vogt, *The Effects of Integrating Advertising and Negative Word-of-Mouth Communications on Message Processing and Response*, 4 J. CONSUMER PSYCHOL. 133 (1995) (describing a study that “demonstrates how vulnerable advertising can be” to negative word of mouth information about a mark). See also Richard W. Mizerski, *An Attribution Explanation of the Disproportionate Influence of Unfavorable Information*, 9 J. CONSUMER RES. 301 (1982) (negative word of mouth exerts more consumer influence than positive word of mouth communications about brands); Russell N. Laczniak et al., *Consumers’ Responses to Negative Word-of-Mouth Communication: An Attribution Theory Perspective*, 11 J. CONSUMER PSYCHOL. 57, 69 (2001) (finding that “well organized and compelling negative word of mouth communication can have a direct effect on brand evaluations.”); Rebecca Tushnet, *Gone in Sixty Milliseconds: Trademark Law and Cognitive Science*, 86 TEX. L. REV. 507, 551-52 (2008) (“Word of mouth is more powerful than advertising in selling—or killing—products. Reviews affect perceptions of quality. It is possible to convince people that they liked a product that they specifically said they disliked by showing them positive reviews (or vice versa, turning positive opinions negative).”).

⁶⁸ George A. Akerlof, *The Market for “Lemons”: Quality Uncertainty and the Market Mechanism*, 84 Q.J. ECON. 488, 500 (1970).

⁶⁹ See Louis De Alessi & Robert J. Staaf, *What Does Reputation Really Assure? The Relationship of Trademark to Expectations and Legal Remedies*, 32 ECON. INQUIRY 477 (1994).

⁷⁰ MATT HAIG, *BRAND FAILURES* at 14

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sampled both drinks. Most preferred the sweeter taste of Pepsi. Coca-Cola had to fight back to keep its market share from eroding. It decided to change its secret formula. After conducting 200,000 blind taste tests, Coca-Cola's data showed that consumers overwhelmingly preferred the new formula, to the original Coca-Cola and to Pepsi. Coca-Cola (with "New!" marked on the can) was reborn, and stands out in marketing history as a notorious disaster. Despite the superior taste, the public felt betrayed. The company had told them that "Coke is it," and now, suddenly, it was not available. U.S. consumers refused to transfer their positive associations with Coca-Cola onto the new formula, and many even refused to acknowledge that the mark itself had not changed. Many consumers remember the reformulated brand as "New Coke" even though the actual mark did not change.⁷¹ Perhaps, the public needed to classify the new product under a different label to keep the negative perception of the new product distinct from the memory of the iconic brand. Donald Keough, Coca-Cola's chief operating officer conceded, "The simple fact is that all the time and money and skill poured into consumer research on the new Coca-Cola could not measure or reveal the deep and abiding emotional attachment to original Coca-Cola felt by so many people." Before that investment could be irrevocably withdrawn, Coca-Cola brought back its original formula and wrote off as a loss the millions of dollars poured into the new formulation.

Not every brand survives the withdrawal of consumer good will. Pan Am was once famous for providing international air travel with exceptional service.⁷² After a series of high profile tragedies, especially the explosion of Pan Am flight 103 over Lockerbie Scotland, the public withdrew its positive associations with the brand.⁷³ Soon thereafter, the airline failed.

⁷¹ See, e. g. MARTIN LINDSTROM, BUYOLOGY: TRUTH AND LIES ABOUT WHY WE BUY 167 (2008).

⁷² MATT HAIG, BRAND FAILURES at 132-133.

⁷³ *Id.*

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Similarly, Proctor and Gamble's Rely tampon brand failed after consumers began to view it as unsafe. Rely was originally touted as a technologically superior brand. Its advertising slogan proclaimed, "It even absorbs the worry!"⁷⁴ When the brand was linked with deaths of young women from toxic shock syndrome, Proctor and Gamble was unable to disassociate the tragic narrative from the brand. Instead of keeping the brand and changing the technology, Proctor and Gamble stopped using it.⁷⁵ The public had invested the brand with negative meaning that the company could not change. Instead of getting out of the tampon business, Proctor and Gamble just dropped the trademark. Proctor and Gamble continues to sell feminine hygiene products, but selected alternative brands to avoid having to battle negative consumer perceptions.⁷⁶

From a marketing perspective, consumer participation in the creation of trademark value is a well-accepted notion. In *How Brands Become Icons*, Douglas Holt explains that a strong brand is born when a mark is infused with significance through a collaborative process involving four primary authors:

[1.] companies [the mark owners], [2.] the culture industries, [3.]intermediaries (such as critics and retail salespeople), and [4.] customers (particularly when they form communities) Marketers often like to think of brands as a psychological phenomenon which stems from the perceptions of individual consumers. But what makes a brand powerful is the collective nature of these

⁷⁴ [http://en.wikipedia.org/wiki/Rely_\(brand\)](http://en.wikipedia.org/wiki/Rely_(brand))

⁷⁵ Haig at pp. 137-139

⁷⁶ See, e.g., http://www.pg.com/product_card/prod_card_fem_protection.shtml (indicating that Proctor and Gamble markets these products through the brand names Always and Tampax. Consumers who chose to avoid RELY and switched to TAMPAX, manufactured by another source, may be surprised to learn that their safer brand is now manufactured by Proctor & Gamble. The Tampax brand was manufactured and marketed by an independent dealer until it was purchased by Proctor and Gamble in 1997. <http://en.wikipedia.org/wiki/Tampax>. This example demonstrates a theme explored in greater depth by Ann Bartow—that modern trademarks actually convey about quality and source. Ann Bartow, *Likelihood of Confusion*, 41 SAN DIEGO L. REV. 721, 732-38 (2004). *See id.* at 735 (giving a cogent array of examples illustrating that even if “the same trademark appears on a product over time does not even remotely guarantee [the same quality or] that the same source was producing it during that interval.”). *See also id.* at 734 (noting that because large corporate conglomerates have such robust trademark portfolios, a “consumer who contracts food poisoning from a commercially purchased prepared food . . . can . . . avoid goods from the same source that bear different, unrelated trademarks, such as those that might be adopted in the wake of bad publicity, at least not by relying on the ‘information’ provided by trademarks alone.”).

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perceptions; the stories have become conventional and so are continually reinforced because they are treated as truths in everyday interactions.⁷⁷

According to Holt, a brand becomes an icon when it serves as a “representative symbol, especially of a culture or a movement.”⁷⁸ The public must take the brand and invest it with meaning before it can reflect pervasive cultural salience.

In this more collaborative model, brand value is achieved when multiple variables inspire consumer investments. We see many more trademarks and advertisements than we remember.⁷⁹ The brands that achieve cultural value often prompt consumers to associate use of the product with an identity myth or the resolution of an acute contradiction in society.⁸⁰ In 1971, Coca-Cola ran an unforgettable television advertisement featuring a hillside of multi-racial young people singing together “I want to teach the world to sing in perfect harmony . . .”⁸¹ The campaign evoked associations between drinking the beverage and hope that our collective better selves would work together to bring peace to Vietnam.⁸² Coca-Cola’s 1979 Mean Joe Green advertisement was also memorable because it sent the message that as a nation, we have the ability and power to overcome irrational fears of racism.⁸³ Without the many positive associations invested in the Coca-Cola mark by generations of consumers, the brand owner would not enjoy the immense economic power it has today.

Consumer investments of time, attention and money can have a strong impact on the economic value of a brand. Consumers are especially influential when they organize into communities that critique or celebrate a brand. In evaluating a brand, consumers rely on

⁷⁷ DOUGLAS B. HOLT, HOW BRANDS BECOME ICONS 3 (Harvard Business Press 2004).

⁷⁸ *Id.* at ____.

⁷⁹ See MARTIN LINDSTROM, BUYOLOGY: TRUTH AND LIES ABOUT WHY WE BUY 1-2 (2008).

⁸⁰ See generally, DOUGLAS B. HOLT, HOW BRANDS BECOME ICONS 8-9 (Harvard Business Press 2004); Douglas B. Holt & Craig J. Thompson, *Man-of-Action Heroes: The Pursuit of Heroic Masculinity in Everyday Consumption*, 31 J. CONSUMER RES. 425 (2004).

⁸¹ DOUGLAS B. HOLT, HOW BRANDS BECOME ICONS 23-24 (Harvard Business Press 2004).

⁸² *Id.* at 23-24.

⁸³ *Id.* at 25-26.

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information from a variety of sources in addition to the mark owner. Advertising from the trademark owner is often less effective than information from other trusted and unbiased sources. For example, peer perceptions determine teen preferences for clothing brands.⁸⁴ And if you buy the same laundry detergent as your parent or grandparent, you reflect the results of research indicating that intergenerational influence has a strong impact on purchases of private necessities.⁸⁵

These studies demonstrate that consumers invest personal loyalty in their favorite brands demonstrating commitments that mimic the dynamics of personal relationships.⁸⁶ For a favorite brand, a consumer will act in ways that contribute to brand value in the same way that they would help themselves or a close friend succeed.

When attachment is high, consumers perceive the brand to be an extension of themselves. They are defensive of attacks or criticisms against their brand and interpret such criticisms as personally threatening. Thus they are willing to engage in behaviors on behalf of the brand, despite the potential self-image-related risks such behaviors may carry. Moreover, since strong brand attachment involves automatic retrieval of brand-self connections, these individuals have less control over brand related defensive behaviors. These consumers are also less cost-benefit oriented in their reactions to their brands.⁸⁷

Such strong brand attachments lead to “personal sacrifices of time, money and/or energy.”⁸⁸

Fans of particular marks will “go to great personal and financial lengths to support a brand, such

⁸⁴ Pierre Beaudoin & Marie J. Lachance, *Determinants of Adolescents' Brand Sensitivity to Clothing*, 34 FAM. & CONSUMER SCI. RES. J. 312, 321 (2006). Interestingly, in this study, family type or socioeconomic status, was found “not [to be] a significant predictor of brand sensitivity to clothing.” *Id.* at 323. However, gender was a significant finding, as the results surprised the investigators by demonstrating the boys had higher brand sensitivity to clothing than girls. *Id.* at 324.

⁸⁵ Terry L. Childers & Akshay R. Rao, *The Influence of Familial and Peer-based Reference Groups on Consumer Decisions*, 19 J. CONSUMER RES. 198, 207-08 (1992). The intergenerational influence is especially apparent in cultures in which extended families live together and older generations are honored with high respect. *Id.* at 208.

⁸⁶ Susan Fournier, *Consumers and Their Brands: Developing Relationship Theory in Consumer Research*, 24 J. CONSUMER RES. 343 (1998).

⁸⁷ C. Whan Park et al., *Beyond Attitudes: Attachment and Consumer Behavior*, 2006, at 10, <http://ssrn.com/abstract=961469>

⁸⁸ *Id.*

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as by joining and actively participating in brand communities or fan cultures.”⁸⁹ In addition to providing free advertising, dedicated fans create a sense of brand history, recruit new devotees and participate in protective behavior such as pressuring others not to buy counterfeit copies.⁹⁰ Knowledgeable consumers with strong brand perceptions may be especially resistant to persuasive advertising.⁹¹

These preferences are manifest at a very young age. Anyone who shops for groceries with a preschooler can report an incident in which the child showed no interest in purchasing a product until it depicted a favorite character. In a recent study, preschoolers demonstrated that when they sampled pairs of identical foods, they preferred the taste of the item presented in a package with a McDonald’s logo.⁹² Children who ate food from McDonald’s more frequently were more likely to have a taste preference for the labeled food.⁹³

The power of communities to affect brand value is much more potent in cyberspace. The social connections that influence brand perceptions are easier to maintain on the Internet. Significant network effects⁹⁴ protected trademark value in the brick and mortar environment. As Glynn Lunney observes,

⁸⁹ Emily Chung Michael Beverland, Francis Farrelly, and Pascale Quester, *Exploring Consumer Fanaticism: Extraordinary Devotion in the Consumption Context*, 35 ADVANCES IN CONSUMER RESEARCH. 333, 333 (2008).

