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Trademark Free Riders

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TRADEMARK FREE RIDERS

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ABSTRACT

Trademark law cares a lot about the concept of “free riding.” Judges prone to moralizing often care more about condemning defendants who use other people’s trademarks than they do about considering the public benefits of the challenged activities. This intuition has left its mark on trademark doctrine. Even adjudicators inclined to utilitarian thinking must nonetheless consider the good or bad faith of trademark defendants as part of basic trademark infringement analysis.

Inquiries of this sort are one-sided. Free-riding stories generally benefit trademark plaintiffs, not defendants. Given the resulting imbalance in the law, many trademark reformers argue that free-riding narratives should lose their power to shape (and distort) doctrine. That’s all well and good, but what if the force of anti-free-riding stories stems not from rational argument but from hardwired human intuitions? What if we’re stuck with them?

If we are, we can at least recognize that trademark holders free ride, too. As it is, trademark precedent lacks a vocabulary for describing plaintiff free riding, which creates important doctrinal gaps. This asymmetry should be corrected. If morality stories are to be a part of trademark law, then they should be applied in a balanced manner. This Article explores the ways that trademark holders free ride on culture, competitors, and consumers; describes how trademark doctrine accounts or fails to account for plaintiff free riding; and offers some suggestions for reform.

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I. INTRODUCTION

Whoever reaps where he did not sow, wrongfully appropriates what belongs to another, and equity will not stay the hand of the rightful owner of the harvest against him.¹

This Article is about the concept of "free riding" in trademark law. In trademark litigation, stories about free riders typically benefit trademark owners.² Judges prone to moralizing fret about defendants who reap without sufficient sowing.³ They worry whether a defendant is free riding on the plaintiff's trademark's goodwill⁴ or whether a merchant who creates an attractive mark receives an adequate reward.⁵ All this moralizing has left a mark on trademark doctrine.⁶ Even utilitarian jurists who have no time for

1. *McMillin v. Barclay*, 16 F. Cas. 302, 307 (C.C.W.D. Pa. 1871) (No. 8,902).

2. *See infra* Section II.B.

3. *See, e.g., Janet Travis, Inc. v. Preka Holdings, L.L.C.*, 856 N.W.2d 206, 211 (Mich. Ct. App. 2014) ("Business owners, who invest significant amounts of money and effort to convince consumers to identify their marks with their products and services, needed a remedy against competitors who sought to free ride on this accumulated goodwill by copying or pirating already established marks.").

4. *See infra* notes 57–59 and accompanying text.

5. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 17 (AM. L. INST. 1995) ("A manufacturer thus does not forfeit trademark rights simply because prospective purchasers find the design aesthetically pleasing."); *cf. Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 170 (1995) ("That examination should not discourage firms from creating esthetically pleasing mark designs, for it is open to their competitors to do the same.").

6. *See infra* Section II.B.

sermonizing must consider the good or bad faith of trademark defendants as part of trademark infringement analysis.⁷

These inquiries are one-sided. Free-riding stories either benefit trademark plaintiffs or are neutral.⁸ They rarely *help* defendants.⁹ Given the resulting tilt in case outcomes, many trademark reformers argue that free-riding narratives should lose their power to shape (and distort) trademark law.¹⁰ That's all well and good, but what if the force of anti-free-riding stories stems not from rational argument but hardwired human intuitions? What if we're stuck with them?

This Article takes a fresh look at trademark free-riding stories by considering the flip side of the free-riding coin. If the resonance of free-riding stories cannot be eliminated, they can at least be ameliorated by recognizing a simple truth. *Trademark holders free ride, too.* As it is, the relative silence in trademark precedent about plaintiff free riding leaves critical doctrinal gaps.¹¹ This asymmetry should be corrected. If morality stories are to be a part of trademark law—and this Article accepts them as a fact of life—then they should be applied in a balanced manner.

Part II provides an overview of free riding and its historical use to expand the scope of trademark rights. Part III explores the ways that trademark holders free ride and considers how trademark doctrine accounts—and fails to account—for such efforts. The gaps often appear in situations where

7. See *infra* note 77 and accompanying text.

8. See, e.g., *Fuji Photo Film Co. v. Shinohara Shoji Kabushiki Kaisha*, 754 F.2d 591, 596 (5th Cir. 1985) (“Good faith is not a defense to trademark infringement. The reason for this is clear: if potential purchasers are confused, no amount of good faith can make them less so. Bad faith, however, may, without more, prove infringement.” (citations omitted)); *Pizzeria Uno Corp. v. Temple*, 747 F.2d 1522, 1535 (4th Cir. 1984) (“The intent of the defendant is sometimes a major factor in infringement cases. If there is intent to confuse the buying public, this is strong evidence establishing likelihood of confusion, since one intending to profit from another’s reputation generally attempts to make his signs, advertisements, etc., to resemble the other’s so as deliberately to induce confusion. But if there is good faith belief that a subsequently-adopted mark will not lead to confusion, however, that intent is no defense if a court finds actual or likelihood of confusion.” (citations omitted)).

9. To be sure, questions of good faith can be turned on trademark plaintiffs, but they are not typically questions of free riding. Trademark holder free riding is the subject of Part III.

10. See, e.g., Mark A. Lemley & Mark P. McKenna, *Owning Mark(et)s*, 109 MICH. L. REV. 137, 189 (2010); Robert G. Bone, *Hunting Goodwill: A History of the Concept of Goodwill in Trademark Law*, 86 B.U. L. REV. 547, 621–22 (2006); Michael Grynberg, *Trademark Litigation as Consumer Conflict*, 83 N.Y.U. L. REV. 60, 116–18 (2008); Glynn S. Lunney, Jr., *Trademark Monopolies*, 48 EMORY L.J. 367, 442 (1999); William P. Kratzke, *Normative Economic Analysis of Trademark Law*, 21 MEM. ST. U. L. REV. 199, 212–25 (1991).

11. See *infra* Part III.

adjudicators recognize trademark free riders for what they are but lack doctrinal tools to respond. Part IV offers some suggestions for addressing the resulting imbalances in trademark law.

II. FREE RIDING AND ITS DISCONTENTS

Generally the prior appropriator may enjoin use of an identical name by a subsequent arrival. Normally the latter seeks an unfair advantage, a ‘free ride’ on another’s established good will; he is subjectively guilty and objectively deceptive.¹²

This Part lays some groundwork by defining free riding and suggesting that our intuitions about free riding are innate (or so deeply culturally ingrained as to be functionally innate) and resistant to change. The remainder of this Part discusses how these perceptions shape trademark law, both as a matter of history and contemporary doctrine.

A. DEFINING FREE RIDING

This Article uses the term “free riding” to refer to a lay intuition that a person or entity behaves wrongfully when they benefit from the effort of others without making—in the eye of the beholder—an appropriate contribution to those efforts.¹³ Not every uncompensated benefit triggers the intuition. We do not view, for example, the ordinary consumer surplus that

12. *Laws. Title Ins. Co. v. Laws. Title Ins. Corp.*, 109 F.2d 35, 43 (D.C. Cir. 1939) (footnote omitted).

13. We should also clarify the relationship between free riding and the behavior labeled “rent seeking.” To be sure, it may be seen as a subset of free riding. In this Article, however, I want to distinguish situations in which we would see the free rider/rent seeker as having “done the work,” so to speak, from those in which they have not. This is of course a judgment call. But I take as a premise that there is a difference between the two situations once we are far enough removed from the line. Consider, for example, the situation in the famous *Sony* case. *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417 (1984). There, plaintiffs tried to leverage their copyrights into control over the nascent market for VCRs. This can be seen as rent-seeking behavior, but the copyrights that gave the plaintiffs their ticket to sue reflected actual efforts on the part of the authors of the works. They thus stand on a different moral plane than, say, one bringing a copyright claim against a defendant who engaged in independent creation, drawing on similar public domain materials as the plaintiff used in their work.

In the trademark realm, dilution claims are often criticized as rent seeking, but the mark holder in that situation has actually created a mark with valuable goodwill. This is also true of the classic merchandising situation, as when a sports team seeks control of merchandise using its logo. Yes, the merchandiser is often trying to appropriate value that has in part been created by fans of the mark, but typically the merchandising entity has done something to create value as well.

comes with purchases below one's willingness to pay as free riding.¹⁴ Nor does the intuition reach situations in which the party expending effort has no expectation of compensation, as when one makes a home repair that so beautifies the house as to raise neighborhood property values. Examples like these are excluded not because there is no free riding—from a certain point of view—but because there is no general moral intuition that compensation is appropriate.¹⁵

A lay approach sits near, but is distinct from, two alternatives.

1. *Free Riding, Public Goods, and Intellectual Property*

The first alternative concerns the economic problem of the provision of public goods. How does one secure contributions to the creation of non-excludable benefits?¹⁶ National defense is a classic example. An army protects its nation's borders regardless of whether any individual citizen contributes resources to the effort. This creates the potential for free riding that, in the military example, is typically solved by government provision supported by mandatory taxation.

Property rights are another option. Such rights (or rights akin to them) can incentivize the creation of public goods like those protected by intellectual property rights,¹⁷ as they let creators use rights to exclude as a means to demand payment for their work.¹⁸ In this arid analysis, intellectual property

14. Cf. John F. Duffy, *Intellectual Property Isolationism and the Average Cost Thesis*, 83 TEX. L. REV. 1077, 1084 (2005) ("If I sneak onto a bus without paying, then I could fairly be called a free rider. If I pay the \$1.00 fare demanded by the bus company, I doubt that very many people would call me a free rider even though I valued the trip at \$5.00 and reaped a \$4.00 consumer surplus.").

15. Compare *id.* at 1084–85, with Mark A. Lemley, *Property, Intellectual Property, and Free Riding*, 83 TEX. L. REV. 1031, 1048–49 (2005).

16. Russell Hardin & Garrett Cullity, *The Free Rider Problem*, STAN. ENCYCLOPEDIA PHIL. (Oct. 13, 2020), <https://plato.stanford.edu/archives/win2020/entries/free-rider/> ("A free rider, most broadly speaking, is someone who receives a benefit without contributing towards the cost of its production. The *free rider problem* is that the efficient production of important collective goods by free agents is jeopardized by the incentive each agent has not to pay for it: if the supply of the good is inadequate, one's own action of paying will not make it adequate; if the supply is adequate, one can receive it without paying.").

17. IP subject matter has long been recognized as raising a public goods problem. See generally Dane S. Ciolino, *Rethinking the Compatibility of Moral Rights and Fair Use*, 54 WASH. & LEE L. REV. 33, 55 n.111 (1997) (collecting cites).

18. See generally, e.g., WILLIAM M. LANDES & RICHARD A. POSNER, *THE ECONOMIC STRUCTURE OF INTELLECTUAL PROPERTY LAW* (2003). This is aside from the role of property rights as a potential solution to the problem of overconsumption in scarcity situations. In the famous tragic common pasture, property rights will deter overconsumption of the field while providing an incentive to make investments that will improve yield. Garrett Hardin, *The Tragedy of the Commons*, 162 SCI. 1243 (1968).