⁹⁰ Emily Chung Michael Beverland, Francis Farrelly, and Pascale Quester, *Exploring Consumer Fanaticism: Extraordinary Devotion in the Consumption Context*, 35 ADVANCES IN CONSUMER RESEARCH. 333, 334 (2008).

⁹¹ Gita Venkataramani Johar et al., *MAPping the Frontiers: Theoretical Advances in Consumer Research on Memory, Affect, and Persuasion*, 33 J. CONSUMER RES. 139, 144 (2006) (“Recent research has documented that persuasive attempts are less successful when consumers are primed with persuasion knowledge.”).

⁹² Thomas N. Robinson & Donna M. Matheson, *Effects of Fast Food Branding on Young Children’s Taste Preferences*, 161 ARCHIVES PEDIATRICS & ADOLESCENT MED. 792, 794 (Aug. 2007), available at <http://archpedi.ama-assn.org/cgi/reprint/161/8/792>

⁹³ *Id.* at 795.

⁹⁴ “‘Network effects’ refers to a group of theories clustered around the question whether and to what extent standard economic theory must be altered in cases in which ‘the utility that a user derives from consumption of a good increases with the number of other agents consuming the good.’ In other words, a network effect exists where purchasers find a good more valuable as additional purchasers buy the same good.” Lemley and McGowan, *Legal Implications of Network Economic Effects*, 86 CAL. L. REV. 479, 483 (1998). The theory flips the traditional economic assumption that value always results from scarcity, and posits that sometimes “power and value . . . come from abundance.” Gladwell, *supra* note __ at 272.

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Only the most popular brand of cola may be available at a restaurant; only the most popular game may have a ready supply of players; only the most popular sports leagues may have a ready audience around the water-cooler with which to share joys and sorrow following the weekend's games.⁹⁵

Choosing a relatively unpopular product may have resulted in less significant network effects.

The Internet, however, facilitates connections for enthusiasts of any brand.

Even network scholars who try to avoid hyperbole, concede that “the Internet has indeed changed everything.”⁹⁶ With the Internet, the public has more power to contribute to the meaning of cultural symbols and to affect brand meaning. In *The Wealth of Networks*, Yochai Benkler explains how Internet technology is “loosening” the dominant corporate powers of cultural meaning:

My claim is that the emergence of a substantial nonmarket alternative path for cultural conversation increases the degrees of freedom available to individuals and groups to engage in cultural production and exchange, and that doing so increases the transparency of culture to its inhabitants. It is a claim tied to the particular technological moment and its particular locus of occurrence—our networked communications environments. It is based on the fact that it is displacing the particular industrial form of information and cultural production of the twentieth century, with its heavy emphasis on consumption in mass markets. In this context, the emergence of a substantial sector of nonmarket production, and of peer production or the emergence of individuals acting cooperatively as a major new source of defining widely transmissible statements and conversations about the meaning of the culture we share, makes culture substantially more transparent and available for reflection, and therefore for revision.⁹⁷

Television and print “enacted culture on viewers.”⁹⁸ In sharp, the Internet, enables an “emerging culture of conversation about culture.”⁹⁹ Benkler illustrates these points with evidence that the democratically produced Wikipedia entry on Barbie contains critical discussion of the doll's meaning in our culture, and permits the reader to view prior versions of the entry as well as

⁹⁵ Glynn S. Lunney, Jr., *Trademark Monopolies*, 48 EMORY L.J. 367, 440-41 (1999).

⁹⁶ Andres Guadamuz Gonzalez, *Scale-Free Law: Network Science and Copyright* 70 ALB. L. REV. 1297 (2006)

⁹⁷ Benkler, *supra* note __ at 293.

⁹⁸ *Id.*

⁹⁹ *Id.*

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commentary from readers.¹⁰⁰ “Barbie” entries in traditional encyclopedia entries do not contain such rich cultural critiques.¹⁰¹

The Internet and digital communication technologies have created vast and unprecedented potential for consumer investment. In this new environment, individuals have a new freedom to actively engage in exchanging information about trademarks.¹⁰² As the Internet provides a larger field for trademark rights to expand in economic, cultural and legal dimensions, it has also provided rich terrain for a steady growth in consumer power to shape and use trademarks. When trademark owners controlled all mass communication about brands, it may have seemed reasonable to argue that trademarks were purely corporate creations. The argument that the mark owner alone controls brand meaning is now an anachronism. In our networked world, many voices contribute to the narrative power of trademarks. It is time to reject the assumption that the trademark owner is the sole author of brand meaning.

B. Broadening our Understanding of How Consumers Use Marks as Information Tools

Contrary to the way they are cast in much trademark discourse, consumers are not mere passive recipients of information about trademarks. As we saw in Section I, trademark doctrine often casts consumers as “unthinking”¹⁰³ passive recipients of information, focusing only on the information the brand sends from the mark owner to the consumer. Social science literature provides fascinating insights that contradict this passive consumer construct and should invite

¹⁰⁰ *Id.* at 288-9. At the time of Benkler’s examination, four of the five commercial online encyclopedias, contained no references or critical cultural commentary about the doll as a cultural symbol. *Id.* at 288.

¹⁰¹ *Id.*

¹⁰² Benkler, *supra* note __ at 2 (“A series of changes in the technologies, economic organization, and social practice of production in their environment has created new opportunities for how we make and exchange information, knowledge, and culture. These changes have increased the rule of nonmarket and on proprietary production, both by individuals alone and by cooperative efforts in a wide range of loosely or tightly woven collaboration . . . Together they hint at the emergence of a new information environment, one in which individuals are free to take a more active role than was possible in the industrial information economy of the twentieth century.”)

¹⁰³ See *supra*, notes __ and accompanying text.

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legal analysts to broaden their view of how the public engages with trademarks. The consumer investment model incorporates this broader conception and is based on the observation that consumers routinely and proactively use brands to express themselves, affirm values, experience pleasure, connect to communities and to find information.

Consumers appear to attach great importance to the expressive message the brand will enable them to communicate after they purchase a branded product. Some scholars assert that expressing personal identity through trademark choice is a modern phenomenon.¹⁰⁴

Well into the 20th century, to be a farmhand or craftsman or shop-girl or teacher or clerk – or simply to be a person in your 40s or 50s – implied the acceptance of distinct codes of behaviour, dress and speech, deviation from which would be considered eccentric, at charitable best. For most of history, to know yourself was, in large part, simply to know your place.¹⁰⁵

As historical social boundaries broke apart, a person's place evolved from a fixed definition into a quest to construct an identity out of "the available symbolic resources in order to weave a coherent account of who she or he is."¹⁰⁶ Now, more than ever, these symbolic resources include trademarks.¹⁰⁷

In the twenty first century, brands are potent vehicles for self-expression¹⁰⁸ and personal affirmation of beliefs and values.¹⁰⁹ The importance of trademark meaning to the modern

¹⁰⁴ HELEN EDWARDS & DEREK DAY, *CREATING PASSION BRANDS: GETTING TO THE HEART OF BRANDING* 52 (Kogan Page Ltd. 2005) (citing ANTHONY GIDDENS, *MODERNITY AND SELF-IDENTITY: SELF AND SOCIETY IN THE LATE MODERN AGE* (Stanford University Press 1991)).

¹⁰⁵ EDWARDS & DAY at 52.

¹⁰⁶ *Id.* at 52 (citing JOHN B. THOMPSON, *IDEOLOGY AND MODERN CULTURE: CRITICAL SOCIAL THEORY IN THE ERA OF MASS COMMUNICATION* (Stanford University Press 1990)).

¹⁰⁷ *Id.* at 52.

¹⁰⁸ Susan Fournier, *Consumers and Their Brands: Developing Relationship Theory in Consumer Research*, 24 J. CONSUMER RES. 343 (1998); Richard Elliot & Kritsadarat Wattanasuwan, *Brands as Symbolic Resources for the Construction of Identity*, 17 INT'L J. ADVERTISING 131 (1998).

¹⁰⁹ "[T]he projects, concerns, and themes that people use to define themselves can be played out in the cultivation of brand relationships and how those relationships, in turn, can affect the cultivation of one's concept of self. For each woman interviewed, the author was able to identify an interconnected web of brands that contributed to the enactment, exploration, or resolution of centrally held identity issues." Susan Fournier, *Consumers and Their Brands: Developing Relationship Theory in Consumer Research*, 24 J. CONSUMER RES. 343, 359 (1998).

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expression of personal identity has been demonstrated in multiple studies.¹¹⁰ Consumers develop attachments to branded products in response to cognitive and emotional experiences:

A consumer perceives a brand as being personally significant and connects the brand to the self when it offers hedonic resources – when it *gratifies* the self by providing sensory, hedonic or aesthetic pleasure . . . Brands are also linked to the self when they offer symbolic resource, *enriching* the self by representing defining or expressing the actual or desired self. And they become linked to the self when they offer functional resources, *enabling* a sense of self-efficacy and allowing the pursuit and achievement of mastery goals.¹¹¹

The choice of a brand that a person will repeatedly display sends strong signals about his or her identity. If I drive a Toyota Prius, I send the world a different message about who I am and what I value than if I drive a Hummer. In this way, public consumption reinforces brand narratives through the actual life story of each person who selects the brand. Recent deprivation studies demonstrate that it is not just the brands everyone sees us use publicly – our cars, handbags and laptops—that construct our sense of self. Even private choices of food, household cleaners and toiletries, are selected to affirm our need for value affirmation and self-expression.¹¹²

Experiencing the story associated with a brand has become a “modern secular example of the rituals that anthropologies have documented in every human society. But rather than religious myth, in modern societies the most influential myths address people’s identities.”¹¹³ Brands have become “powerful repositories of meaning” that modern consumers use to construct

¹¹⁰ See Douglas B. Holt & Craig J. Thompson, *Man-of-Action Heroes: The Pursuit of Heroic Masculinity in Everyday Consumption*, 31 J. CONSUMER RES. 425 (2004). See also Samuel M. McClure et al., *Neural Correlates of Behavioral Preference for Culturally Familiar Drinks*, 44 NEURON 379 (2004); Pierre Beaudoin & Marie J. Lachance, *Determinants of Adolescents’ Brand Sensitivity to Clothing*, 34 FAM. & CONSUMER SCI. RES. J. 312 (2006); Terry L. Childers & Akshay R. Rao, *The Influence of Familial and Peer-based Reference Groups on Consumer Decisions*, 19 J. CONSUMER RES. 198 (1992).

¹¹¹ C. Whan Park et al., *Beyond Attitudes: Attachment and Consumer Behavior*, 2006, at 7, <http://ssrn.com/abstract=961469> (emphasis in original).

¹¹² HELEN EDWARDS & DEREK DAY, *CREATING PASSION BRANDS: GETTING TO THE HEART OF BRANDING* 53 (Kogan Page Ltd. 2005).

¹¹³ DOUGLAS B. HOLT, *HOW BRANDS BECOME ICONS* 8 (Harvard Business Press 2004).

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and affirm personal identity.¹¹⁴ In marketing literature, these meanings translate into the value reflected by consumer judgments. Brand “equity” is measured by public perception, specifically a brand’s perceived “strength, favorability, and/or uniqueness.”¹¹⁵

The desire to experience a brand can be stronger than the need for a superior product. A 2006 study demonstrated that consumer loyalty to self-affirming brands is so strong that consumers will stick with their chosen brands – even after experiencing alternatives that work better.¹¹⁶ Consistent with similar past studies, these results confirm that choosing among trademarks has “as much to do with fit as it is with function; the brand has to feel right as ‘a part of me.’”¹¹⁷

One prominent theory explaining why brand meaning is so powerful to consumers is that brands serve as props or supporting characters that permit consumers to experience narratives reflecting archetypal myths.¹¹⁸ When blogs feature trademarks, they often do so in a narrative format through which the writer experiences and shares archetypal fulfillment.¹¹⁹ These brands are especially powerful “because they deliver myths to us in a tangible form, thereby making them more accessible.”¹²⁰ Using a symbol packed with such intense cultural currency “revises

¹¹⁴ Susan Fournier, *Consumers and Their Brands: Developing Relationship Theory in Consumer Research*, 24 J. CONSUMER RES. 343, 365 (1998).

¹¹⁵ Joel H. Steckel et al., *Dilution Through the Looking Glass: A Marketing Look at the Trademark Dilution Revision Act of 2005*, 96 TRADEMARK REP. 616, 619 (2006).

¹¹⁶ HELEN EDWARDS & DEREK DAY, *CREATING PASSION BRANDS: GETTING TO THE HEART OF BRANDING* 53-54 (Kogan Page Ltd. 2005).

¹¹⁷ *Id.* at 53.

¹¹⁸ Arch G. Woodside et al., *When Consumers and Brands Talk: Storytelling Theory and Research in Psychology and Marketing*, 25 PSYCHOL. & MARKETING 97, 98 (2008); Douglas B. Holt & Craig J. Thompson, *Man-of-Action Heroes: The Pursuit of Heroic Masculinity in Everyday Consumption*, 31 J. CONSUMER RES. 425 (2004).

¹¹⁹ Arch G. Woodside et al., *When Consumers and Brands Talk: Storytelling Theory and Research in Psychology and Marketing*, 25 PSYCHOL. & MARKETING 97, 100 (Feb. 2008).

¹²⁰ Douglas B. Holt, *What Becomes an Icon Most*, 81 HARV. BUS. REV. 43, 43 (2003).

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and deepens sense making of the meaning of events in the story and what the complete story implies about oneself and others.”¹²¹

In addition to affirming personal identity and enhancing individual expression, trademark choice also gives an individual a means for connecting to a larger community. Trademarks are often selected so that the consumer can participate in the brand’s mythology. Concerns of product quality or source are often secondary. The economists G.B. Ramel and F. Silva remark that the “consumer no longer buys a branded product only to consume the good but also for an emotive experience connected with the symbolic realm embodied in the brand.”¹²² In this “experience economy,”¹²³ the desire to participate in the story surrounding the brand drives many purchasing decisions. The good attached to the brand has receded in importance so much that one can often observe its complete absence.¹²⁴

In addition to using brands to connect to ephemeral stories, the public also uses brands as tools to make real social connections and find practical information to inform purchasing decisions. A trademark typed by a consumer into a search box often serves as the vehicle for social connection and community building experiences. It reduces an average of six degrees of separation between two individuals to a number as small as 4.22 between websites.¹²⁵ For popular brands, the Internet gives consumers new opportunities to shop, chat, connect, critique and swap stories about favorite products and services. These virtual communications are unrestricted by pre-Internet constraints on time or geography. Viral advertising, or word of

¹²¹ Arch G. Woodside et al., *When Consumers and Brands Talk: Storytelling Theory and Research in Psychology and Marketing*, 25 PYSCHOL. & MARKETING 97, 100 (2008).

¹²² Giovanni B. Ramello & Francesco Silva, *Appropriating Signs and Meaning: The Elusive Economics of Trademark*, 15 INDUS. & CORP. CHANGE 937, 952 (2006).

¹²³ See B. JOSEPH PINE & JAMES H. GILMORE, *THE EXPERIENCE ECONOMY: WORK IS A THEATRE & EVERY BUSINESS A STAGE* __ (Harvard Business School Press 1999).

¹²⁴ Barton Beebe, *The Semiotic Analysis of Trademark Law*, 51 UCLA L. REV. 621, 625 (2004)(“The modern trademark is dyadic in structure.”).

¹²⁵ Gonzalez, *supra* note __ at 1304.

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mouth communication directly between consumers,¹²⁶ can be more potent brand equity builders than traditional advertising directed from a mark owner to a consumer.¹²⁷

By using trademarks on the Internet as search terms, consumers can connect to those who share their interests, irrespective of the terrestrial limitations of geography and time zone. For example, on the social networking site www.facebook.com, members can type in a brand and join a group of thousands featuring online discussions about the iphone or the Prius. Those with interests in less well known brands can also find like-minded communities, such as the group of approximately two hundred people on Facebook who share information about Weaver Street Market, a local grocery cooperative in Chapel Hill, North Carolina.

The public relies on trademarks to serve as tools to find a vast array of information on the Internet. When a consumer uses a trademark as an Internet search term, she can tap into a world of information including product reviews, product ingredients, nutrition and safety information, comparative advertisements, price comparisons and competitive products. Many consumer sites such as the nonprofit Consumer Reports and the for-profit CBS affiliate site www.cnet.com aggregate a wide array of such information. Trademarks are the primary tools that enable consumers to use these sources to obtain information about specific products and services.

C. The Nature of Consumer Investments in Trademarks

After broadening one's view of how consumers affect brand value and use marks, the nature of consumer investments may be brought into sharper focus. Trademarks are much more than labels indicating the place or company where a product was manufactured. They are not

¹²⁶ Eric Goldman, *Online Word of Mouth and Its Implications for Trademark Law*, Oct. 2007, <http://ssrn.com/abstract=1020695>

¹²⁷ Andrew McCormick, *Viral Ads Best at Engaging Users as Opinion of Advertising Sours*, NEW MEDIA AGE, June 15, 2006 at 11 ("Viral advertising is a more effective way of engaging customers than other forms of advertising, according to a survey by Forrester Research.").

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mere bull horns shouting only the brand owner's story. They are more like libraries-- repositories of tremendous value and cultural significance filled with contributions from many voices. Consumer investments are the resources that everyone except trademark owners contributes to this repository. These public investments appear in many forms. Consumers invest marks with shared and personal significance. We invest financially in marks every time we make a purchase. Sometimes consumers invest time and energy into brands, helping the mark owners to sell the benefits of a particular product or service.

The most basic way that a consumer can invest a mark with meaning is to recognize the symbol as a mark. A large red word painted on a white truck may be perceived from its context as a mark. If a person sees a product or service advertisement for the first time and perceives the symbol as a brand, the consumer has invested that symbol with brand meaning. The symbol may be perceived as the name of a service provider or the source of a product, but the consumer may not remember it. The investment may not be volitional, and it may be forgotten as soon as you pass. We all have seen advertising for many more brands than we can recall. Yet this recognition is the first meaningful investment a consumer makes in a mark.

Only after a symbol exists in a potentially stable frame of reference does it become linked with a meaningful and distinctive brand identity in the consumer's mind. Once this higher level of cognitive investment has occurred, the symbol can be retrieved from memory. According to "the activation theory" developed by cognitive scientists, brands have meaning to an individual after the symbol is stored in a cognitive unit called a "node."¹²⁸ Nodes are arranged hierarchically, so that some will be triggered more easily by more stimuli. The more thought and associations a consumer invests in a brand, the more easily the brand and its associated narrative

¹²⁸ John A. Anderson, *A spreading Activation Theory of Memory*, 22 VERBAL LEARNING AND VERBAL BEHAVIOR 261 (1983).

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will be triggered by the person's memory.¹²⁹ Although cognitive capital may not cost a person more than a bit of attention, it is for each person a limited resource.¹³⁰ Therefore, remembering a symbol as a brand and assigning meaning to it is an additional level of consumer investment.

This type of investment may or may not be conscious. Its absorption into a consumer's understanding may occur as organically as the adoption of a new word into individual discourse. Importantly, even before the point of purchase and even if no purchase is made,¹³¹ consumers act as co-authors of brand meaning. Yet recognition of a brand as a mark and participation in the brand narrative may occur without any volitional decision. Even preferences for a certain mark can be wholly unconscious.¹³²

After initial recognition and the investment of some meaning occur, additional investments may follow. Many of these next investments involve conscious choices. Once brand identity is established in a consumer's mind, the cognitive investment may lead to an economic investment. A consumer may choose to experience the narrative of a brand by purchasing a product or service. After the purchase, additional value will be invested or withdrawn based on the experience, and that memory may become added to the activation schema associated with the brand. The particular combination of memories will be unique to each person. When I see Cheer laundry detergent, I remember my Grandmother giving the biggest box I'd ever seen at a fancy wedding shower. That memory is more prominent when I see the mark than any recollection of using the product, yet I am drawn to honoring her memory

¹²⁹ *Id.*

¹³⁰ *Id.*

¹³¹ If I buy a child a Barbie doll, I may send a message about my values and my hopes for her. The choice not to buy the doll is also a decision that is invested with meaning. Like-minded people use trademarks as connective forces and invest the marks with additional meaning among communities of shared values.

¹³² A persistent theme in the published consumer research over the last two decades is that brand "preferences and choices can emerge without conscious awareness of the preference formation process." Gita Venkataramani Johar, et al., *MAPping the Frontiers: Theoretical Advances in Consumer Research on Memory, Affect, and Persuasion*, 33 J. CONSUMER RES. 139, 144 (2006).

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by purchasing it in place of another brand. In this way, the choice to continue purchasing may lead to investments in brand loyalty, repeat purchases, and additional personal investments, as the brands to which we give our greatest investments become vehicles for affirming values, self-expression and social connections.

With repeated exposure and use, we assign new attributes to brands and their narrative meaning. Each consumer knits these symbols into their sense of self, and sometimes they become deeply embedded in personal habits. If your stomach hurts, you may find yourself looking for the pink bottle, because it has your Pepto-Bismol remedy in it. If I can rely on my iPhone to download, my email, find movie times or check the weather, I will continue to rely on it for these tasks. The messages communicated by modern trademarks are not limited to simple indications of source and quality. Strong marks can convey detailed enduring narratives. The power of brands is much deeper, more personal and lasting than what Ralph Brown described as a brief “pause that refreshes.”¹³³

Each person’s investment may affect brand value, but this effect is magnified when the investments are shared. Collective experiences add layers of meaning so that the mark itself becomes a kind of public source of interpersonal connections. Brands can be bridges to people we may not have met without the connection facilitated by the brand. If you walk down the street of a strange town and see someone with a T-shirt that depicts your alma mater, you may feel a genuine personal connection that otherwise would not exist. If one person shares a brand experience, that experience may significantly effect how brand value is perceived by his friend or even his community. It may not affect brand value much if one person’s blackberry locks up

¹³³ Ralph S. Brown, Jr., *Advertising and the Public Interest: Legal Protection of Trade Symbols*, 57 YALE L.J. 1165, 1181 (1948). Brown’s choice of this phrase is interesting given that it echoes the 1929 Coca-Cola slogan “The Pause that Refreshes.” http://www.thecoca-colacompany.com/presscenter/presskit_120_slogans.html (last visited on February 5, 2009).