(IP) rights are a utilitarian solution to a utilitarian problem, and their precise calibration requires balancing incentive effects against the burdens on other creators in making works of their own.¹⁹ And, of course, the property solution coexists with other possibilities for solving the public goods problem, potentially mitigating the need for strong IP rights.²⁰

The U.S. tradition usually looks to incentive stories to explain why we empower creators with IP rights,²¹ but the mix of reasons includes morality. Advocates of strong IP rights often invoke preventing the evils of “free riding” as justification.²² Many scholars disagree and attack the notion of free riding as incoherent and unduly costly to society when taken too seriously.²³ Others defend the concept from these attacks.²⁴ This leads to any number of inconclusive debates, for the anti-free-riding case resonates in a manner that argumentation to the contrary has not (and perhaps cannot) overcome.²⁵ On the other hand, society needs to carry on, and giving maximum control to rightsholders would render progress impossible.²⁶ So we muddle along,

19. See, e.g., Adam Moore & Ken Himma, *Intellectual Property*, STAN. ENCYCLOPEDIA PHIL. § 4.4 (Oct. 10, 2018), <https://plato.stanford.edu/archives/win2018/entries/intellectual-property/>.

20. *Id.* § 3.2.2.

21. U.S. CONST. art. I, § 8, cl. 8 (giving Congress the power to “promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries”).

22. See, e.g., Wendy J. Gordon, *On Owning Information: Intellectual Property and the Restitutionary Impulse*, 78 VA. L. REV. 149, 156 (1992) (“I suspect that this common law trend toward granting new intellectual property rights has been fueled largely by two forces. On the one hand is an intuition of fairness—a norm often linked to natural rights—that one should not ‘reap where another has sown.’” (footnotes omitted)); cf., e.g., *Int’l News Serv. v. Associated Press*, 248 U.S. 215, 239–40 (1918) (misappropriation case concerning “hot news” that observes that the copyist defendant taking facts from published news stories “in appropriating it and selling it as its own is endeavoring to reap where it has not sown, and by disposing of it to newspapers that are competitors of complainant’s members is appropriating to itself the harvest of those who have sown”); Arthur William Barber, *Book Review*, 35 YALE L.J. 520, 521 (1926) (“The first English law of copyright (8 Anne, Ch. 19) was the original charter of liberties for authors, for it initiated a condition in which they became entitled to enjoy the profits from their intellectual labors and able to reap where they had sown.”).

23. See, e.g., Lemley, *supra* note 15, at 1068–69 (“Free riding encompasses both conduct that simply captures consumer surplus or other uncompensated positive externalities and conduct that reduces the return to the intellectual property owner to such an extent that it cannot cover its costs. Only the latter is of concern, and free riding as a concept will not help us to distinguish the two.”).

24. See, e.g., Duffy, *supra* note 14, at 1084–85.

25. See *infra* Section II.A.3.

26. For example, in the copyright realm, the idea-expression dichotomy recognizes the distinction between protecting, say, the film *Rocky* versus locking up the idea of an underdog

balancing between the claims of creators—who themselves build on and benefit from the work of others—and everyone else.

My definition of free riding diverges from the economic analysis in that it focuses on adjudicator intuition rather than any particular external criterion designed to determine the adequacy of contributions or the optimal supply of goods. This is because it is the perception of adjudicators that matters in litigation. Concrete criteria for such judgments are hard to come by in any case. After all, many “wrongful” free riders may well contribute efforts of their own. In the copyright realm, for example, the copyist who rips off a novel might have invested in the means to make and distribute the copies. Most of us, I imagine, would nonetheless call this free riding because it doesn’t account for the work of writing the novel in the first place. We then get harder questions when the infringing work isn’t a one-to-one copy but makes modifications—e.g., a derivative work, a translation, an abridgment, a commentary, a satire, a parody—or is fodder for some different project—e.g., a search engine for literary works. And copyright doctrine makes judgments about which efforts rise above the free-rider label by applying doctrines like fair use²⁷ and the idea-expression dichotomy to sort the infringing from the licit.²⁸

2. *Free Riding and Morality*

For a similar reason, this Article does not engage the normative question of whether “free riding,” in whatever form, is actually “wrong” as a moral matter. Law professor guild rules require me to mention Lockean labor theory here,²⁹ and a rich literature debates the claim that creators of intellectual content should have the right to control non-rival uses regardless of the

fighting against the champion. *Cf.* *Nichols v. Universal Pictures Corp.*, 45 F.2d 119, 121 (2d Cir. 1930) (“Upon any work . . . a great number of patterns of increasing generality will fit equally well, as more and more of the incident is left out. The last may perhaps be no more than the most general statement of what the play is about, and at times might consist only of its title; but there is a point in this series of abstractions where they are no longer protected, since otherwise the playwright could prevent the use of his ‘ideas,’ to which, apart from their expression, his property is never extended.”).

27. 17 U.S.C. § 107.

28. 17 U.S.C. § 102(b).

29. JOHN LOCKE, *TWO TREATISES OF GOVERNMENT* 305–06 (Peter Laslett ed., Cambridge Univ. Press 1988) (1690). For an account applying Locke to the question of the appropriate scope of IP rights, see Wendy J. Gordon, *A Property Right in Self-Expression: Equality and Individualism in the Natural Law of Intellectual Property*, 102 *YALE L.J.* 1533 (1993).

instrumental consequences.³⁰ Likewise, scholars contest what is or is not normatively acceptable free riding.³¹

This Article takes no position on these debates, preferring to take adjudicator intuitions as a given without arguing for any particular view of when free riding is moral or not.³² Instead, the assumption is that the tendency to make judgments about free riders is innate and, therefore, not likely subject to effective argumentation.

3. *Free-Riding Judgments as Human Hardwiring*

The prospect that intuitions about free riding are hardwired appears in the trademark literature as an unwelcome possibility. In their attack on the use of anti-free-riding arguments to justify expanded trademark rights, Mark Lemley and Mark McKenna argue that the power of free-riding stories cannot be justified from either a utilitarian or a normative perspective.³³ They nonetheless acknowledge the possibility that their efforts might not matter if anti-free-riding intuitions are simply an immutable fact of life:

One might perhaps turn to sociobiology: it may be that we are hardwired with some version of the Golden Rule, and that free riding—*when painted as such*—offends our sense of justice. But if so, our genes are serving us ill.³⁴

One senses their despair at the prospect, but there is also opportunity. If trademark restrictionists can craft arguments that trigger the intuition that the trademark holder is the one who is free riding, then free-riding arguments need not monolithically favor trademark expansion. Part III lays the groundwork for such arguments.

Before getting there, however, it is worth noting that there is some evidence for the descriptive point upsetting Lemley and McKenna—that our anti-free-riding intuitions are both hardwired and resistant to argument. Some researchers trace the instinct against free riding to our evolutionary success as a species.³⁵ On this account, one of humanity's distinguishing features is our

30. Moore & Himma, *supra* note 19, § 3.3.

31. For a summary of some views pertaining to the provision of collective goods, see Hardin & Cullity, *supra* note 16, § 6.

32. I am, however, using my own intuitions—informed by the caselaw discussed in the next Part—as a descriptive proxy for the lay intuition that something is free riding.

33. Lemley & McKenna, *supra* note 10.

34. *Id.* at 184 (emphasis added).

35. John Tooby, Leda Cosmides & Michael E. Price, *Cognitive Adaptations for n-Person Exchange: The Evolutionary Roots of Organizational Behavior*, 27 *MANAGERIAL & DECISION ECON.* 103 (2006); Andrew W. Delton, Leda Cosmides, Marvin Guemo, Theresa E. Robertson &

ability to engage in complex cooperation outside the realm of an immediate family group.³⁶ The potential returns to cooperating groups are superior because they magnify the number of potential actors and the returns to scale beyond what is possible in smaller units of closely related actors.³⁷

Because cooperation also incurs costs, the existence of free riders may complicate the accounting. A free rider may reap the benefits from cooperation without incurring the costs.³⁸ The superior net returns would favor the free rider, leading to the demise of cooperation over the long run as free riders outcompete cooperators and reduce their number until ultimately there is no one left who is inclined to cooperate.³⁹

Securing the superior returns of cooperation requires a mechanism for identifying and screening out the free riders.⁴⁰ A body of scholarship posits that we have evolved the ability to do so as part of our innate cognitive toolkit.⁴¹ On this account, our ability to identify free riders is a distinct skill. We are capable of distinguishing between, say, those who free ride and those who cannot contribute under particular circumstances, but would contribute to collective enterprises when able.⁴²

John Tooby, *The Psychosemantics of Free Riding: Dissecting the Architecture of a Moral Concept*, 102 J. PERSONALITY & SOC. PSYCH. 1252, 1252 (2012) (“The fact that humans routinely engage in collective action raises the hypothesis that our psychological architecture contains evolved specializations that allow us to solve the formidable problems that prevent its evolution in other species.”).

36. Other examples of mass cooperation in nature involve closely related groups, as in the social insects. Delton et al., *supra* note 35, at 1252.

37. *Id.* at 1253.

38. *Id.*

39. *See id.*

40. *Id.* (“To evolve and be stably maintained by natural selection, designs that cause cooperation need to accrue a higher average payoff than designs that cause free riding. When there are repeated interactions, strategies that cooperate conditionally can outperform exploitive strategies by channeling their cooperative efforts towards other cooperators and away from free riders.”).

41. *Id.* at 1254 (“When we say that conditional cooperators must identify free riders, we mean that designs that cause conditional cooperation will not be selected for and maintained in a population unless they identify those with a disposition to free ride. By disposition to free ride, we mean those with a greater tendency to free ride than others, whether because of ontogenetic calibration, heritable genetic variation, or the nature of the current situation.”).

42. *Id.* (“The benefits of repeated mutual cooperation fail to materialize, however, when there are false alarms—that is, when a conditional cooperator is misidentified as a free rider. If Jack incorrectly categorizes Jill as a free rider, he will punish or withdraw cooperation from Jill. Jill is likely to respond by withdrawing cooperation from Jack. Because of this initial false alarm, Jack and Jill thereby miss out on a string of benefits that each could have harvested by cooperating in collective actions with the other.”); *see also* Andrew W. Delton, Max M.

Some research suggests that this capacity is indeed part of the human mental toolbox, as the tendency to punish free riders or withhold effort in their presence has been observed in empirical studies.⁴³ Moreover, it appears to be a sense that is calibrated and attuned to the difference between willful free riding and an involuntary inability to contribute to collective enterprise.⁴⁴ The intuition does not require that one suffer from the conduct of the free rider (that is, one may make the assessment when judging from afar),⁴⁵ and the intuition is susceptible to framing effects.⁴⁶

Similar claims have been made by proponents of “Moral Foundations Theory” (MFT), which posits that the human mind contains frameworks that predispose us to certain kinds of moral judgments.⁴⁷ Though these inclinations can be overcome by reason or circumstance, they bias us to particular moral conclusions in a way that precedes rational analysis.⁴⁸

Krasnow, Leda Cosmides & John Tooby, *Evolution of Direct Reciprocity Under Uncertainty Can Explain Human Generosity in One-Shot Encounters*, 108 PROC. NAT’L ACAD. SCI. 13335, 13335 (2011) (maintaining that “a broad array of experimental and neuroscientific evidence has accumulated over the last two decades supporting the hypothesis that our species’ decision-making architecture includes both cognitive and motivational specializations whose design features are specifically tailored to enable gains through direct reciprocity (e.g., detection of defectors and punitive sentiment toward defectors)”).

43. See Delton et al., *supra* note 35, at 1253 (“Consistent with [the analyses of game theory], empirical studies of human cooperation show that free riding often elicits anger from contributors, many of whom respond by punishing the free rider or by down-regulating their own contributions to the group effort.”).

44. Delton et al., *supra* note 35, at 1267 (discussing experiments indicating that “the mind classifies individuals as free riders only when their behavior indicates they have a psychological design or calibration that causes them to consume benefits while withholding contributions”).

45. Robin P. Cubitt, Michalis Drouvelis, Simon Gächter & Ruslan Kabalin, *Moral Judgments in Social Dilemmas: How Bad Is Free Riding?*, 95 J. PUB. ECON. 253, 254 (2011).

46. *Id.* (“[W]e find a strong framing effect in moral evaluations: other things equal, subjects condemn withdrawing support from the public good less than the corresponding equivalent action of failing to contribute to it.”).

47. On this view:

The mind is divided into parts, like a rider (controlled processes) on an elephant (automatic processes). The rider evolved to serve the elephant.

You can see the rider serving the elephant when people are morally dumbfounded. They have strong gut feelings about what is right and wrong, and they struggle to construct post hoc justifications for those feelings. Even when the servant (reasoning) comes back empty-handed, the master (intuition) doesn’t change his judgment.

JONATHAN HAIDT, *THE RIGHTEOUS MIND: WHY GOOD PEOPLE ARE DIVIDED BY POLITICS AND RELIGION* 49–50 (2012).

48. *Id.* at 27–71 (summarizing evidence).

MFT theorists identify a number of moral senses, called foundations.⁴⁹ One such sense is our capacity to appreciate “Fairness/Cheating.”⁵⁰ As with the tale about the evolution of free riding detection, the story behind it focuses on the advantages of cooperation beyond one’s immediate family group,⁵¹ which summons the need for a mechanism to assess the proportionality of contribution in order to punish free riders when necessary.⁵² Perhaps this smacks too much of evolutionary biological “just so” stories, but even if the tendency is better explained by culture, MFT advocates argue that it has been observed in multiple cultures.⁵³

B. THE ANTI-FREE-RIDER IMPULSE AND TRADEMARK DOCTRINE

No matter its origin, the anti-free-riding intuition is important to trademark doctrine both historically and in modern trademark litigation.

49. Jesse Graham, Jonathan Haidt, Sena Koleva, Matt Motyl, Ravi Iyer, Sean P. Wojcik & Peter H. Ditto, *Moral Foundations Theory: The Pragmatic Validity of Moral Pluralism*, 47 ADVANCES EXPERIMENTAL SOC. PSYCH. 55, 67–71 (2013). According to MFT theorists, the list of foundations is subject to ongoing refinement. *Id.* at 57 (“We grant right at the start that our particular list of moral foundations is unlikely to survive the empirical challenges of the next several years with no changes.”).

50. *Id.* at 69–70.

51.

All social animals face recurrent opportunities to engage in non-zero-sum exchanges and relationships. Those whose minds are organized in advance of experience to be highly sensitive to evidence of cheating and cooperation, and to react with emotions that compel them to play “tit for tat” (Trivers, 1971), had an advantage over those who had to figure out their next move using their general intelligence. (See Frank, 1988, on how rational actors can’t easily solve “commitment problems,” but moral emotions can.)

Id. at 69 (citing Robert L. Trivers, *The Evolution of Reciprocal Altruism*, 46 Q. REV. BIOLOGY 35 (1971); ROBERT H. FRANK, PASSIONS WITHIN REASON: THE STRATEGIC ROLE OF THE EMOTIONS (1988)).

52.

Gossip about fairness, for example, is ubiquitous. From hunter-gatherers (Wiessner, 2005) to Chaldean-Iraqi merchants in Michigan (Henrich and Henrich, 2007) to college roommates sharing a kitchen, people gossip frequently about members of their group who cheat, fail to repay favors, or take more than their share. In fact, Dunbar (1996) reports that one of the principle functions of gossip is to catch cheaters and free-riders within groups.

Id. at 109 (citing Polly Wiessner, *Norm Enforcement Among the Ju/’hoansi Bushmen: A Case of Strong Reciprocity?*, 16 HUM. NATURE 115 (2005); NATALIE HENRICH & JOSEPH HENRICH, WHY HUMANS COOPERATE: A CULTURAL AND EVOLUTIONARY EXPLANATION (2007); ROBIN DUNBAR, GROOMING, GOSSIP, AND THE EVOLUTION OF LANGUAGE (1996)).

53. See *supra* note 52.

1. *Free Riding and Unfair Competition*

Free-riding stories figured prominently in unfair competition law, which forms the basis of a lot of modern trademark law. Unfair competition cared about relative morality,⁵⁴ as wrongful intent could make otherwise acceptable behavior into a tort.⁵⁵ In the pre-Lanham Act divide between trademark and unfair competition law, intent was not an element of trademark infringement but mattered for unfair competition claims.⁵⁶ Unfair competition cases treated the appropriation of a markholder's goodwill as the fundamental wrong (more so than the confusion of consumers) that demanded a remedy.⁵⁷ This concern with the "misappropriation" of goodwill lends itself naturally to the logic of the anti-free-riding impulse.⁵⁸ The drafters of the Lanham Act emphasized it as a fundamental purpose of the statute that would unify federal trademark

54. Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 NOTRE DAME L. REV. 1839, 1848 (2007) ("'[T]raditional' American trademark law was unapologetically producer-oriented. Trademark law, indeed all of unfair competition law, was designed to promote commercial morality and protect producers from illegitimate attempts to divert their trade."); Bone, *supra* note 10, at 553 ("The notion that trademark law protects goodwill from appropriation is not a modern invention; it has been around in one form or another for more than one hundred years. Thus, blaming judges for applying their own morality instead of following the law oversimplifies the problem.").

55. McKenna, *supra* note 54, at 1862 ("Use of another's trade name . . . may have had an innocent purpose, such as description of the product's characteristics or its geographic origin. As a result, in contrast to trademark infringement plaintiffs, unfair competition claimants had to prove that the defendant intended to pass off its products as those of the plaintiff.").

56. *Id.*

57. Bone, *supra* note 10, at 572–73. Bone writes, "In a 1909 article, Edward Rogers, one of the leading early twentieth century trademark practitioners and commentators, made the point in the clearest possible terms. He first dismissed the notion that trademark infringement and unfair competition were radically separate torts. For Rogers, both were based on the same principle: '[e]ach is a trespass upon business good will.'" *Id.* (citing Edward S. Rogers, *Comments on the Modern Law of Unfair Trade*, 3 ILL. L. REV. 551, 553 (1909)) (footnotes omitted). Free-riding concerns also played a role in the pre-Lanham Act expansion of trademark doctrine to reach conduct in non-identical markets. *Id.* at 593–98.

58.

The logic of the misappropriation argument is deceptively simple: a defendant who attracts consumers by using the plaintiff's mark improperly benefits from the plaintiff's goodwill. It does not matter whether consumers are confused or even whether the defendant's use diverts business from the plaintiff. Nor does it matter whether plaintiff's goodwill is impaired or diminished in any way. It is enough that, in the famous metaphor of *International News Service v. Associated Press*, the defendant "reap[s] where it has not sown." In other words, the wrong, both moral and legal, consists in free riding, that is, benefiting from something of value that another has invested in creating.

Id. at 550–51 (quoting 248 U.S. 215, 239 (1918)).

and unfair competition law.⁵⁹ As the next Section details, free-riding concerns continued to shape doctrine notwithstanding the fact that the statute made “likelihood of confusion” the metric of liability.⁶⁰

This is not to say that free-riding stories explained the totality of trademark law; just that they had a seat near the head of the table. Some opinions debated the importance of preventing free riding, as seen in this 1948 dissent by Judge Frank:

Suppose that a candy merchant made and sold candy called ‘Cadillac.’ No one would think that that candy was made or sponsored by the manufacturer of the Cadillac automobile. Nor would the automobile manufacturer be entitled to an injunction against the candy-maker merely because the latter deliberately chose the name, intending to acquire the advantages accruing to him from the elaborate advertising of the Cadillac. Where, in such a case, the probability of confusion of source is not otherwise proved, evidence of such an intention is irrelevant. In such circumstances, the fact of a ‘free ride’ is immaterial. Judge Wyzanski has referred to the ‘now discredited theory’ of the ‘free ride.’ Indeed, a ‘free ride,’ without more, is in line with the theory of competition.⁶¹

Although critical of free-riding narratives, the passage hints at the asymmetry that makes them so pernicious, as the interest in competition is raised without praise to match the implicit assumption that free riding is wrongful. For many courts, free riding is bad⁶² unless the judges are in the mood to promote competition.⁶³ And even language about the value of

59. In enacting the statute, the Senate Committee on Patents indicated a dual concern with “protect[ing] the public so that it may be confident that, in purchasing a product . . . , it will get the product which it asks for and wants to get” and protecting sellers’ “energy, time, and money in presenting to the public the product . . . from . . . misappropriation by pirates and cheats.” S. REP. NO. 79-1333, at 3 (1946).

60. See *infra* notes 73–140 and accompanying text.

61. *Triangle Publ’ns, Inc. v. Rohrllich*, 167 F.2d 969, 978 (2d Cir. 1948) (Frank, J., dissenting) (footnotes omitted), *overruled by* *Monsanto Chem. Co. v. Perfect Fit Prods. Mfg. Co.*, 349 F.2d 389 (2d Cir. 1965).

62. Bone, *supra* note 10, at 601 (“While the debate over the merits of broad trademark protection raged in the courts and Congress, the ‘free ride theory’ continued to play a role in some of the broadest trademark decisions, notwithstanding Judge Frank’s claim of its demise.”); *id.* at 601 n.312 (collecting cases); 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 2:4 n.8 (5th ed. 2010) (collecting cases); see, e.g., *Mastercrafters Clock & Radio Co. v. Vacheron & Constantin-LeCoultre Watches, Inc.*, 221 F.2d 464, 466–67 (2d Cir. 1955) (“Plaintiff’s intention thus to reap financial benefits from poaching on the reputation of the Atmos clock is of major importance.”).

63. See, e.g., *Kellogg Co. v. Nat’l Biscuit Co.*, 305 U.S. 111, 122 (1938) (“Sharing in the goodwill of an article . . . is the exercise of a right possessed by all . . .”). See generally 1

trademarks in promoting competition is often inflected with the moral vocabulary of free riding.⁶⁴

This asymmetry means that free-riding stories always lurk as a potential thumb on the scale in favor of trademark plaintiffs unless outweighed by some competing consideration. Consider *Smith v. Chanel*,⁶⁵ a case known for the principle that talking about a trademark holder is not trademark infringement.⁶⁶ The defendant marketed perfume under the promise that it smelled like CHANEL No. 5 but cost less.⁶⁷ The markholder objected, and the district court agreed that the defendant's advertisement "appropriates from plaintiffs, the goodwill, reputation and commercial values inherent in the trademarks which plaintiffs have created over many years from the expenditure of great effort, skill and ability."⁶⁸ In seeking to reap the benefits of the plaintiff's labor, the district court went on, the defendant "is actually attempting to take a free ride on plaintiffs' widespread goodwill and reputation."⁶⁹

The Ninth Circuit reversed but did not quibble with the district judge's moral framing, agreeing that "[d]isapproval of the copyist's opportunism may be an understandable first reaction."⁷⁰ That said, "this initial response to the problem has been curbed in deference to the greater public good.' By taking his 'free ride,' the copyist, albeit unintentionally, serves an important public interest by offering comparable goods at lower prices."⁷¹

MCCARTHY, *supra* note 62, § 2:4 ("Sometimes, what the plaintiff calls "free riding" is no more than a form of fair competition."); *id.* nn.10–11 (collecting examples).