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repeatedly. But if that person tells a friend or writes a review on the Internet, then others may listen and consider this concern when considering which phone to purchase. If that person is Howard Stern, and he mentions his frustration on satellite radio while millions of his fans are listening, it may have a substantial impact, especially if someone else on the show mentions that their iPhone never locks up.¹³⁴

Recognition of consumer investments in trademark law would give courts cause to broaden their vision of how trademarks function in modern business and culture. It may also prompt a reexamination of the inclination towards the anti-free riding view of marks. As trademark disputes arise in new contexts, this model would provide a reminder that trademark mark owners are not the only ones who invested the brand with meaning and made it famous. Consumer recognition, media reports, reviews, and often, consumer time and effort contribute to the value of a brand. The extent to which consumers use marks as indicators of quality is open to question but it is clear that consumers use marks for a variety of other purposes as well, including expressive, community building and informational purposes.

The dynamic of consumer investment should inform trademark jurisprudence by reminding us that consumers have many expressive and informational interests in marks that extend before and after the point of purchase. Consumers invest marks with meaning and economic value. As a result of that investment, consumers seize marks as communication devices and use them to express themselves, bond with friends and family, network with new communities and find information on the Internet. The model of consumer investment creates an opportunity to bring consumer interests back into trademark discourse, and offers a helpful tool for resolving trademark issues in challenging new contexts. The discussion now turns to practical applications.

¹³⁴ Check Howard Stern transcript for first week of February 2009.

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III. Protecting Consumer Investments in Trademarks Through Three Defenses

As trademark protection expands, consumer investment should be adopted as a limiting principle. Because consumers invest in trademarks, their interests should be considered when trademark disputes are decided. In some contexts, such as federal dilution, the model of consumer investment may provide support for recent expansion of trademark rights.¹³⁵ This section, however, focuses on three examples in which consumer investment would justify limiting the expansion of trademark rights. These examples demonstrate how use of this model could bring consumer interests back into trademark analysis.¹³⁶ With this limiting principle, trademark law may still continue to expand, but along a principled path that preserves consumer rights to use marks as information tools.

A.

n Informational Tools Exemption Would Preserve Consumer Rights to Use Marks to Find Information and Connect to Communities with Shared Interests

A

When we think of Internet functionality, trademark law may not be the first thing that comes to mind. Important issues like net neutrality and copyright protection tend to get more attention. The resolution of trademark questions in the context of keyword advertising will also significantly affect how well the Internet continues to function as a research tool and social connection platform.

¹³⁵ See *supra*, notes ___ and accompanying text.

¹³⁶ Efforts to protect political expression, referential applications, social networking and artistic speech may also benefit from this model, as the expansion of trademark doctrine encroaches on them as well. See, e.g. Mark Lemley, *The Modern Lanham Act and The Death of Common Sense*, 108 YALE L.J. 1687, 1711 (1999) (“The expansive power that is increasingly being granted to trademark owners has frequently come at the expense of freedom of expression. As trademarks are transformed from rights against unfair competition to right to control language, our ability to discuss, portray, comment, criticize, and make fun of companies and their products is diminishing.”); See also, Rochelle Cooper Dreyfuss, *Expressive Genericity: Trademarks as Language in the Pepsi Generation*, 65 NOTRE DAME L. REV. 397 (1989) (including significant insights into why First Amendment doctrine has not been a successful tool in protecting expressive uses of trademarks as speech).

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Keyword advertising works as follows. A consumer types a term into a search engine's dialog box in order to find relevant websites. The search engine may find thousands of responsive results. The order in which site references appear is a dynamic function of the search engine software. If a link to a website appears near the top, a consumer is more likely to see it, click and visit. Search engines rank links according to combinations of factors that are proprietary.¹³⁷ The factors generally include the information that appears on a site, information hidden to consumers but appearing in the site's metadata, and how widely the site is linked to other sites.¹³⁸ Some links appear at the top of the list of responsive results because the search engine software ranked them as most responsive to the consumer's query. Others are especially prominent—perhaps in a highlighted box at the top or the side—because the site owner paid for the opportunity to attract consumer attention by participating in a keyword advertising program. Through such a program, someone who sells mobile phones could pay for a prominent spot on the page that will appear when a consumer types “cell phone” into a search engine.

Keyword advertisements provide many benefits. They facilitate a broad spectrum of social connections and commercial sales. They help consumers buy and sell things, find product reviews and connect to communities with similar interests. They help retailers and distributors sell their goods, advertise their services and connect with potential customers. For search engine operators, they are the source of lucrative advertising revenues.¹³⁹

Before concluding that this rising tide lifts all boats, we must consider what happens when a keyword is a trademark. The conflicting interests emerge if we imagine that instead of

¹³⁷ James Grimmelmann, *The Structure of Search Engine Law*, 93 IOWA L. REV. 1, 10, 48-50 (2007)

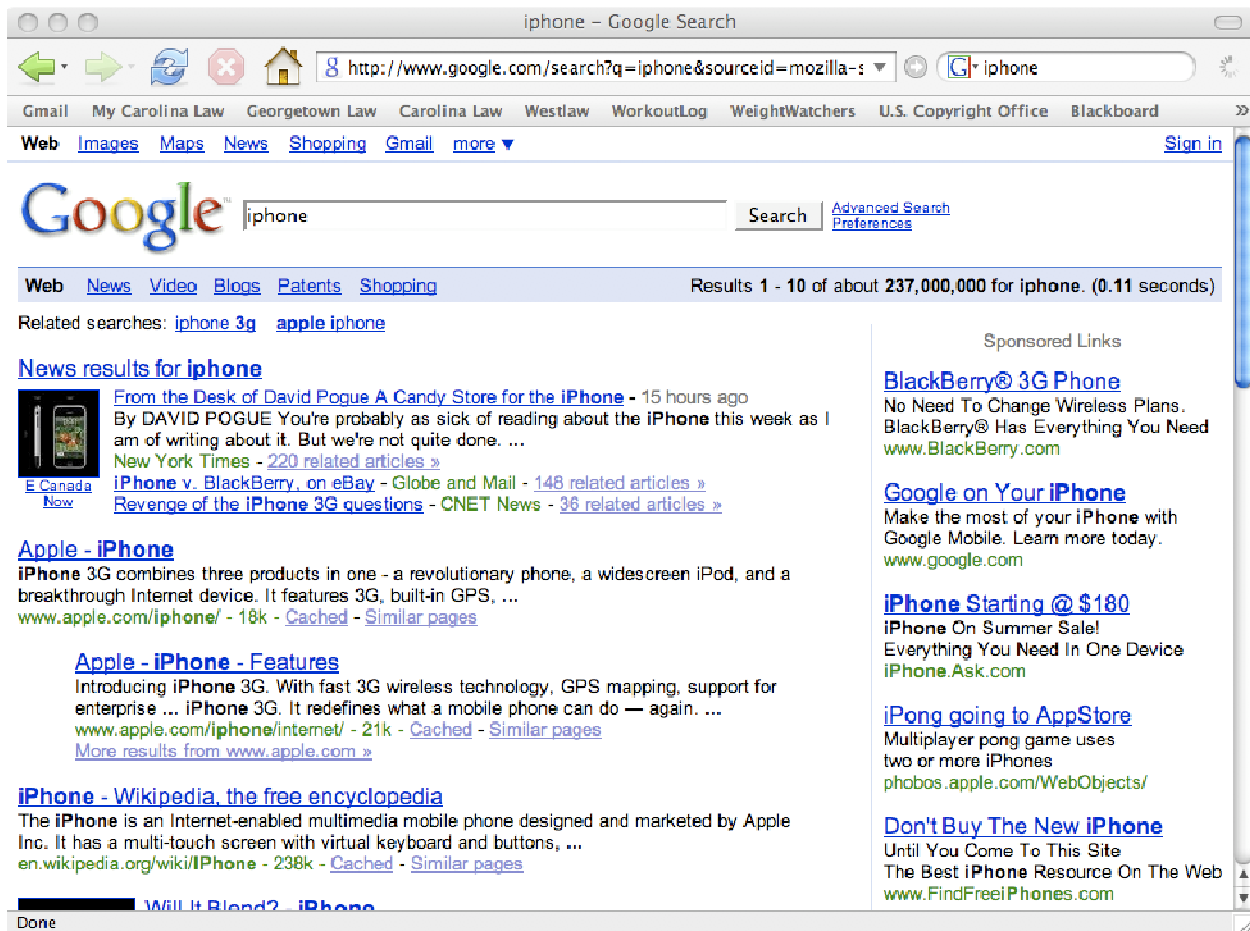
¹³⁸ *Id.*

¹³⁹ Google's advertising programs generate a significant percentage of its income. See Thomas Claburn, *Google delivers solid earnings*, Apr. 19, 2007, INFORMATIONWEEK, available at <http://www.informationweek.com/news/internet/showArticle.jhtml?articleID=199103152>.

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“cellphone,” the consumer types “iPhone,” an Apple trademark, into the Google Search engine.

The results may look like this:



This example raises many critical questions for trademark law and policy. In response to the “iPhone” query, the first sponsored link promotes the competitor’s “Blackberry” phone. Does Research in Motion, Ltd.¹⁴⁰ have the right to use “iPhone,” to divert sales to its site? Should Apple be able to stop this use of “iPhone” so that only authorized Apple advertisements appear in response to the query? Does an independent iPhone retail outlet have the right to purchase “iPhone” as a keyword to give it a competitive advantage over other iPhone distributors? Should the retail outlet have the right to purchase “Blackberry” and “Nokia” as keywords? If not,

¹⁴⁰ Research in Motion, Ltd. owns “BLACKBERRY” as a trademark for cellular telephones. See RIM Trademarks, http://na.blackberry.com/eng/legal/trademarks.jsp#tab_tab_trademarklist (last visited July 24, 2008).

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should the prohibition apply to descriptive marks as well as the fanciful, arbitrary and suggestive marks that are inherently distinctive? No clear answer exists to any of these questions.

These unanswered questions create great uncertainty in trademark practice and inefficiency for businesses and other communities trying to communicate using the cultural and commercial discourse of trademarks on the Internet. Due to the unsettled state of the law, consumer access to information and comparative advertising is already being compromised. “Despite inconclusive legal results so far, keyword suits have already caused Yahoo! to pull all comparative, critical, and independent-vendor ads keyed to trademarks; Google has adopted a policy forbidding even such legitimate ads from using the trademark in the ad text.”¹⁴¹

The answers that evolve through trademark litigation will have profound consequences for Internet functionality. Courts and scholars disagree on whether such uses should be permissible or amount to “infringement by search engine.”¹⁴² The interests of consumers, distributors and search engine providers generally remain aligned with offering the right and ability to use trademarks as keywords to find information. However, many trademark owners believe that these profitable advertising programs result in unjust enrichment.

Anti-free riding discourse is often used to assert that no one but the trademark owner should derive any economic benefit from use of the mark by search engines. In *Rescuecom Corp. v. Google Inc.*,¹⁴³ the plaintiff argued that Google was “selling” Rescuecom’s trademark “to plaintiff’s competitors as a keyword that triggers the competitors’ sponsored links” and that Google was taking a “free-ride” on its good will.¹⁴⁴ The issue is too often framed in a way that fuels the anti-free riding view of marks and ignores consumer interests. In *Government*

¹⁴¹ Stacey L. Dogan & Mark A. Lemley, *Grounding Trademark Law Through Trademark Use*, 92 IOWA L. REV. 1669, 1696 (2007).

¹⁴² *Buying for the Home, LLC v. Humble Abode, LLC*, 459 F.Supp. 2d 310, 318, 321 (2006).

¹⁴³ 456 F. Supp. 2d 393 (N.D.N.Y. 2006).

¹⁴⁴ *Id.* at 395, 400.