64.

[Trademark] law helps assure a producer that it (and not an imitating competitor) will reap the financial, reputation-related rewards associated with a desirable product. The law thereby "encourage[s] the production of quality products," and simultaneously discourages those who hope to sell inferior products by capitalizing on a consumer's inability quickly to evaluate the quality of an item offered for sale.

Qualitex Co. v. Jacobson Prods. Co., 514 U.S. 159, 164 (1995) (quoting 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 2.01[2] (3d ed. 1994)).

65. *Smith v. Chanel, Inc.*, 402 F.2d 562 (9th Cir. 1968).

66. A principle that the Ninth Circuit today protects with the nominative fair use doctrine. *See, e.g., Toyota Motor Sales, U.S.A., Inc. v. Tabari*, 610 F.3d 1171 (9th Cir. 2010).

67. Later litigation concluded that defendant had, in actuality, misrepresented the equivalence of the products. *Chanel, Inc. v. Smith*, 528 F.2d 284, 285 (9th Cir. 1976).

68. *Smith v. Chanel, Inc.*, 402 F.2d at 568 n.22 (quoting *Chanel, Inc. v. Smith*, No. 45647, 1966 WL 7667, at *3 (N.D. Cal. Nov. 23, 1966)).

69. *Id.*

70. *Id.* at 568.

71. *Id.* (quoting *Am. Safety Table Co. v. Schreiber*, 269 F.2d 255, 272 (2d Cir. 1959)).

Our defendant is thus a free rider but one who has the good fortune of “unintentionally” serving the public interest. On this logic, shouldn’t we condemn Chanel for trying to thwart the free market? Meh. “On the other hand, the trademark owner, perhaps equally without design, sacrifices public to personal interests by seeking immunity from the rigors of competition.”⁷² So, yes, there’s some rent-seeking behavior, but the intent to harm the public is no more assumed than the defendant’s attempt to help. More importantly, there is no potential of denying the claim *because* of the plaintiff’s intent. That is not what aids the defendant, only its unintentional provision of benefits to the public. The only anti-free-rider impulse with the power to matter is the one that stands to help the plaintiff.

2. *Defendant Free Riding in Modern Trademark Doctrine*

Free-riding narratives are a big part of modern trademark doctrine, both in the adjudication of everyday disputes and in expanding the scope of trademark rights. This Section canvasses the ways.

a) Good Faith Assessments

The fundamental inquiry in trademark litigation is whether a likelihood of confusion exists among reasonably prudent consumers.⁷³ Though generally treated as a factual question,⁷⁴ the inquiry is intensely normative, for it requires defining the relevant consumer and what it means for that consumer to exercise “prudence.”⁷⁵ Likewise, courts have to determine what it means for confusion to be “likely.”⁷⁶ All of these choices help draw the line between actionable and non-actionable conduct.

Once these difficulties are resolved, courts must sort out what happens when a consumer—idealized or real—encounters the defendant’s communication. Answering the question does not naturally require addressing the defendant’s state of mind. Courts still care. Every judicial circuit considers the defendant’s good or bad faith as part of the multifactor likelihood-of-

72. *Id.* at 568–69.

73. 4 MCCARTHY, *supra* note 62, § 23:91 (“In determining trademark infringement and unfair competition, everything hinges upon whether there is a likelihood of confusion in the mind of an appreciable number of ‘reasonably prudent’ buyers.”).

74. *Id.* § 23:67.

75. See generally Michael Grynberg, *The Consumer’s Duty of Care in Trademark Law*, in RESEARCH HANDBOOK ON TRADEMARK LAW REFORM 326, 328–34 (Graeme B. Dinwoodie & Mark D. Janis eds., 2021).

76. Neither liability provision of the Lanham Act defines “likelihood of confusion.” See 15 U.S.C. §§ 1114, 1125(a).

confusion test for assessing trademark infringement.⁷⁷ Barton Beebe has found that the good faith factor plays an outsized role in determining whether a likelihood of confusion exists.⁷⁸ In other words, assessments of good or bad faith are a major part of the inquiry of an infringement case, and in many cases, “bad faith” includes free riding off of the plaintiff’s work.⁷⁹

The problem is especially acute for trademark infringement litigation outside the traditional point-of-sale context. Trademark claims may involve, for example, pre-sale confusion (in which any confusion is dispelled before the point of sale),⁸⁰ post-sale confusion (in which the confusion is not of a buyer but of third parties),⁸¹ or confusion of mere association (building off of more relevant concepts of sponsorship).⁸² In these cases, courts will downplay many factors in the multifactor test, potentially negating the value of some of the

77. See 4 MCCARTHY, *supra* note 62, §§ 24:30–43 (listing factors used by various circuits). Sometimes courts say that it is not. *Virgin Enters. Ltd. v. Nawab*, 335 F.3d 141, 151 (2d Cir. 2003) (“A finding that a party acted in bad faith can affect the court’s choice of remedy or can tip the balance where questions are close. It does not bear directly on whether consumers are likely to be confused.”).

78. Barton Beebe, *An Empirical Study of the Multifactor Tests for Trademark Infringement*, 94 CAL. L. REV. 1581, 1628 (2006) (“[A] finding of bad faith intent creates, if not in doctrine, then at least in practice, a nearly un-rebuttable presumption of a likelihood of confusion.”).

79. *Saratoga Vichy Spring Co. v. Lehman*, 491 F. Supp. 141, 153 (N.D.N.Y. 1979), *aff’d*, 625 F.2d 1037 (2d Cir. 1980) (“The essence of bad faith is the adoption of a mark by a junior user for the purpose of obtaining a free ride on the reputation of defendants’ mark.”).

80. Also known as initial interest confusion. See generally Michael Grynberg, *The Road Not Taken: Initial Interest Confusion, Consumer Search Costs, and the Challenge of the Internet*, 28 SEATTLE U. L. REV. 97 (2004).

81. See generally MCCARTHY, *supra* note 62, § 23:7.

82. See, e.g., *Maker’s Mark Distillery, Inc. v. Diageo N. Am., Inc.*, 679 F.3d 410, 419 (6th Cir. 2012) (describing confusion of sponsorship as being “also known as association”).

defendant's evidence.⁸³ This leaves greater space for assessments of good or bad faith to operate.⁸⁴

The "classic" fair use defense provides another doctrinal entry point for free-riding assessments. Trademark doctrine allows the appropriation of descriptive terms as marks (e.g., TASTY brand salads) so long as the term has achieved secondary meaning, indicating that the relevant consuming public sees the term in context as a mark.⁸⁵ Nonetheless, competitors need the ability to use descriptive words in commerce (e.g., "Try an EAGLE salad, so tasty!"). The trademark fair use doctrine helps fill the potential gap by allowing defendants to use trademarked descriptive terms so long as the use is descriptive, not as a mark ("EAGLE salad is tasty," not "eagle salad is TASTY!"), and, of relevance here, in good faith.⁸⁶

In both cases, the intent inquiry raises questions about the meaning of intent. Intent to confuse? Or intent to copy? If the latter, we open the door to the question of free riding and what kinds are worthy of condemnation.

83. For example, the *Maker's Mark* case involved the defendant's use of a red wax seal on a bottle of tequila that supposedly created a likelihood of confusion with the Maker's Mark bourbon product. Though the bottles had completely differing labels, the fact that the claim involved sponsorship/affiliation negated their impact:

First, testimony in the record indicates that many consumers are unaware of the affiliations between brands of distilled spirits, and that some companies produce multiple types of distilled spirits, which supports the district court's assessment here. Second, the presence of a house mark, as the district court correctly noted, is more significant in a palming off case than in an association case—as the district court reasoned, in an association case “when the two products are related enough . . . one might associate with or sponsor the other and still use their own house mark.”

Id. at 422.

84. *See, e.g.,* Checkpoint Sys., Inc. v. Check Point Software Techs., Inc., 269 F.3d 270, 294–95 (3d Cir. 2001) (“Without initial interest protection, an infringer could use an established mark to create confusion as to a product's source thereby receiving a ‘free ride on the goodwill’ of the established mark.”). *See generally* Grynberg, *supra* note 80 (describing importance of goodwill appropriation and free-riding stories to the development and expansion of initial interest confusion doctrine).

85. *See, e.g.,* 15 U.S.C. §§ 1052(e)–(f); Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4, 10 (2d Cir. 1976).

86. 15 U.S.C. § 1115(b)(4) (providing as a defense to claimed infringement of an incontestable mark “[t]hat the use of the name, term, or device charged to be an infringement is a use, otherwise than as a mark, of the party's individual name in his own business, or of the individual name of anyone in privity with such party, or of a term or device which is descriptive of and *used fairly and in good faith* only to describe the goods or services of such party, or their geographic origin”) (emphasis added).

b) Trademark Strength

Trademark litigation's treatment of the "strength" of the plaintiff's mark also reflects the anti-free-riding impulse. Like good faith, mark strength is a common factor among the circuits.⁸⁷ Indeed, it is often the first question assessed, even before mark similarity.⁸⁸ The inquiry considers both inherent distinctiveness—with descriptive marks receiving less protection than non-descriptive marks⁸⁹—and acquired distinctiveness—i.e., how well-known a mark is.⁹⁰

Considering the strength of the plaintiff's mark, all courts make a simple calculation: more strength equals greater protection.⁹¹ That is, the stronger the plaintiff's mark, the larger the universe of potentially infringing marks. But why?

The first rationale is grounded in policy exogenous to the factual inquiry. Protecting weak marks risks negative spillovers because competitors and other sellers need descriptive terms to communicate.⁹² A plaintiff who uses such a mark, therefore, should have a lesser scope of protection, which will have the salutary effect of incentivizing other sellers to select non-descriptive terms as trademarks.⁹³ To be sure, other doctrines promote the competitive interest in

87. 4 MCCARTHY, *supra* note 62, §§ 24:30–43.

88. See, e.g., Grayson O Co. v. Agadir Int'l LLC, 856 F.3d 307, 314 (4th Cir. 2017) ("The first factor—the strength of [the plaintiff's] mark—is 'paramount' in determining the likelihood of confusion." (quoting *Pizzeria Uno Corp. v. Temple*, 747 F.2d 1522, 1527 (4th Cir. 1984)). Notably, the seminal *Polaroid* case, *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961), likewise listed mark strength first.