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Employees Ins. Co. v. Google, Inc.,¹⁴⁵ the court indicated that in keyword advertising, “the portals and search engines are taking advantage of the drawing power and goodwill of these famous marks. The question is whether this activity is fair competition or whether it is a form of unfair free riding on the fame of well-known marks.”¹⁴⁶ In *800-JR Cigar, Inc. v. GoTo.com, Inc.*,¹⁴⁷ the court held that offering the mark “JR” as a keyword to a JR competitor was an unlawful trademark use because it “trad[es] on the value of the mark.”¹⁴⁸ Applying the anti-free riding view in this context seriously threatens consumer interests in access to competitive information on the Internet.

It is critically important to remember that in keyword advertising cases, it is the consumer who types the mark into the search box. In doing so, the consumer is using a term she has invested with meaning. She is attempting to use that investment as a trigger to find additional information. If even a minimal return is due on the consumer’s investment, it should be received here. If trademarks are still to promote access to information and fair competition, she should be able to use the mark to find additional information, including competitive products and prices, on the Internet. Yet, when keyword advertising cases are decided, consumer interests are too often ignored.

Consumer interests should be present in the analysis of these questions because their resolution will have a direct impact on consumers. Imagine a family that has invested in the Disney mythology so deeply that they feel compelled to visit Walt Disney World in Orlando, Florida. If they type “Disney Orlando resort” into a search engine, should they have the ability—even the right—to retrieve results for hotels and resorts owned by Disney’s

¹⁴⁵ 380 F. Supp. 2d 700 (E.D.Va. 2004).

¹⁴⁶ *Id.* at 704.

¹⁴⁷ *800-JR Cigar, Inc. v. GoTo.com, Inc.*, 437 F. Supp. 2d 273, 285 (D.N.J. 2006).

¹⁴⁸ *Id.*

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competitors? If only Disney properties can appear as sponsored links on the coveted first page of search results, the consumers will be presented with fewer choices, a corporate monopoly on the top sponsored links, and consequently, higher prices for their family vacation. If Disney can block such use, the trademark, in this context, would serve to create a monopoly on information, a function that cannot be justified in a system that purports to value competition and the availability of truthful information.

In the interest of promoting fair competition, robust Internet commerce, and access to informative speech, consumers are indisputably better off with search results that display competitive products and services, critical reviews and links to sites where they can connect to others and swap experiences. Consumers should have the right see David Pogue's review of the iPhone as well as advertisements for competitive products before making a purchasing decision. Consumers should have the right to view hotels not owned by Disney when they plan a trip to visit a Disney park. A consumer interested in information about hybrid cars should be able to type "Prius" and find information about fuel-efficient cars made by Toyota's competitors. To encourage open discourse and free competition, search engines should have a clear right to provide these informational services. Preserving the Internet as an environment in which consumers can gain access to comparative information is worth the possibility that some actual confusion might occur.

If we trust consumers to be able to differentiate brands in physical proximity to each other, we should trust them to do so on the Internet. The physical presence of a Honda dealership next to a Toyota dealership is not thought to create consumer confusion. It may, however, increase competition, and draw more traffic to the new Honda dealership and away from its neighbor. If there is any harm here at all, it is not one that trademark law was designed

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to remedy. In deciding the use in commerce cases, it is important to consider the policy implications of trademark owners controlling analogous side-by-side comparisons of competitors in cyberspace. If trademark law is to continue promoting truthful and informative commercial speech, it should not prevent consumers, from seeing Honda advertisements or information about the Chrysler ENVI prototype in response to a query about a Prius, a Blackberry ad when seeking information about iPhones or a relatively inexpensive hotel near the Magic Kingdom that does not happen to be a Disney property. The justification for permitting marks to be available and proximate to competitive marks on the Internet is even more compelling because consumers often use marks to locate product or service reviews and to connect with communities that have similar interests or superior knowledge.

The resolution of keyword advertising questions will directly affect who controls responses to Internet search queries. Because consumer interests are so directly implicated, they should be considered when these issues are decided. Yet, in practice, consumer interests have been too often ignored, as the interests of trademark owners are pitted against search engines, their competitors, and sometimes, even distributors of their products and services. The traditional trademark values of promoting fair competition and providing truthful information to consumers would be substantially thwarted if trademark law is used to limit the ability to use marks as Internet search terms. Unfortunately, the legal framework in which the keyword advertising cases are being decided does not give consumer interests sufficient deference. As private litigants and the academy take sides in this debate, the issues are being framed in ways that too often cast consumers to the sideline.

Mark Lemley and Stacey Dogan offer an attractive solution. They argue that “trademark infringement should require not only that a defendant be using the mark to promote its own

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products or services but also that it be using it ‘as a mark’—i.e. to indicate the source or sponsorship of those products or services.”¹⁴⁹ Such a doctrine would stop the momentum of new trademark claims against parties that do not promote products or services in connection with marks. They argue that without this gate-keeping device, trademark owners could severely limit “legitimate but unauthorized uses of their marks.”¹⁵⁰ Some courts have adopted this view.¹⁵¹ Others have taken the opposite approach, unable to find an answer to the keyword advertising question in a “use in commerce” doctrine.¹⁵² Graeme Dinwoodie and Mark Janis argue that trademark “use” cannot serve as a gate-keeping device.¹⁵³ Because trademark law does not clearly provide that “use is commerce” is a jurisdictional limitation, Dinwoodie and Janis think that courts should not read it as one.¹⁵⁴

Neither view of “use in commerce” has resolved the keyword advertising issue. As Mark McKenna observes, the answer may not lie within current trademark law.¹⁵⁵ As the Ninth Circuit decision in *Tiffany v. Ebay* illustrates, a court may find that a mark was “used in commerce” for one claim, but not another.¹⁵⁶ Another impediment to a one size fits all “use in commerce” theory, is that the term is not used consistently in federal trademark law. It appears

¹⁴⁹ *Id.*

¹⁵⁰ *Id.*

¹⁵¹ See, e.g., *Rescuecom Corp. v. Google Inc.*, 456 F. Supp. 2d 393 (N.D.N.Y. 2006),

¹⁵² See <http://www.ericgoldman.org> (featuring a frequently updated summary of the recent case law on each side of this debate).

¹⁵³ Graeme B. Dinwoodie & Mark D. Janis, *Confusion Over Use: Contextualism in Trademark Law*, 92 IOWA L. REV. 1597, 1658 (2007).

¹⁵⁴ *Id.* at 1641-50. Because consumer confusion is the “touchstone for trademark liability,” they assert that courts should let trademark claims based on keyword advertising proceed through the likelihood of confusion analysis. *Id.* at 1599, 1608.

¹⁵⁵ Mark P. McKenna, *Trademark Use and the Problem of Source in Trademark Law*, 2009 ILLINOIS L. REV. (forthcoming 2009) (on file with author). McKenna further points out that although the idea of applying use in commerce as a threshold test is attractive in its efficiency, the theory is not as helpful as its proponents claim because it depends on consumer’s views of source. If use in commerce or confusion remain the standards for the legitimacy of keyword advertising programs, no one will have certainty as to whether the programs create trademark liability. *Id.* Use in commerce, confusion and dilution are all fact-based conclusions based on dynamic and inconsistent views of trademark law. *Id.*

¹⁵⁶ *Tiffany v. Ebay*, 2008 WL 2755787 (SDNY 2008) (finding “use in commerce” of plaintiff’s mark on the infringement claim but no “use” that could provide the basis of a dilution claim).

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repeatedly, but is defined differently for different purposes.¹⁵⁷ Before reading too much into its omnipresence, it is important to remember that it is repeated as a means to ground the federal trademark law in congressional authority.¹⁵⁸ How much more meaning should be read into this language remains an open and contested question.

The problem for consumers in cases like *800-JR Cigar, Inc. v. GoTo.com, Inc* is not necessarily the loss on the “use in commerce” issue. Many of these cases may later be won if no confusion is found or on nominative fair use grounds. Along the way, significant collateral damage occurs to the consumer construct as courts identify a new range of evidence thought to be probative of confusion. In *800-JR Cigar, Inc. v. GoTo.com, Inc.*, the court suggested that even if no confusion occurred, the use of a keyword to divert customers to a competitor’s site is “arguably indicative of a likelihood of confusion.”¹⁵⁹ Here, an opportunity for comparative shopping was twisted into a device to establish likelihood of confusion.

Current trademark exclusions have not proved strong enough to protect consumer interests in keyword advertising. Some precedent indicates that keyword advertising may be considered fair use.¹⁶⁰ However, other courts have found that it is not.¹⁶¹ Unfortunately,

¹⁵⁷ For trademark owners, rights sufficient to qualify for a federal mark may be recognized only if a word or symbol is “used by a person,” or one “which a person has a bona fide intention to use in commerce.” 15 U.S.C. §1127. The same section clarifies that “use in commerce” means the “**bona fide use of a mark in the ordinary course of trade**, and not made merely to reserve a right in a mark.” 15 U.S.C. §1127 (emphasis added). For infringement purposes, the Lanham Act defines trademark infringement as a “use in commerce” of a mark “in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive . . .” 15 U.S.C. §1114. Similarly, claims under section 15 U.S.C. §1125(a) require the “use” of the defendant’s marks “in commerce.” But in this broad federal unfair competition and false advertising statute, the use provision is not limited to uses on a good or advertising for a service. Rather, it could be any use “on **or in connection with** any goods or services, or any container for goods.” 15 U.S.C. §1125(a)(emphasis added). To prove a dilution claim, the owner of a famous mark may seek an injunction against a person who “commences **use** of a mark or trade name **in commerce** that is likely to cause dilution by blurring or tarnishment.” 1125(c)(1).

¹⁵⁸ *Trademark Cases*, 100 U.S. 82, 96 (1879).

¹⁵⁹ *Id.* at 292.

¹⁶⁰ *See, e.g., Ebay*, supra note ____.

¹⁶¹ *Id.* But see, *Edina Realty, Inc. v. TheMLSOnline.com*, 2006 WL 737064 (D. Minn. 2006) in which Defendant real estate brokerage firm purchased “Edina Realty” as a search term from Google, Inc. This acquisition was held to

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trademark fair use analysis would leave keyword advertising subject to another malleable consumer construct that could easily be applied in a way that ignores consumer interests. The nominative fair use exception permits unauthorized references to brands in many contexts. Judge Alex Kozinski identified three elements that must be proven to succeed in a nominative fair use claim:

First, the product or service in question must be one not readily identifiable without use of the trademark; second, only so much of the mark or marks may be used as is reasonably necessary to identify the product or service; and third, the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.¹⁶²

In determining whether keyword advertising would qualify as nominative fair use, the first prong would generally be met because a search engine needs to use the mark to trigger responsive information. The second may also be proven with relative ease, especially if the search engine displays the mark as a word (omitting design elements) in responsive results. The third prong, however, requires proof that would raise questions of fact and consumer interpretation. As in the likelihood of confusion context, the dizzy consumer will be trotted out to show that the use would be viewed as sponsorship or endorsement. The third prong fits awkwardly, at best, in disputes that arises between a trademark owner and a distributor who has permission to use the mark on its website.¹⁶³ In such situations, it is strange to conclude that authorized sponsorship or endorsement would be grounds for confusion. The consumer's interest in using marks as information tools should not be threatened by such situations in which a trademark owner and authorized vendor failed to address the issue of keyword advertising in their trademark license.

be a "use in commerce" and not a nominative fair use even though the Defendant had permission to provide information about Edina Realty property listings on its site. *Id.* at *7.

¹⁶² *New Kids on the Block v. News America Pub., Inc.*, 971 F.2d 302, 308 (9th Cir. 1992).

¹⁶³ *See., e.g., Edina Realty, Inc. v. TheMLSOnline.com*, 2006 WL 737064 (D. Minn. 2006).