89. After placing the mark on the *Abercrombie* spectrum covering descriptive, suggestive, arbitrary, and fanciful marks, courts will sometimes treat suggestive marks as "strong" because they are inherently distinctive and sometimes as weaker, perhaps because the mark in question is close to the descriptive line or perhaps because they are further down the spectrum from fanciful and arbitrary marks. Compare, e.g., *Hasbro, Inc. v. Lanard Toys, Ltd.*, 858 F.2d 70, 73 (2d Cir. 1988) ("Generally, if a term is suggestive it is entitled to trademark protection without proof of secondary meaning and recognition as a strong mark." (citation omitted)), with *Star Indus., Inc. v. Bacardi & Co.*, 412 F.3d 373, 385 (2d Cir. 2005) ("In the absence of any showing of secondary meaning, suggestive marks are at best moderately strong."), and *Pom Wonderful LLC v. Hubbard*, 775 F.3d 1118, 1126 (9th Cir. 2014) ("[S]uggestive marks, although stronger than descriptive or generic marks, are still 'presumptively weak.'" (citation and internal quotation omitted)).

90. 2 MCCARTHY, *supra* note 62, § 11:73.

91. *Id.* § 11:73 ("All courts agree that 'stronger' marks are given 'stronger' protection—protection over a wider range of related products and services and variations on visual and aural format.").

92. *Virgin Enters. Ltd. v. Nawab*, 335 F.3d 141, 147–48 (2d Cir. 2003).

93. As Judge Leval observes:

descriptive terms—for example, the doctrine of classic fair use⁹⁴—but they have uncertain applications and might require litigation expenses to vindicate.

A second rationale addresses likelihood of confusion. When consumers encounter a weak mark, they are less likely to make a source association than when they see a strong one. As Judge Leval argues, a toothpaste customer of the ZzaaqQ brand who sees the same name on another brand will likely assume the same producer is behind them both.⁹⁵ “The more unusual, arbitrary, and fanciful a trade name, the more unlikely it is that two independent entities would have chosen it.”⁹⁶ Not so with descriptive terms, for “every seller of foods has an interest in calling its product ‘delicious.’”⁹⁷ Accordingly, “[c]onsumers who see the word *delicious* used on two or more different food products are less likely to draw the inference that they must all come from the same producer.”⁹⁸

This story has a natural counter. If a mark is strong, shouldn’t it be more *resistant* to confusion? As we are all familiar with McDONALD’S, whether we eat there or not, shouldn’t we be sensitive to deviations like McDOUGAL’S?⁹⁹

I’m not sure which story is true,¹⁰⁰ though I tend to side with the Leval view. In most cases, we would expect the relevant consuming public to include buyers with a range of familiarity with the leading brands. So, while a true McDONALD’S partisan could not make a mistake, their indifferent friend who is asked to get them a burger might.

The trademark right does not protect the exclusive right to an advertising message—only the exclusive right to an identifier, to protect against confusion in the marketplace. Thus, as a matter of policy, the trademark law accords broader protection to marks that serve exclusively as identifiers and lesser protection where a grant of exclusiveness would tend to diminish the access of others to the full range of discourse relating to their goods.

Id. at 147–48.

94. See *supra* note 86 and accompanying text. The classic fair use defense makes it into the Lanham Act at 15 U.S.C. § 1115(b)(4).

95. *Virgin Enters. Ltd. v. Nawab*, 335 F.3d at 148.

96. *Id.*

97. *Id.*

98. *Id.*

99. There are precedents to this effect, but they play little role in today’s trademark doctrine. See Barton Beebe & C. Scott Hemphill, *The Scope of Strong Marks: Should Trademark Law Protect the Strong More Than the Weak?*, 92 N.Y.U. L. REV. 1339, 1342 (2017) (“Today the cases following the alternative model . . . are largely forgotten.”).

100. In any case, now that courts have settled on a story, we might wish to honor the reliance interests of those who have grown up under current interpretations of the multifactor test. See Michael Grynberg, *The Judicial Role in Trademark Law*, 52 B.C. L. REV. 1283, 1304–05 (2011).

But the dog that doesn't bark in the case law is the lack of judicial interest in the question despite the existence of two contrasting yet plausible stories. The near-uniformity of the pro-plaintiff account suggests something more intuitive is at work, and the anti-free-riding impulse is an obvious candidate.¹⁰¹

To return to Judge Leval's hypothetical, a seller who selects DELICIOUS as a mark seems less likely to have done so to free ride on a competitor's goodwill than the seller who chooses ZZAAQQ. There's simply no reason to select something so random *unless* an attempt to free ride (and possibly deceive) is at work.¹⁰² The same can be said for marks that have strong acquired distinctiveness. Why steer close to the line of a mark with KODA-COLA when something like EAGLE is ready and available? For judges, there's something suspicious about the junior user who makes that choice.¹⁰³ As with all plaintiff-side free-riding stories, this move can be critiqued as deviating from the consumer interest,¹⁰⁴ but it nevertheless explains the course of the doctrine.

c) Justifying Trademark's Expansion

Free-riding stories play a large role in expanding the scope of trademark doctrine. Courts may lean on evaluations of good faith in justifying taking infringement actions in new directions.¹⁰⁵ For example, the expansion of initial interest confusion doctrine to the internet around the turn of the century was in large part driven by concerns about free riding on trademark holder goodwill.¹⁰⁶

Anti-free-riding arguments may also form policy justifications for expanding trademark rights, as seen in the development of the "merchandising right." The merchandising right is the use of trademark law to control markets

101. Multiple courts have so indicated. *See* Beebe & Hemphill, *supra* note 99, at 1376–78.

102. Assuming we are talking about simple trademark uses in source-identifying contexts and excluding settings in which other considerations—like artistic expression or commentary—dominate.

103. *See, e.g.,* Virgin Enters. Ltd. v. Nawab, 335 F.3d at 148 ("A mark's fame also gives unscrupulous traders an incentive to seek to create consumer confusion by associating themselves in consumers' minds with a famous mark."). *But see* Barton Beebe & Jeanne C. Fromer, *Are We Running Out of Trademarks? An Empirical Study of Trademark Depletion and Congestion*, 131 HARV. L. REV. 945 (2018).

104. *See, e.g.,* Beebe & Hemphill, *supra* note 99, at 1378–93 (critiquing the free-riding explanation of the heightened protection of strong marks).

105. *See supra* notes 80–84 and accompanying text.

106. For a detailed account, see generally Grynberg, *supra* note 80.

in which trademarks function as goods—e.g., a NEW ENGLAND PATRIOTS jersey—rather than as indicators of source for the goods.¹⁰⁷

Boston Professional Hockey Ass'n v. Dallas Cap & Emblem Manufacturing, Inc. is the foundational opinion on trademark merchandising.¹⁰⁸ The case centered around trademarked sports team logos sold as merchandise.¹⁰⁹ The defendants raised the now-familiar objection to a trademark claim in the merchandising context, arguing that prospective purchasers could not be confused as to source, as no one would expect sports teams to manufacture the logos in such circumstances.¹¹⁰ Accordingly, there was no plausible likelihood of confusion.

The Fifth Circuit disagreed, ruling that trademark law may be used to give the markholders control over the logo merchandising market.¹¹¹ The court acknowledged that extending trademark rights in this manner may “tilt” trademark doctrine towards protecting business interests at the expense of consumer needs.¹¹² The panel nonetheless justified itself by looking to free-rider considerations. In the court’s eyes, sports teams deserve control over the merchandising market in their logos because “the major commercial value of the emblems is derived” from their efforts.¹¹³ Later opinions vindicating the merchandising right likewise invoke anti-free-riding considerations.¹¹⁴ Although heavily criticized by academics, the state of precedent seems generally consistent with everyday moral intuitions.¹¹⁵

107. See, e.g., Stacey L. Dogan & Mark A. Lemley, *The Merchandising Right: Fragile Theory or Fait Accompli?*, 54 EMORY L.J. 461 (2005).

108. 510 F.2d 1004 (5th Cir. 1975).

109. *Bos. Pro. Hockey*, 510 F.2d at 1009 (reciting that defendant “is in the business of making and selling embroidered cloth emblems”).

110. *Id.* at 1010 (“The difficulty with this case stems from the fact that a reproduction of the trademark itself is being sold, unattached to any other goods or services. The statutory and case law of trademarks is oriented toward the use of such marks to sell something other than the mark itself.”).

111. *Id.* at 1011 (“Although our decision here may slightly tilt the trademark laws from the purpose of protecting the public to the protection of the business interests of plaintiffs, we think that the two become so intermeshed when viewed against the backdrop of the common law of unfair competition that both the public and plaintiffs are better served by granting the relief sought by plaintiffs.”).

112. *Id.*

113. *Id.*

114. See *Bos. Athletic Ass'n v. Sullivan*, 867 F.2d 22, 33 (1st Cir. 1989) (likening unauthorized merchandisers to “Rosie Ruiz, a notorious imposter in the 1980 Boston Marathon,” like her “defendants would be given a medal without having run the course”).

115. In studying how consumers perceive merchandising practices, Matthew Kugler found that consumer intuitions about how merchandising markets ought to work largely correspond with the case law. Notably, “there was a strong inclination to believe that sponsorship should be required for most [merchandised] products.” Matthew B. Kugler, *The*

Anti-free-riding considerations also influenced two important statutory expansions of trademark rights. In 1999, Congress passed the Anti-Cybersquatting Consumer Protection Act (ACPA).¹¹⁶ The measure arms trademark holders with the power to control domain names “confusingly similar” to their marks if the domains were registered in “bad faith.”¹¹⁷ As reflected by the title, free-riding concerns suffuse the statute. Congress passed the law to respond to the perceived problem that arbitragers were warehousing valuable domain names to extract rents from trademark holders without putting the domains to good use.¹¹⁸ To the extent the concern is one of consumer search costs—i.e., the prospect that a web searcher looking for, say, Apple Computer’s site might start by typing apple.com¹¹⁹—we might expect the market to allocate domain names efficiently. That is, if a so-called cybersquatter secured rights to apple.com, we would expect a bargain to be

Materiality of Sponsorship Confusion, 50 U.C. DAVIS L. REV. 1911, 1953 (2017); see generally Michael Grynberg, *Living with the Merchandising Right (or How I Learned to Stop Worrying and Love Free-Riding Stories)*, 25 YALE J.L. & TECH. 1, 16–26 (2023) (discussing how merchandising protection conforms to anti-free-riding intuitions).

116. Anticybersquatting Consumer Protection Act, Pub. L. No. 106-113, § 3001, 113 Stat. 1501A-545, 1501A-545 (1999) (enacted as part of the Consolidated Appropriations Act, Pub. L. No. 106-113, 113 Stat. 1501 (1999)).

117. 15 U.S.C. § 1125(d).

118. STAFF OF S. COMM. ON THE JUDICIARY, THE ANTICYBERSQUATTING CONSUMER PROTECTION ACT, S. REP. NO. 106-140, at 5 (1999) (“Cybersquatters target distinctive marks for a variety of reasons. Some register well-known brand names as Internet domain names in order to extract payment from the rightful owners of the marks, who find their trademarks ‘locked up’ and are forced to pay for the right to engage in electronic commerce under their own brand name Others register well-known marks as domain names and warehouse those marks with the hope of selling them to the highest bidder, whether it be the trademark owner or someone else.”). To be sure, Congress also recited reasons relating to consumer protection. *Id.* at 2 (finding that cybersquatting “results in consumer fraud and public confusion as to the true source or sponsorship of goods and services”).