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For these reasons, the nominative fair use exception is not ideally tailored to protect keyword advertising. It contributes to the current state of uncertainty. If resolution of this issue depends upon whether the context “suggest[s] sponsorship or endorsement by the trademark holder,”¹⁶⁴ many more conflicting decisions will make it difficult to know what kind of trademark use exposes keyword advertisers to potential liability. While well conceived for the news poll in which it was developed, the third nominative fair use factor will prove too unpredictable and malleable to protect public interests in preserving Internet functionality so that consumers can use words they invested with meaning to find what they seek on the Internet.

Neither “use in commerce” as a threshold requirement or the nominative fair use defense provides a mechanism for balancing the consumer investment in the mark. Rather, they provide built in opportunities to ignore consumer concerns and traditional trademark foundations. None of these paradigms adequately accounts for consumer interests in keyword advertising.

Trademark law should support consumer rights to use trademarks in this way. Search engine companies should not be penalized for providing these research tools. At a minimum, consumers should be able to use trademarks on the Internet to find information and connect with communities with similar interests. To the extent that competitors or search engines facilitate such uses of trademarks by consumers, they are promoting the foundational trademark policies of fair competition and access to truthful product information.

In considering proscriptive solutions, it is important to remember that trademark law is deeply rooted in the purpose of promoting fair competition—both for the sake of consumers and the business community. As the economic value of a trademarks increases and the law recognizes new causes of action to protect these rights, the public’s fair use rights in trademarks

¹⁶⁴ *Id.*

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must gain in strength so that the purposes trademark law is designed to protect are not lost in an economic vortex of new exclusive property rights.

Keyword advertising raises fundamental issues about the reach of trademark law and the amount of power a trademark owner has to control informational uses of its mark. The answers should not turn solely on the deciding court's view of trademarks as a means to protect consumers from confusion and misrepresentation¹⁶⁵ or as an inherently valuable asset worthy of protection in itself that should be protected against any unauthorized free-riding or commercial use.¹⁶⁶ Neither view provides an appropriate paradigm for analyzing this issue. Both fail to attach sufficient weight to the harm consumers will experience if they are prevented from using terms they have invested with meaning to find products, services and communities that share their interests. Both fail to protect the public interest in open commercial discourse on the Internet. The ability to use marks to find information on the Internet is of such importance to consumers, that this public interest should be weighed in deciding these issues. Consumer interests in access to information and robust Internet competition justifies tolerating some level of confusion. Use of marks in search terms should be per se lawful and not vulnerable to defeat by manipulation of the consumer construct.

Congress should modify trademark law to clarify that using a mark to give or receive information through an Internet search engine is fair use. The substantial economic and intellectual capital consumers invest in trademarks merits, at a minimum, the following return: consumers should be able to use marks they have invested with meaning as informational tools. Trademark owners should not be able inhibit such use even if the information tool produces a

¹⁶⁵ See Jessica Litman, *Breakfast with Batman: The Public Interest in the Advertising Age*, 108 YALE L.J. 1717, 1729-30 (1999) ("Protecting consumers from deception is the justification most familiar to trademark law, but it does not support assigning broad rights to prevent competitive or diluting use when no confusion seems likely.").

¹⁶⁶ See J. Thomas McCarthy, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 2:9 (4th Ed. 1999).

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financial benefit to the operator of a search engine. If a sale is lost because a mark is used to find a better price or a better product, the harm from the lost sale would be outweighed by the benefits to consumers of promoting competition. Just as trademark law does not recognize a cause of action for using a competitor's mark in a truthful comparative ad, it should not prohibit the use of search engines to find comparative information. In both instances, consumers need to use the mark to find what they seek. Precedent for this type of safe harbor can be found in the comparative advertising and referential use exclusions that already protect many commercial communications about branded goods and services.¹⁶⁷ Without the extension to keyword advertising, both comparative and referential uses are not sufficiently protected. Congress should add such informational tools to the list of trademark fair uses that are exempt from liability under the Lanham Act.

B. The Defense of Cultural Dilution is Needed to Preserve The Right to Use New Meanings of Terms that Began as Famous Marks

The practical utility of the consumer investment model is evident when applied to federal dilution protection. It will generally support such protection, except when the interests of consumers and trademark owners conflict. Dilution occurs when a mark is used on a new product in a way that will not cause confusion, but diminishes the distinctiveness of a known mark.¹⁶⁸ The Lanham Act provides a federal remedy for some acts that are likely to cause dilution of a famous mark.¹⁶⁹ The Trademark Dilution Revision Act ("TDRA"), enacted in 2006, specifies two types of dilution that may be the subject of a cause of action: dilution by

¹⁶⁷ 15 U.S.C. Section 1125(c)(3).

¹⁶⁸ 15 U.S.C.S. § 1125(c).

¹⁶⁹ *Id.*

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blurring and dilution by tarnishment.¹⁷⁰ When the public has invested a mark with meaning, that investment may be protected by the mark owner through a dilution claim. If the Olympic rings were to be used on a strip club or even an amateur sports camp, the unique narrative associated with the symbol may lose its iconic power. Protecting the distinctiveness of famous marks like the Olympic rings from such blurring or tarnishment would be consistent with the consumer investment model.¹⁷¹

Sometimes, it is not a single commercial actor, but the general public that attaches new meaning to a famous mark. In cases of cultural dilution, the public invests a famous mark with new meaning. It shares some features of dilution as defined by federal law because it does diminish a mark's distinctive quality through public use. The change in meaning happens through such broad communication networks, that no one culprit can be held responsible and stopped through a federal or state claim. Another distinguishing feature of cultural dilution is that although the public assigns a new meaning to the mark, it may still remain distinctive as a mark in its original context.¹⁷² In the new context, the trademark owner has lost control.

Examples of marks that were culturally diluted include "911," "Star Wars," "Tabloid" and "Spam." In the United States, the number "911" evokes an unspeakably sad narrative. Not long ago, these numbers had much different primary meanings in the nation's culture. The Porsche AG Corporation of Germany made the number "911" evocative of its luxury sports

¹⁷⁰ "Dilution by blurring" occurs if a mark is used so that it creates an association with a famous mark in a way "that impairs the distinctiveness of the famous mark." 15 U.S.C.S. § 1125(c)(2)(B) (LexisNexis 2008). "Dilution by tarnishment" occurs when such use "harms the reputation of the famous mark." 15 U.S.C.S. § 1125(c)(2)(C) (LexisNexis 2008).

¹⁷¹ Although the result may have been the same, a serious look at actual consumer understandings may have resulted in a less critical reception of *San Francisco Arts & Athletics, Inc. v. U.S. Olympic Committee*, 483 U.S. 522, 107 S.Ct. 2971 (1987).

¹⁷² No trademark ever remains as singular in meaning as many trademark owners may assert. Cultural symbols are "multi-dimensional," and their meanings for each individual listener may be a function of the context in which they are used. Dreyfuss, *supra* note __ at 139.

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cars.¹⁷³ In 1968, the numbers were selected to serve as a national emergency hotline.¹⁷⁴ The tragic events of September 11, 2001, created a new meaning of “911” that Porsche could not stop. Similarly, as will be discussed in more detail below, Hormel could not stop its “SPAM” mark from becoming a synonym for junk email. Cultural dilution also occurred when the famous mark “Star Wars” was used to describe President Ronald Reagan’s strategic defense initiative.¹⁷⁵ Similarly, the term “Tabloid” evolved from a distinctive medical trademark (1884), into a generic term for a compressed tablet (1903), then a small high performance biplane (1923) and later into a “popular newspaper which presents its news and features in a concentrated, easily assimilable, and often sensational form.”¹⁷⁶ All of these culturally diluting uses water down the original marks’ distinctiveness, yet three of the four marks are still used by their corporate owners as trademarks. A fair use exclusion for cultural dilution would assure that as trademark rights expand, the public would clearly have a positive right to use terms that the culture has invested with new meaning.

These examples demonstrate that cultural dilution may fall within the definition of actionable dilution in the TDRA. Dilution by blurring occurs when someone uses a famous mark on unrelated goods or services, and in doing so, “impairs the distinctiveness of the famous mark,” and dilution by tarnishment occurs if the use “harms the reputation of the famous

¹⁷³ In 1964, the Porsche AG Corporation of Germany first began using “911” as an identifier for luxury sport cars. On February 14, 2000, it applied to register the mark, and after publication without opposition, the United States Patent and Trademark Office issued a certificate of registration on December 19, 2000. *See* Dr. Ing. h.c. F. Porsche AG, Serial No. 75917912 (U.S. Pat. & Trademark Off. Feb. 14, 2000)(Application), <http://tmportal.uspto.gov/external/portal/tow> (search “US Serial No.” for “75917912”; then follow “Application” hyperlink). *See also* Dr. Ing. h.c. F. Porsche AG, Serial No. 75917912 (U.S. Pat. & Trademark Off. Dec. 19, 2000)(Registration), <http://tmportal.uspto.gov/external/portal/tow> (search “US Serial No.” for “75917912”; then follow “Registration Certificate” hyperlink).

¹⁷⁴ *See* Alabama Chapter of NENA, World’s First 911 Call, at http://www.al911.org/first_call.htm (last visited Aug. 1, 2008).

¹⁷⁵ *Lucasfilm Ltd. v. High Frontier*, 622 F.Supp. 931, 932 (D.C.D.C. 1985).

¹⁷⁶ 17 OXFORD ENGLISH DICTIONARY 520-21 (2d ed. 1989).

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mark.”¹⁷⁷ Certainly, the owners of the trademarks “Spam,” “Star Wars” and “911” would be able to offer evidence that common usage has impaired the distinctiveness of each mark.

In some ways, the phenomenon of cultural dilution is similar to a mark becoming generic. In both contexts, the interests of the consumer and the trademark owner diverge. Trademark owners want to maintain control over their symbol. Consumers have wrested that control away by assigning new meaning to the mark. Yet there is a critical difference. A mark becomes generic when it loses all source identifying meaning for the product it came to represent.¹⁷⁸ A generic term cannot function as a trademark, because as competitors enter the field, the term becomes known, not as a brand, but as a category of new products.¹⁷⁹ For example, when all yo-yo toys became known as yo-yos, the term could no longer distinguish those sold by Duncan.¹⁸⁰ “Competitors . . . have the right to explain what they are selling, even when their use of the generic term clearly piggybacks on the efforts of the party that first introduced the product.”¹⁸¹

Cultural dilution works differently. The public has assigned the mark a new meaning and in the new context the mark owner has lost control over its symbol. However, when a mark falls victim to cultural dilution, the mark owner has not lost everything. The mark still retains its ability to serve as a distinguishing source identifier for the goods with which it was originally associated.

The traditional trademark policies that supported recognition of the generic doctrine also support creation of the proposed cultural dilution fair use exclusion. Refusing to give trademark status to generic terms is justified by the policy of minimizing consumer search costs and

¹⁷⁷ 15 U.S.C. § 1125(c)(2)(B)-(C)(2006).

¹⁷⁸ 15 U.S.C. § 1064(3)(1998).

¹⁷⁹ 15 U.S.C. § 1064(3)(1998); *See also* Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4, 9 (2nd Cir. 1976).

¹⁸⁰ Donald F. Duncan, Inc. v. Royal Tops Mfg., 343 F.2d 655 (7th Cir. 1965).

¹⁸¹ Stacey L. Dogan & Mark A. Lemley, *Trademarks and Consumer Search Costs on the Internet*, 41 HOUSTON L. REV. 777, 793 (2004).

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providing a fair playing field for competitors. “Consumers will be misled if what they believe is a generic term is in fact a product sold by only one company. And if competitors cannot use the generic term to describe their own products, consumers will incur unnecessary expense in trying to locate the competitors’ versions.”¹⁸² Similarly, recognizing cultural dilution would advance consumer’s interests in minimizing search costs and facilitating their natural inclinations to search for products and services using the terms they have chosen to describe them. Once a famous mark has been culturally diluted, trademark doctrine should recognize it as a dilution exemption so that a business may use it to express the new descriptive meaning the public has assigned to it.

The need for this defense becomes clear after examination of the resources wasted in a futile attempt to stop the cultural dilution of “Spam.” In the 1930’s Hormel Corporation ran a contest and offered a \$100 reward to the person who coined the best trademark for its spiced ham products.¹⁸³ Kenneth Daigneau coined “Spam” and won \$100 for the best submission.¹⁸⁴ Fanciful made-up words like “Spam” are the platinum standard in trademarks. They are generally the easiest marks to protect because they have an inherently distinctive meaning as source identifiers. In 1963, Hormel registered “Spam” as a trademark for canned meat products and through aggressive advertising, groomed it into a strong distinctive brand.

The meaning of “Spam” began to change in 1970 after Monty Python broadcast a television comedy sketch in which a woman tried to order breakfast at an inn that featured Spam in every dish.¹⁸⁵ She tried to ask for a non-spam meal, but her voice was lost in a loud chorus of

¹⁸² *Id.*

¹⁸³ See SPAM Frequently Asked Questions, <http://www.spam.com/whatisspam/faq.pdf> (last visited Jan. 30, 2007). See also Wikipedia entry for SPAM, http://en.wikipedia.org/wiki/Spam_%28food%29 (last visited Jan. 30, 2007).

¹⁸⁴ *Id.*

¹⁸⁵ Andrew Martin, “*In a Down Economy, Spam Sales are Up*”, N.Y. TIMES, Nov. 15, 2008, at B2.

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“Spam, spam, spam” repeated by the waiter and other guests.¹⁸⁶ Early Internet users were alluding to this sketch when they began using “spam” to describe unwanted email that got in the way of more substantive messages.¹⁸⁷

Hormel’s mark has remained a strong mark for canned meat,¹⁸⁸ and it has fought hard to preserve its exclusive rights outside the food industry. It opposed every one of the dozens of federal applications for marks that incorporated “spam” for use in connection with software that filters unwanted email messages. For example, in 1998, Earthlink tried to register a trademark for an email filter called the “Spaminator,” but abandoned its mark when it was not able to convince the Patent and Trademark office that its use was protected by the “genericness” doctrine or that the term was descriptive.¹⁸⁹ A cultural dilution exclusion could have plugged this gap in trademark law, relieving Hormel of the duty to fight a losing battle and allowing Earthlink and others to register marks for junk email filters that incorporate “spam.” Instead, for years, Hormel was able to stop software providers from registering marks that used “spam” in this new descriptive sense. Yet its litigation strategy was not able to quash—or even dent—the cultural dilution of its mark. Dozens of these software products continued to incorporate “spam” in their product trademarks or descriptions.¹⁹⁰ Eight of the top ten junk email filters for 2008 incorporate “spam” in their marks.¹⁹¹

Finally, the PTO adjusted its policy to permit the Principal Register to reflect the cultural dilution of “spam.” In 2003, it permitted registration of “Spam Arrest” for software that blocks

¹⁸⁶ *Id.*

¹⁸⁷ *Id.*

¹⁸⁸ *Id.*

¹⁸⁹ *Hormel Foods Corp. v. Mindspring Enterprises, Inc.*, Proceeding No. 91119706 (U.S. Pat. & Trademark Off. Apr. 24, 2002), <http://ttabvue.uspto.gov/ttabvue/v?pno=91119706&pty=OPP>.

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¹⁹¹ Spam Filters Review 2008, <http://spam-filter-review.toptenreviews.com/> (last visited July 31, 2008).

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unsolicited commercial email, and Hormel promptly filed a cancellation proceeding.¹⁹² By 2008, at least ten marks for email filters incorporating the culturally diluted sense of “spam” had been registered.¹⁹³ One of these marks was “Spaminator” the same mark Earthlink had fought to protect a decade earlier. NetWave Technologies was granted a federal registration on the mark in March, 2008.¹⁹⁴

Through this example of cultural dilution, it is clear how consumer investment can permit trademark rights to evolve on a principled path that safeguards consumer interests. Owners of famous trademarks would resist creation of a cultural dilution exclusion, arguing that no one but the trademark owners should profit from an asset it coined and made famous. Sellers of Internet filters are not profiting from anything created by the trademark owner. They are, however, being enriched by the consumer’s investment in new meaning for a known term. Businesses should be free to use this new descriptive meaning created by viral public use. If trademark law fails to support this use, it will inhibit the flow of truthful commercial discourse.

Before the Internet, Hormel had much more control over its famous mark, and could generally assure that the narrative surrounding it was carefully managed. Today such control is impossible. Through viral communications, the Internet community seized “spam” and invested it with new meaning. The “spam” example illustrates how the public invests marks with meanings—many of which are outside the control of the trademark owner.

The success of the spam filters in seizing control of this mark may cause some to question why cultural dilution as a defense is necessary. It is needed to protect the ability to use

¹⁹² See Reg. No. 2701493 for “Spam Arrest”; *Hormel Foods Corp. v. Spam Arrest LLC*, Proceeding No. 92042134 (U.S. Pat. & Trademark Off. May 3, 2003)(Prosecution History), <http://ttabvue.uspto.gov/ttabvue/v?pno=92042134&pty=CAN>.

¹⁹³ They include “Spaminator” (Reg. No. 3394797), “Spam Cube” (Reg. No. 3398368), “Spamfighter” (Reg. Nos. 3405338 and 78691344), “Spamzapper” (Reg. No. 3401685), “Dspam” (Reg. 3405279), “X-Spam” (Reg. No. 3391776), “Ironport Anti-Spam” (Reg. No. 3394900), “Spamout” (Reg. No. 3387510), “My Spam Gone” (Reg. No. 3393931), “Spam Blazer” (Reg. No. 3417517) and “Spam Arrest” (Reg. No. 2701493).

¹⁹⁴ “Spaminator” (Reg. No. 3394797).

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marks according to new meanings the public invests in them. Once the public has seized a term and given it a new generic meaning, information efficiencies are compromised if trademark owners block consumers, businesses and advertisers from using the term in its new culturally diluted form. Interests of judicial economy would also be advanced by recognition of a cultural dilution exemption.

Some benefits would accrue to mark owners as well. They will be relieved of the obligation to fight such losing battles. Under current law, trademark owners have a duty to adopt a litigation strategy like that of Hormel. Failure to police a mark may result in its loss.¹⁹⁵ For any single known use, laches may protect an infringing use if a trademark owner sits on its rights for too long.¹⁹⁶ If many uses are permitted, the mark owner risks cancellation by abandonment.¹⁹⁷ This duty often forces the hands of trademark owners if they hope to maintain a mark's value. Therefore, it is understandable that counsel for Hormel believes it is necessary to stop every registration of a mark that incorporates "spam." Recognition of cultural dilution as an exclusion would relieve trademark owners like Hormel from expending resources on the impossible task of policing viral uses of a mark for a new meaning that has spun well outside the trademark owner's ability to control. Without it, trademark owners must continue to wage this fight in order to fulfill the duty to police their marks.

Cultural dilution should be recognized as a dilution exclusion so that, when appropriate, trademark law can yield to the reality of consumer power over language. The TDRA codified

¹⁹⁵ "The law imposes on trademark owners the duty to be pro-active and to police the relevant market for infringers. If the trademark owner is quiescent and tolerates the encroachment of infringers, it will find that its trademark asset has 'eroded' and 'shrunk'." J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 11:91 (4th ed. 2007). *Proctor & Gamble v. Johnson & Johnson, Inc.*, 485 F.Supp. 1185, ____ (D.D.N.Y. 1980) ("trademark law not only encourages but requires one to be vigilant on pain of losing exclusive rights.").

¹⁹⁶ "[A] long delay in instituting suit against this defendant, which causes prejudice, may constitute laches or acquiescence." 3 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 17:17 (4th ed. 2007).

¹⁹⁷ "[M]any defendants, and some courts, talk about such a failure to sue in terms of 'abandonment.'" J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 17:17 (4th ed. 2007).

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numerous exclusions, but none embraces the idea of cultural dilution.¹⁹⁸ Descriptive fair use can be used as a shield when a trademark is used only to “describe the goods or services of a party, or their geographic origin.”¹⁹⁹ The defense “forbids a trademark registrant to appropriate a descriptive term for his exclusive use and so prevent others from accurately describing a characteristic of their goods.”²⁰⁰ Descriptive fair use would not protect cultural dilution because it applies when a term is used in descriptive text, and is not available when the term at issue is incorporated into another mark.²⁰¹ Adopting this new exclusion would promote the same interest of providing a safe harbor for commercial speech that accurately describes a characteristic of the goods using a term with which the public is familiar.

The nominative fair use defense would provide no protection for uses that result from cultural dilution. As discussed above, nominative fair use occurs if “the defendant uses a trademark to describe the plaintiff’s product, rather than its own.”²⁰² This defense only applies if the famous trademark is used to refer to the products or services of the trademark owner. In situations involving cultural dilution, a mark is invested with new meaning and is used for an unrelated, often descriptive, commercial purpose.

Like nominative and descriptive fair use, cultural dilution should be recognized as an exclusion to trademark liability. If the public invests a mark with new meaning completely

¹⁹⁸ Use of marks in this safe zone will not result in liability:

(A) Any fair use, including a nominative or descriptive fair use, or facilitation of such fair use of a famous mark by another person other than as a designation of source for the person’s own goods or service, including use in connection with—

(i) advertising or promotion that permits consumers to compare goods or services; or

(ii) identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner. . . .

(C) Any noncommercial use of a mark.

15 U.S.C. § 1125(c)(3)(A)-(C)(2006).

¹⁹⁹ 15 U.S.C. § 1115(b)(4)(1946).

²⁰⁰ *Soweco, Inc. v. Shell Oil Co.*, 617 F.2d 1178, 1185 (5th Cir. 1980).

²⁰¹ 2 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 11:45 (4th ed. 2007).

²⁰² *New Kids on the Block v. News America Publishing, Inc.*, 971 F.2d 302, 308 (9th Cir. 1992).

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different from its use as a trademark, the mark owner has lost its ability to control the mark. As Judge Kozinsky observed in a case involving a reference to Mattel's Barbie doll:

“When marks ‘transcend their identifying purpose’ and ‘enter public discourse and become an integral part of our vocabulary,’ they ‘assume a role outside the bounds of trademark law.’ In these situations, ‘the trademark owner does not have the right to control public discourse whenever the public imbues his mark with a meaning beyond its source-identifying function.’”²⁰³

A cultural dilution exclusion would provide a vehicle for protecting the use of marks in new contexts. Because cultural dilution happens only when the public has invested a symbol with new meaning, it is appropriate to restrict trademark rights in order to recognize the significant consumer investment of new meaning for an old term.

C. The Lexicographic Defense is Necessary to Create A Safe Harbor For Dictionaries to Reflect New or Generic Meanings Invested by Consumers

Expanding trademark rights are creating the perception that trademark owners have standing to demand changes to dictionary definitions of their marks. This perception threatens lexicographic practices, the resulting quality of educational reference tools, and the extent to which these tools can serve as unbiased evidence of public meaning in trademark matters. To avoid such harms, trademark law should expressly provide a safe harbor for reference tools so that they may identify when the public has changed the meaning of a term without fear of reprisal from trademark owners.