119. The rise of effective search engines has largely obviated this concern, an observation that has worked its way into some precedent. See, e.g., *Toyota Motor Sales, U.S.A., Inc. v. Tabari*, 610 F.3d 1171, 1178 (9th Cir. 2010) (“When people go shopping online, they don’t start out by typing random URLs containing trademarked words hoping to get a lucky hit. They may start out by typing trademark.com, but then they’ll rely on a search engine or word of mouth.”).

struck most of the time.¹²⁰ Critically, however, the moral problem of free riding would remain, leaving work for ACPA to do.¹²¹

Dilution law is another example. Dilution doctrine expands trademark rights beyond the realm of consumer protection by looking beyond the question of likelihood of confusion. The federal dilution statute gives the owners of “famous” marks a cause of action against conduct that “blurs” or “tarnishes” them.¹²² Defenders of this expansion strain mightily to provide consumer-protection rationales for dilution doctrine,¹²³ but the statute is more explicable as an anti-free-riding measure.

First, it applies only to “famous” marks, so only those brands that have achieved nationwide renown—that have “earned” special rights—enjoy a

120. To be sure, this market would face the problem of bilateral monopoly, though it’s worth noting that later developments addressed the issue. First, as discussed *supra* note 119, improving search technology would naturally prioritize the sites of the holders of valuable trademarks to the extent they are the intended target of search. Second, ICANN has opened up the top-level domain name system, so the owners of prominent trademarks are no longer restricted to a limited list of classic top-level domains like .com, .net, .org, etc. See *Frequently Asked Questions: New Generic Top-Level Domain Names*, ICANN, <https://newgtlds.icann.org/en/applicants/global-support/faqs/faqs-en> (last visited Dec. 1, 2023).

121. The statute still leaves room for those who have earned rights to use the term in question to continue to do so. See 15 U.S.C. § 1125(d)(1)(B) (providing courts may consider whether registrant of domain name had “trademark or other intellectual property rights . . . in the domain name”; whether “the domain name consists of the legal name of the person or a name that is otherwise commonly used to identify that person;” and “the person’s prior use, if any, of the domain name in connection with the bona fide offering of any goods or services”).

122. 15 U.S.C. § 1125(c).

123. Judge Posner tried to fit dilution into a search costs story of trademark as follows:

[T]here is concern that consumer search costs will rise if a trademark becomes associated with a variety of unrelated products. Suppose an upscale restaurant calls itself “Tiffany.” There is little danger that the consuming public will think it’s dealing with a branch of the Tiffany jewelry store if it patronizes this restaurant. But when consumers next see the name “Tiffany” they may think about both the restaurant and the jewelry store, and if so the efficacy of the name as an identifier of the store will be diminished. Consumers will have to think harder—incur as it were a higher imagination cost—to recognize the name as the name of the store. So “blurring” is one form of dilution.

Ty Inc. v. Perryman, 306 F.3d 509, 511 (7th Cir. 2002) (citations omitted). Whether this actually happens is harder to prove. See Rebecca Tushnet, *Gone in Sixty Milliseconds: Trademark Law and Cognitive Science*, 86 TEX. L. REV. 507, 546 (2008) (“Given the available evidence, the cognitive model of dilution lacks enough empirical support to justify its adoption as a general theory underlying dilution law. There is still too much we do not know about how consumers process marks in the marketplace. At a minimum, we cannot predict that any particular dilutive use will produce the difficulties posited by the cognitive model.”).

heightened level of protection.¹²⁴ Second, the defendant's conduct in choosing an already-famous mark for their own can be understood as free riding. In his exploration of dilution rationales, Judge Posner imagines a restaurant named "Tiffany," located in Kuala Lumpur, with no connection to the famous jewelry seller.¹²⁵ In this hypothetical, "there is neither blurring nor tarnishment," but "someone is still taking a free ride on the investment of the trademark owner in the trademark."¹²⁶ Utilitarian that he is, Judge Posner sees stopping free riding as promoting the virtue of greater investment.¹²⁷ Other defenders of the dilution cause of action would explicitly situate it as an anti-free-riding measure as a matter of doctrine.¹²⁸

d) Limiting Restrictions to Trademark Scope

Free-riding stories also constrain checks to trademark rights. As previously noted, the classic fair use doctrine explicitly assesses the defendant's "good faith,"¹²⁹ which may include consideration of whether deliberate free riding is at issue.¹³⁰

Desert stories likewise frustrate the use of the functionality doctrine to limit trademark's scope. Functionality has two flavors. The first, utilitarian functionality, prevents trademark holders from claiming features that make their products work.¹³¹ A feature is functional "if it is essential to the use or

124. 15 U.S.C. § 1125(c)(2)(A) (defining a famous mark as one that "is widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark's owner").

125. *Ty Inc. v. Perryman*, 306 F.3d at 512.

126. *Id.*

127. He writes:

If appropriation of Tiffany's aura is nevertheless forbidden by an expansive concept of dilution, the benefits of the jewelry store's investment in creating a famous name will be, as economists say, "internalized"—that is, Tiffany will realize the full benefits of the investment rather than sharing those benefits with others—and as a result the amount of investing in creating a prestigious name will rise.

Id.

128. Marlene B. Hanson & W. Casey Walls, *Protecting Trademark Good Will: The Case for a Federal Standard of Misappropriation*, 81 TRADEMARK REP. 480, 493–94 (1991) ("It is unjust to allow a person to be enriched by 'free-riding' on another's efforts. Hence, it is unjust to allow a subsequent user of a trademark to be enriched by misappropriating the trademark message the owner has created and developed." (footnote omitted)).

129. 15 U.S.C. § 1115(b)(4) (defense if "the use of the name, term, or device charged to be an infringement is a use, otherwise than as a mark . . . of a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party, or their geographic origin").

130. *See* 3M Co. v. Mohan, 482 F. App'x 574, 580 (Fed. Cir. 2012).

131. 15 U.S.C. § 1115(b)(8).

purpose of the article or if it affects the cost or quality of the article.”¹³² The Supreme Court has made clear that if a feature meets this test, the existence of alternatives does not matter;¹³³ competitors have a right to use the feature without running afoul of trademark law.¹³⁴ Nonetheless, courts still consider the question of alternatives in making the threshold decision of whether claimed matter is functional.¹³⁵ This suggests a moral judgment—if a defendant could use an alternative to the plaintiff’s design, the implication is that it *should*.¹³⁶

The problem is more acute in the second flavor of functionality—so-called “aesthetic” functionality. Courts struggle with the question of when matter that does not directly implicate a product’s workings is nonetheless functional.¹³⁷ Many courts balk at treating aesthetic functionality as a discrete doctrine.¹³⁸

132. *Traffix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 24 (2001) (citations and quotation omitted).

133. To be sure, this can be a complicated inquiry, especially given the difficulty between drawing the line between a functional feature and a functional product. *Traffix*, 532 U.S. at 34 (suggesting distinction between feature that makes “the device work” and “an arbitrary flourish”). This difficulty is the heart of the distinction in functionality precedent distinguishing between ‘de facto’ and ‘de jure’ functionality. *In re Morton-Norwich Prods., Inc.*, 671 F.2d 1332, 1337 (C.C.P.A. 1982) (“[I]f the designation ‘functional’ is to be utilized to denote the legal consequence, we must speak in terms of de facto functionality and de jure functionality, the former being the use of ‘functional’ in the lay sense, indicating that although the design of a product, a container, or a feature of either is directed to performance of a function, it may be legally recognized as an indication of source. De jure functionality, of course, would be used to indicate the opposite—such a design may not be protected as a trademark.”); *cf. id.* at 1338 (“No doubt, by definition, a dish always functions as a dish and has its utility, but it is the appearance of the dish which is important in a case such as this . . .”).

134. In the *Traffix* case, the design in question was a dual-spring mechanism that kept roadside signs from blowing down in the wind (as the spring would allow the face of the sign to yield to the wind without tipping over). Given that the springs made the device work, the existence of potential alternatives was irrelevant. “There is no need, furthermore, to engage . . . in speculation about other design possibilities, such as using three or four springs which might serve the same purpose. Here, the functionality of the spring design means that competitors need not explore whether other spring juxtapositions might be used.” *Traffix*, 532 U.S. at 33–34.

135. 1 MCCARTHY, *supra* note 62, § 7:75.

136. *Cf. Taco Cabana Intern., Inc. v. Two Pesos, Inc.*, 932 F.2d 1113, 1119 (5th Cir. 1991) (“[Plaintiff] Taco Cabana’s particular integration of elements leaves a multitude of alternatives to the upscale Mexican fast-food industry that would not prove confusingly similar to Taco Cabana’s trade dress.”), *aff’d*, 505 U.S. 763 (1992).

137. Though never deciding a case on this basis, the Supreme Court has indicated that the test to be used in “cases of esthetic functionality” is whether protection of the feature would create a “significant non-reputation-related disadvantage” for competitors. *Traffix*, 532 U.S. at 33.

138. 1 MCCARTHY, *supra* note 62, § 7:80.

Courts sometimes express concern that allowing functionality claims to be applied to aesthetic content would undermine incentives or, worse, “punish” those trademark holders who have invested in attractive designs.¹³⁹ Folded in this concern is the fear that recognizing a functionality defense will open the door to the “naked exploitation” of marks.¹⁴⁰

3. *Summary*

Trademark law is concerned with fair returns as reflected by the moral intuitions of those adjudicating disputes. A long line of precedent expresses concern that sellers be rewarded for their labors without allowing their efforts to be misappropriated by others. Over time, this concern has been reified into doctrine. Like it or not, trademark law—whatever its consumer-protection purpose—is inextricably bound with anti-free-riding considerations.

Fair enough. But if there is an impulse to free ride lurking in our hearts in need of policing, it is likely widely distributed. Whatever motivates trademark defendants to free ride probably moves plaintiffs, too. If trademark law is to concern itself with free rides, it should do so consistently in order to avoid an unbalanced doctrine.

III. TRADEMARK HOLDERS FREE RIDE, TOO

So let’s turn to the other side of the free riding story—what happens when it is trademark owners who seek to reap where they have not sown? As we will see, this kind of free riding has left an impact—sometimes subtle—on trademark law. Though judges know free riding when they see it, trademark law has not developed a vocabulary to describe the problem to parallel the one applied to trademark defendants. Trademark doctrine lags accordingly.

This Part begins by asking why trademark law lacks a deep story of trademark holder free riding. From there it develops a taxonomy of trademark holder free riding, discussing doctrinal consequences along the way.

139. See *In re DC Comics, Inc.*, 689 F.2d 1042, 1053 (C.C.P.A. 1982) (Nies, J., concurring) (“No principle of trademark law requires the imposition of penalties for originality, creativeness, attractiveness, or uniqueness of one’s product or requires a holding that the name arbitrarily selected to identify the product, or a unique product design of a product, cannot also function as an identification of source.”).

140. *Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc.*, 457 F.3d 1062, 1064 (9th Cir. 2006) (rejecting functionality defense in case where defendant’s “incorporation of Volkswagen and Audi marks in its key chains and license plates appears to be nothing more than *naked appropriation of the marks*” (emphasis added)).

A. WHY DON'T WE TALK ABOUT PLAINTIFF FREE RIDING?

Why doesn't trademark law have a deep narrative of plaintiff free riding to match the one for defendants? Most fundamentally, the structure of trademark rights seems to rule out a certain kind of free riding by trademark holders because they have to "earn" their rights. Trademark law requires use of a mark to perfect¹⁴¹ and maintain rights.¹⁴² For some observers¹⁴³ these strictures prevent trademark plaintiffs from engaging in conduct paralleling that of so-called patent "trolls"—entities that secure patents of questionable quality and strategically assert them without practicing the "inventions" themselves.¹⁴⁴

This isn't to say that the literature ignores the problem of trademark rent seeking.¹⁴⁵ But the condemnation of the rent seeker is not the same as the one visited on the free rider. In most cases, situations characterized as rent seeking

141. For example, applications to register a mark under 15 U.S.C. § 1051 require either a use of the mark or the filing of an intent-to-use application that is ultimately supported with an actual use in commerce. Likewise, so-called "common law" rights under the Tea Rose doctrine, which are not supported by a registration, are limited to the mark's area of use and reputation. *See generally* 5 MCCARTHY, *supra* note 62, § 26:2 (outlining doctrine). Likewise, cessation of use results in the loss of trademark rights. 15 U.S.C. § 1127.

142. 15 U.S.C. § 1127 (providing that "[n]onuse for 3 consecutive years shall be prima facie evidence of abandonment"). Moreover, rights cannot be licensed willy nilly; trademark licensors must engage in some form of quality control. *See generally* 3 MCCARTHY, *supra* note 62, § 18:48. Trademark law likewise prohibits assignments "in gross" of trademarks absent the underlying goodwill. *Id.* § 18:17.

143. Michael S. Mireles, *Trademark Trolls: A Problem in the United States?*, 18 CHAP. L. REV. 815, 816 (2015) ("[T]rademark trolls are not and may not develop as a problem in the United States."). Mireles discusses one example of various checks being used against a trademark holder engaged in trolling activity. *Id.* at 865-67 (discussing *Cent. Mfg., Inc. v. Brett*, 492 F.3d 876 (7th Cir. 2007)); *see also* Anna B. Folgers, *The Seventh Circuit's Approach to Detering the Trademark Troll: Say Goodbye to Your Registration and Pay the Costs of Litigation*, 3 SEVENTH CIR. REV. 452 (2007), <http://www.kentlaw.edu/7cr/v3-1/folgers.pdf>.

144. *See, e.g.*, Christopher A. Cotropia, Jay P. Kesan & David L. Schwartz, *Unpacking Patent Assertion Entities (PAEs)*, 99 MINN. L. REV. 649, 650-53 (2014) (outlining views of non-practicing entities in patent law). As discussed below, however, there are any number of examples of what we might call "minimally practicing entities," who present issues analogous to those created by so-called patent trolls. *See infra* Section III.D.1.

145. *See, e.g.*, Bone, *supra* note 10, at 619; Lunney, *supra* note 10, at 437; Ralph S. Brown, Jr., *Advertising and the Public Interest: Legal Protection of Trade Symbols*, 57 YALE L.J. 1165, 1182-83 (1948) ("The choice between one highly advertised dentifrice and another is, in important respects, no choice at all. It cannot register a decision to support or reject institutional arrangements which, as has been shown, contribute to monopolistic waste of resources; it cannot reflect a preference to get more or less for one's money, to take an illusion or leave it. It is only a choice between one illusion and another. That advertisers, despite their intramural rivalry, are aware that they stand on common ground, is shown by their united opposition to institutions which enlarge the consumer's alternatives.").

involve trademark holders who “deserve” their rights but push them too far.¹⁴⁶ In other words, they have made investments that merit reward, just perhaps not quite so large as the one they seek. That is, they are not pure free riders. Nonetheless, many of these contexts could be characterized as free riding,¹⁴⁷ and maybe doing so would help courts better appreciate the rent seeking problem.

Likewise, a number of articles detail the problem of “trademark bullying.”¹⁴⁸ Here, the model plaintiffs are not free riders, but rather overly paranoid. They (incorrectly) fear the prospect that a failure to assert trademark rights will result in the loss of a mark.¹⁴⁹ In these cases, the bullying is therefore typically—though not always—motivated by conservative ends rather than a search for monopolistic rents.¹⁵⁰

Another reason for the reluctance to apply the free-rider label may involve the logic of property rights and ex ante allocations. If I take too much from the common pool (be it grass in a pasture or food at a potluck) without contributing much in return, I invite contempt. If, however, I own the pool, that condemnation is blunted, even if my consumption is excessive. After all, it’s mine. Now, maybe I don’t deserve the property rights that allow me to indulge in the first place—or perhaps my chain of title is rooted in a crime—but we don’t usually ask about such things.¹⁵¹

146. Cf. Lemley, *supra* note 15, at 1032 (arguing that “the effort to permit inventors to capture the full social value of their invention—and the rhetoric of free riding in intellectual property more generally—are fundamentally misguided” in part because “the effort to capture such externalities invites rent-seeking”).

147. See *infra* Section III.D.1.

148. See, e.g., Leah Chan Grinvald, *Shaming Trademark Bullies*, 2011 WIS. L. REV. 625, 642 (“This Article defines ‘trademark bullying’ as the enforcement of an unreasonable interpretation by a large corporation of its trademark rights against a small business or individual through the use of intimidation tactics.”).

149. Jessica M. Kiser, *To Bully or Not to Bully: Understanding the Role of Uncertainty in Trademark Enforcement Decisions*, 37 COLUM. J.L. & ARTS 211 (2014) (arguing that “prospect theory explains apparently irrational decision making by trademark bullies”).

150. *Id.* That said, sometimes lawyers know they are overreaching. William T. Gallagher, *Trademark and Copyright Enforcement in the Shadow of IP Law*, 28 SANTA CLARA HIGH TECH. L.J. 453, 485 (2012) (“Even if the interviewed lawyers frequently stressed the need for balance and not making outrageous or over-reaching legal claims, they all admitted that sometimes ‘aggressive’ or ‘bullying’ tactics can be quite effective.”).

151. Thus the famous observation from Blackstone that we prefer not to inquire too deeply into foundational property rights allocations lest we not like what we see. 2 WILLIAM BLACKSTONE, COMMENTARIES ON THE LAWS OF ENGLAND 2 (Simon Stern ed., Oxford Univ. Press 2016) (1765) (“It is well if the mass of mankind will obey the laws when made, without scrutinizing too nicely into the reasons of making them.”).

So it is with trademark rights. Given that they are based on use (that is, they are earned), they enjoy the beneficial assumptions that attend property rights in general, even if the property label is an ill fit.¹⁵² Sure, these rights may be pushed too far, but given the ease with which trademark rights are secured, they are not likely to be rooted in the sort of injustices deep enough to demand reevaluating the system or triggering a reparative impulse.¹⁵³ The stakes in trademark cases are never so stark, and initial allocations of rights are rarely problematic. If someone wants to call their salad brand EAGLE, there is little reason to care absent competing claims to the mark or a reason to think that competitors need to use the term, too.

The problem with trademark rights is that their boundaries—like all IP rights—are less clear than property rights in land defined by a metes-and-bounds deed.¹⁵⁴ They rely more on litigation to determine their precise scope.¹⁵⁵ In these disputes, broad trademark claims are unlikely to automatically trigger our free-riding antennae insofar as they generally rest on uncontroversial initial allocations of rights.

The psychology of trademark's critics may also explain their reluctance to invoke free-riding stories against trademark holders. For those of us looking to curtail overbroad assertions of trademark rights, the anti-free-riding impulse is the enemy. When we bring up the notion of free riding, it is usually to criticize it. We see facile assertions of free riding as antagonistic to broader appeals to the interests of the market or society as a whole.¹⁵⁶ Critics of expansive trademark doctrine thus urge courts to ignore snap intuitions about misappropriation in favor of more nuanced analyses of aggregate social welfare.¹⁵⁷ And, when we lose—assuming *arguendo* that we are right in our

152. *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 414 (1916) (“In short, the trademark is treated as merely a protection for the good will, and not the subject of property except in connection with an existing business.”).

153. Carol Rose, *The Moral Subject of Property*, 48 WM. & MARY L. REV. 1897, 1906–07 (2006) (“[W]e basically follow Blackstone’s advice: we forget about the questionable origins of title [But on occasion] unjust acquisitions may seem so gross as to eat away even the middle ground morality that makes property regimes possible. If you think that all those who succeed are thieves, why not be a thief yourself?” (footnotes omitted)).

154. Michael Grynberg, *Property is a Two-Way Street: Personal Copyright Use and Implied Authorization*, 79 FORDHAM L. REV. 435, 460 (2010).

155. *Id.*

156. See, e.g., Lemley, *supra* note 15, at 1068–69.

157. See, e.g., Bone, *supra* note 10, at 554 (“[J]udges should avoid goodwill misappropriation as a distinct policy rationale. That approach only misdirects trademark law away from what should be its core mission: to ensure the efficient and honest communication of product quality information to consumers.”); Lemley & McKenna, *supra* note 10, at 137 (“A legal claim that a defendant is unjustly benefiting by using a plaintiff’s mark is hollow unless it

empirical and instrumental claims—we throw up our hands in frustration at judges and juries who nonetheless stick with moral intuition.¹⁵⁸ Rinse and repeat enough times, and it is unsurprising if free-riding concerns became coded as an attribute of trademark expansionism, one antithetical to reform.

Be that as it may, if the anti-free-riding intuition is indeed part of our cognitive (or deep cultural) hard wiring,¹⁵⁹ then the tradeleft leaves something on the table by not developing a narrative of trademark holder free riding and its effects on doctrine. The remainder of this Part looks to tell this story.¹⁶⁰

B. FREE RIDING ON CULTURE

Trademarks are part of the backdrop (and background noise) of daily life. We therefore naturally incorporate them into art, commentary, and everyday communications. This ferment creates potential collisions between the Lanham Act and the First Amendment, and trademark doctrine has a variety of mechanisms to mediate the tension.¹⁶¹

is accompanied by a theory of why that benefit should rightly belong to the plaintiff. And unlike real property, or even other types of intellectual property, trademark law has no such theory. The result is that free-riding claims fall back on empty circularity.”).

158. Lemley & McKenna, *supra* note 10, at 184 (acknowledging prospect that “free riding—when painted as such—offends our sense of justice. But if so, our genes are serving us ill”).

159. See *supra* Section II.A.3.

160. I want to note at the outset that I am excluding one arguable form of trademark holder free riding. We might recharacterize infringement suits as a form of free riding whenever a plaintiff victory might compel the parties to enter into licensing agreements. Where such licenses are economically viable for the defendant, the defendant’s efforts will often be the reason, creating potential profit for the trademark holder. So, for example, if the whiskey maker Jack Daniel’s successfully enjoins a dog chew toy that makes fun of its trade dress, then Jack Daniel’s may ultimately allow the toy to remain on the market in exchange for a license fee. *Jack Daniel’s Props., Inc. v. VIP Prods. LLC*, 599 U.S. 140 (2023). The toymaker will only pay the fee if the toy is successful enough in the marketplace to justify payment. That success will, presumably, rest in large part on the toymaker’s creativity and marketing activities. By extracting a license, Jack Daniel’s is arguably free riding on those efforts.