²⁰³ *Mattel, Inc. v. Walking Mt. Prods.*, 353 F.3d 792, 807 (9th Cir. 2003)(quoting *Mattel, Inc. v. MCA Records*, 296 F.3d 894, 900 (9th Cir. 2002)) *See, also Mattel, Inc. v. Universal Music International*, 296 F.3d 894, 900 (9th Cir. 2002)(“Some trademarks enter our public discourse and become an integral part of our vocabulary. . . Trademarks often fill in gaps in our vocabulary and add a contemporary flavor to our expressions. Once imbued with such expressive value, the trademark becomes a word in our language and assumes a role outside the bounds of trademark law.”).

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Standard lexicographic practices require consultation with many sources, and they are not designed to permit any individual's view of a term to prevail over a broader public meaning. Dictionaries are designed to set forth "the meanings of words, [and] often illustrates how they are used in context."²⁰⁴ Most one-volume commercial dictionaries are "synchronic" in that they focus on a narrow band of time that purports to reflect current usage.²⁰⁵ In crafting a dictionary, a word is "first defined according to the class of things to which it belongs, and then distinguished from all other things within that class."²⁰⁶ To define a word, a lexicographer must distill its meaning from many contexts of "actual usage."²⁰⁷ A fundamental principle in crafting dictionary definitions is the "priority of essence" which means that "the most essential elements of meaning come first, the more incidental elements later."²⁰⁸ The crafting of definitions is nearly always constrained by the need for brevity.²⁰⁹ According to these principles, if a trademark has become known in actual usage as an object or service (as opposed to a brand of object or service), "[t]o the lexicographer, the word has become generic and should be included in the dictionary and defined."²¹⁰ Once a trademark becomes generic, best lexicographic practices require that the trademark meaning be mentioned only in the term's etymology.²¹¹

The risk of a judicial determination that a mark has become generic poses a significant threat to trademark owners who have invested substantial resources in a mark. A dictionary definition is thought to reflect the public understanding of a term. Therefore, a dictionary definition of a mark as a generic term may be used by a competitor as strong evidence that the

²⁰⁴ SIDNEY I. LANDAU, *DICTIONARIES THE ART AND CRAFT OF LEXICOGRAPHY* 6 (2nd. ed. Cambridge University Press 2001) (1984).

²⁰⁵ *Id.* at 27.

²⁰⁶ *Id.* at 153. (Consistent with this practice, "child" would be defined as "a person (genus) who is young or whose relation to another person is that of a son or daughter (differentia).").

²⁰⁷ *Id.* at 190.

²⁰⁸ *Id.* at 163.

²⁰⁹ *Id.* at 170.

²¹⁰ *Id.* at 406.

²¹¹ *Id.* at 406-07.

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mark has in fact become generic, and can no longer be protected under trademark law as a distinctive source identifier. Dictionary definitions were instrumental in stripping “cellophane” and “yo-yo” of their status as protectable marks.²¹² Therefore, trademark owners have strong motivation to demand changes to a dictionary definition that lists their trademark as a generic term. Trademark owners who learn of such definitions often object in a letter requesting a change so that the terms will be omitted or “entered in capitalized form and identified as trademarks.”²¹³

Such threats of litigation may compromise lexicographic standards. As Sidney I. Landau, editor of the Cambridge Dictionary of American English, explains,

In the past dictionaries took a distinctly more standoffish approach to trademark owners. But now that many dictionaries are published by subsidiaries of large corporations, the influence of corporate legal counsel is more apparent. Large companies have their own trademarks to protect and are naturally more solicitous of those of others. Often the corporate vice-president overseeing a dictionary publisher cannot understand why the dictionary, which in comparison to the entire corporation is a tiny part, should take any unnecessary risk of legal action. The dictionary editor must do battle to include any trademarks, and he is under great pressure to distort the facts of usage by entering all such terms only in capitalized form, even though the record may clearly show they are often written in lower-case letters.²¹⁴

Linguists criticize trademark law for failing to recognize the prevalence of public power over the meaning of symbols. More recognition of consumer power in shaping trademark law and its defenses may provide a framework for refuting this contention. Some linguists express concern

²¹² See *Dupont Cellophane Co. v. Waxed Prods Co.*, 85 F.2d 75, 79 (2d Cir. 1936) (noting that “cellophane” was used in the Dictionary of Tariff Information of the United States Tariff Commission in 1924 in a generic sense.); *Donald F. Duncan, Inc. v. Royal Tops Mfg. Co.*, 343 F.2d 655, 665 (7th Cir. 1965) (finding that “It is true that some of the dictionary publishers, at plaintiff’s insistence, listed the term ‘Yo-Yo’ as a trademark; however, all dictionaries, so far as we are aware, continued to treat the term as a noun, descriptive of a toy.”).

²¹³ *Id.* at 406.

²¹⁴ *Id.* at 408.

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that corporate interests in avoiding damaging dictionary definitions may be trumping the norms of cultural discourse.²¹⁵

If power is defined as authority with greater muscle than is given to others, then law is the obvious winner. Behind the authority of law is the government. It has enough muscle to impose physical penalties on those who don't comply. It can be the bully on the block if it wants to. But is legal power so strong that it doesn't need to pay attention to the power of language and society? At present, trademark law seems to have the power to ignore the power of other fields, but we are led to wonder if law even knows that other forms of power exist, including those that can help them meet the goals of law.²¹⁶

The consumer investment model can be applied in this context to reinstate balance into trademark law. Shuy is right to point out that recognizing the importance of meanings invested by the public would serve both lexicographic practice and trademark law. Like many a bully, the current power of trademark law is overestimated in Shuy's analysis. However, given current trends, his fears may be actualized if a limiting principle is not put in place.

Presently, the Lanham Act does not provide a cause of action for trademark owners who claim that a dictionary²¹⁷ improperly lists a trademark as a generic term. Contrary to what current practice may suggest, United States trademark law does not provide a vehicle for stopping a dictionary from printing a generic meaning that a trademark may have acquired through public use.²¹⁸ Opinions of a term's meaning cannot be deemed "false representations of fact" under the 15 U.S.C. 1125(a), and dilution has already been rejected as a cause of action against dictionaries.²¹⁹ Even if a court were to find a valid claim, First Amendment principles

²¹⁵ See ROGER SHUY, *LINGUISTIC BATTLES IN TRADEMARK DISPUTES* 54-55 (2002).

²¹⁶ *Id.* at 190-91

²¹⁷ This defense should also protect definitions that appear in an encyclopedia, thesaurus or similar reference tool.

²¹⁸ J. THOMAS MCCARTHY, *MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION* § 12:28 (Thomson West 4th ed. 2007) (1996).

²¹⁹ J. THOMAS MCCARTHY, *MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION* § 27:96 (Thomson West 4th ed. 2007) (1996); *Id.* at § 27:109; Although dilution may appear as a potential source of such a claim, the Seventh Circuit Court of Appeals specifically rejected this application of the Federal Trademark Dilution Act. *Ty, Inc. v. Perryman*, 306 F.3d 509, 514 (7th Cir. 2002). The result would likely be the same under the TDRA as it expressly exempts non-commercial and nominative uses from liability. 15 U.S.C. § 1125(c) (2000 & Supp. 5 2006).

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and the nominative fair use defense could provide sufficient shields to those using marks for these expressive purposes.²²⁰ However, some have suggested such a cause of action should exist in the United States.²²¹ In Europe, a statute has been enacted providing trademark owners with a remedy against those who list strong marks as generic terms.²²²

The perception that current law does permit such claims or the desire to avoid time-consuming conflicts with trademark owners may lead lexicographers to give in to the requests of trademark owners. As Ron Butters points out, "Clearly, lexicographers understand the legal concept of genericness, but they avoid explicitly labeling listed terms as "generic" so as to exempt themselves from what might be construed as the drawing of legal conclusions (thus avoiding the threat of legal action from the trademark owners)."²²³

Trademark law should expressly provide a safe harbor for lexicographers. Generally, no two dictionary definitions are identical. First amendment values will be better served if the bad and inaccurate definitions are left to be rejected in the marketplace, rather than regulated by trademark law. In view of the current pressure trademark owners exert over publishers of dictionaries, courts should exercise caution when deciding how much weight they attach to

²²⁰ See, e.g., *Illinois High School Ass'n v. GTE Vantage, Inc.*, 99 F.3d 244, 246 (7th Cir. 1996) (concluding that "a court could not, without violating the free speech clause of the First Amendment, have enjoined . . . the media from calling the NCAA tournament 'March Madness.'").

²²¹ See, Gary Robb, *Trademark Misuse in Dictionaries: Inadequacy of Existing Legal Action and a Suggested Cure*, 65 MARQ. L. REV. 179, 181 (1981-2); Julius R. Lunsford, Jr., *Trademarks and Semantics: The Use and Misuse of Trademarks in Dictionaries and Trade Journals*, 6 GA. L. REV. 311, 332-36 (1971-1972).

²²² Council Regulation 40/94, art. 10, 1994 O.J. (L 011) 1 (EC), available at <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31994R0040:EN:HTML>. ("If the reproduction of a Community trade mark in a dictionary, encyclopaedia or similar reference work gives the impression that it constitutes the generic name of the goods or services for which the trade mark is registered, the publisher of the work shall, at the request of the proprietor of the Community trade mark, ensure that the reproduction of the trade mark at the latest in the next edition of the publication is accompanied by an indication that it is a registered trade mark.")

<http://oami.europa.eu/en/mark/aspects/reg/reg4094old.htm#Heading15>

²²³ Butters, *A Linguistic Look at Trademark Dilution*, 24 SANTA CLARA COMPUTER & HIGH TECH. L.J. 507, 513 (2007-8).

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dictionary definitions. Unless an express exemption removes this pressure, dictionary definitions should not be considered true proxies for public understanding of a term.

Public investment in the meaning of a word should, at a minimum, be safe to express in a dictionary, the information tool that is designed to hold a mirror up to our language. Broader recognition that trademark law should protect the free flow of information and honor consumer investments would give the public the power to define primary meaning in cultural discourse. A specific fair use defense for lexicographers may not eliminate all private pressure to include trademarked terms in dictionary definitions. If the lexicographers have mischaracterized a strong mark, trademark owners will continue to call such mistakes to their attention. But where trademark references are inappropriate by lexicographic standards, a fair use safe harbor would enable publishers who choose not to bow to such pressure to preserve the integrity of their lexicographic process free from fear of litigation. This freedom will result in the creation of information tools that accurately reflect meanings created through public use.

IV. Conclusion

Trademark law should not be permitted to expand in ways that compromise the ability of consumers to use marks to find information. Getting the power equation right is important. Works protected by copyrights and patents eventually fall into the public domain. Trademarks, if carefully tended, can last forever. The stronger and more famous they become, the greater protection the law provides. Therefore, as trademark rights expand for all marks, it is especially important to reflect upon the appropriate quid pro quo necessary to preserve consumer interests.

Recent trends in trademark law threaten the traditional policies underlying trademark protection: providing consumers with truthful information and promoting fair competition. In order to preserve these policies and to correct for the indefensible consumer construct, trademark

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matters should take into account the fact that consumers invest marks with meaning and value. Trademarks are created by corporations and introduced to the public through advertising campaigns. But not all marks succeed. Trademarks do not become economically valuable unless consumers invest them with meaning. Only after consumer investments of attention, time and money, do they become vast dynamic narrative repositories. The risk of taking advantage of the tide that raises your boat, is that someday the waters may recede. Trademark law should not provide a vehicle for ignoring such realities or pretending they do not exist. New meanings invested by the public should be honored. When a mark is culturally diluted, it should be available for use in connection with new commercial products just like any other descriptive word. If a mark becomes generic, lexicographers should know that they are free to indicate the change in meaning. The return on consumer investment should, at a minimum, include trademark exemptions for use of marks as information tools.