To a large extent, this is a general argument against the concept of free riding, for it basically states that many free-riding situations are inherently reciprocal. This is fine, but it denies the human impulses that actually play out in the cases. See *supra* Section II.B.

My focus in the following text, therefore, is to avoid situations in which trademark holder free riding is tied solely to an attempt by the defendant to appropriate the plaintiff’s effort. Stated another way, this article is not about battles over the positive externalities of a trademark. *Cf., e.g.*, Eric Goldman, *Brand Spillovers*, 22 HARV. J.L. & TECH. 381 (2009). I am interested in situations in which the trademark holder is seeking to appropriate the product of effort for which its goodwill was not a component part. That said, some of the cases discussed below are capable of being described under either frame.

161. Most notably, the “artistic relevance” test of *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989).

The exchange between trademarks and popular culture is bilateral. The ebb and flow of modern life throws off a steady stream of memes, slogans, and catch phrases that enter the everyday vernacular and become part of the common pool of language from which trademark creators draw. Although many of these signifiers have the look and feel of a mark—in that they are both easy to remember and capable of serving as repositories of meaning—they make poor trademarks and should not be appropriated as such.

For example, phrases associated with protests against police brutality—like “I Can’t Breathe” and “Black Lives Matter”—can be used to signify support for and affiliation with specific protests and their social movements.¹⁶² They are, however, inappropriate for trademarks given their use by a mass movement. No individual or organization has the authority to define the meaning of these terms in the same manner that Coca-Cola, Inc. gets to define the soda represented by COCA-COLA. To be sure, the phrases may be used to identify particular organizations within a larger movement,¹⁶³ but the identification of those phrases with that larger movement make them ineffective trademarks.¹⁶⁴ They mean too much to identify and distinguish any particular entity and are more likely to be used by individuals seeking to express themselves—e.g., a “Black Lives Matter” yard sign—than any ordinary trademark.

Unfortunately, trademark law incentivizes the pursuit of salient words as marks. As noted above,¹⁶⁵ trademark law is now used to control the use of marks as merchandise even when the mark is not performing a source-identifying function (e.g., a logoed baseball cap with the BOSTON RED SOX “B” on it). However difficult this is to square with trademark fundamentals, courts are generally comfortable with letting trademark owners profit off of their popular marks.¹⁶⁶

We have already discussed this development from the perspective of free riding, albeit with a particular kind of markholder in mind. In the classic

162. See, e.g., Scott Cacciola, *At Nets’ Game, a Plan for a Simple Statement Is Carried Out to a T*, N.Y. TIMES (Dec. 9, 2014), <http://www.nytimes.com/2014/12/10/sports/basketball/i-cant-breathe-tshirts-in-the-nba-how-jayz-lebron-james-and-others-made-them-happen.html>; Julie Zauzmer Weil, *D.C.’s Black Lives Matter Plaza, Created Overnight, Is Now a Permanent Multimillion-Dollar Concrete Installation*, WASH. POST (Oct. 28, 2021), <https://www.washingtonpost.com/dc-md-va/2021/10/28/black-lives-matter-plaza-dc/>.

163. See, e.g., Nicholas Kulish, *After Raising \$90 Million in 2020, Black Lives Matter Has \$42 Million in Assets*, N.Y. TIMES (May 17, 2022), <https://www.nytimes.com/2022/05/17/business/blm-black-lives-matter-finances.html>.

164. And those using them to identify their organization must assume the risk that they will be confused with other entities making the same choice.

165. See *supra* notes 107–115 and accompanying text.

166. See *id.*

merchandising case, courts have been willing to overlook trademark niceties in order to reward plaintiffs who have developed popular brands and punish those who seek to free ride off of this success in merchandising markets.¹⁶⁷

Things are different, however, when the merchandised mark is born of the opportunistic exploitation of popular culture. Now the primary value of the “mark”—whether traceable to a slogan, meme, or event—is *external* to anything the would-be trademark holder has done. The mark still has potential merchandising value if it can be appropriated, so the free rider pursues trademark rights.

As I have written elsewhere,¹⁶⁸ the mining of popular culture for merchandisable marks places considerable pressure on trademark doctrine. The moral intuitions against free riding remain, but there is no discrete doctrine that implements them. So, adjudicators make use of what they can.

The registration bars of the Lanham Act form one line of defense.¹⁶⁹ An examining attorney need not delve into the metaphysics of whether a particular term or phrase is a “good” mark if there is statutory language that compels its exclusion. In recent years, however, increased First Amendment scrutiny of registration exclusions has struck down the bars to registering disparaging¹⁷⁰ and scandalous¹⁷¹ matter and now threatens the bar to registering marks that evoke individual identity.¹⁷²

In the absence of statutory language, the Patent and Trademark Office (PTO) must rely on vaguer doctrines. This has led to greater use of variations of the “failure to function” principle, the notion that some claimed registrations are for matter that does not perform the trademark function.¹⁷³ The doctrine has been most associated with *how* a mark is used.¹⁷⁴ For example, does the mark appear on a label, where consumers would expect source-

167. See, e.g., *Bos. Pro. Hockey Ass’n v. Dall. Cap & Emblem Mfg., Inc.*, 510 F.2d 1004 (5th Cir. 1975).

168. Grynberg, *supra* note 115, at 51–64.

169. 15 U.S.C. § 1052.

170. *Matal v. Tam*, 582 U.S. 218 (2017) (holding disparagement bar unconstitutional).

171. *Iancu v. Brunetti*, 139 S. Ct. 2294 (2019) (holding bar to registering immoral or scandalous matter unconstitutional).

172. *In re Elster*, 26 F.4th 1328 (Fed. Cir. 2022) (holding section 2(c) bar unconstitutional as applied to TRUMP TOO SMALL), *cert. granted sub nom. Vidal v. Elster*, 143 S.Ct. 2579 (2023) (mem.); see Michael Grynberg, *The Trademark Problem of “TRUMP TOO SMALL,”* 46 COLUM. J.L. & ARTS 47 (2022).

173. TMEP § 1202.04 (Nov. 2023) (“Merely informational matter fails to function as a mark to indicate source and thus is not registrable . . .”).

174. See *id.* §§ 904.07(b), 1202.03. See generally Alexandra J. Roberts, *Trademark Failure to Function*, 104 IOWA L. REV. 1977, 1989–97 (2019).

identifying information, or is it ornamentation?¹⁷⁵ This allows the PTO to police registration specimens, but the principle is increasingly being used to turn away marks based on their semantic meaning.¹⁷⁶

The PTO's *Trademark Manual of Examining Procedure* partially formalizes semantic failure-to-function analysis by directing examining attorneys to reject matter that is "merely informational."¹⁷⁷ The provision has been used to reject a range of apparent free-riding marks.¹⁷⁸ The PTO has also used failure-to-function language to do the work once done by the disparagement and scandalous bars, and the Trademark Trial and Appeal Board (TTAB) cited the principle in affirming a refusal to register a variant of the most offensive slur in the English language.¹⁷⁹

The increased interest in failure-to-function principles raises interesting questions, as it remains to be seen how the Federal Circuit will respond to increased refusals that are not tied to a specific registration bar found in the Lanham Act. The notoriously pro-IP-rights court may well latch onto

175. TMEP § 1202.03(a) (Nov. 2023) (examining attorneys should "consider the size, location, and dominance of the proposed mark, as applied to the goods, to determine whether ornamental matter serves a trademark function"). The TMEP explains that "small, neat, and discrete word or design feature (e.g., small design of animal over pocket or breast portion of shirt) may be likely to create the commercial impression of a trademark, whereas a larger rendition of the same matter emblazoned across the front of a garment (or a tote bag, or the like) may be perceived merely as a decorative or ornamental feature of the goods. However, a small, neat, and discrete word or design feature will not necessarily be perceived as a mark in all cases." *Id.*

176. Lucas Daniel Cuatrecasas, Note, *Failure to Function and Trademark Law's Outermost Bound*, 96 N.Y.U. L. REV. 1312, 1328 (2021) ("[A] mark's semantic meaning and inherent nature have become essential to today's failure-to-function cases."); *id.* at 1326 (charting refusals).

177. TMEP § 1202.04 (Nov. 2023) ("Merely informational matter fails to function as a mark to indicate source and thus is not registrable . . .").

178. This has been true of attempted registration of marks like "I Can't Breathe." See, e.g., Office Action (Official Letter) About Applicant's Trademark Application from U.S. Pat. & Trademark Off. to Catherine L. Crump (Mar. 4, 2015), <https://tsdr.uspto.gov/docviewer?caseId=sn86479784&docId=OOA20150304094857#docIndex=1&page=1>. The PTO likewise raised the objection against several attempted registrations evoking the COVID-19 pandemic. See Irene Calboli, *Trademarks and the Covid-19 Pandemic: An Empirical Analysis of Trademark Applications Including the Terms "Covid," "Coronavirus," "Quarantine," "Social Distancing," "Six Feet Apart," and "Shelter in Place,"* 54 AKRON L. REV. 401, 459–61 (2020).

179. *In re Snowflake Enters., LLC*, No. 87496454, 2021 WL 2888343 (T.T.A.B. June 24, 2021) (non-precedential).

criticisms of the principle as being inconsistently and unclearly applied from case to case.¹⁸⁰

Whatever the ultimate shape of the failure-to-function doctrine, we should understand the reason for the weight being placed upon it. When it comes to merchandising, the NIKEs, HARVARDs, and NEW ENGLAND PATRIOTS of the world do not present any novel issues.¹⁸¹ Granting them merchandise protection—however inconsistent with a purist view of trademark law’s purpose—comports with everyday moral intuitions. Courts will therefore smooth the edges of doctrine as necessary to do it.¹⁸² The problem comes from the free riders who seek to use the merchandising right to appropriate the byproducts of historical circumstance and popular creativity. The same intuition that normally works in favor of trademark plaintiffs now threatens to oppose trademark rights, but there is no clean doctrinal mechanism for applying it.

This problem is especially acute when the popular culture free rider manages to secure trademark rights and tries to assert them in litigation. For example, in *Packman v. Chicago Tribune Co.*, the owner of the JOY OF SIX mark targeted the *Chicago Tribune*.¹⁸³ The newspaper used the phrase, “joy of six” as a front-page headline the day after the Chicago Bulls won their sixth NBA title of the decade, and then later sold merchandise that reprinted the front-page.¹⁸⁴

The attempt by the trademark holder to appropriate these returns turns the logic of the merchandising right on its head. Insofar as a signifier of the Bulls victory is valuable, whose effort made it so? The players, of course, who won the title. Their effort was complemented by all the work by numerous people and entities behind an NBA season. Next, of course, there’s the *Tribune*, which did the work of putting out a newspaper documenting the event. If we want, we could even add the work of the authors of *The Joy of Sex*,¹⁸⁵ a famous

180. Cuatrecasas, *supra* note 176, at 1316 (“[T]he failure-to-function doctrine is incoherent. Overall, it lacks clarity. On a more granular level, the doctrine rests on inconsistent multifactor tests whose factors the TTAB adds, subtracts, modifies, reconceptualizes, and weighs differently across cases, giving the USPTO little meaningful criteria by which to decide what marks merit registration.”); *see id.* at 1325–54. *But see In re Vox Populi Registry Ltd.*, 25 F.4th 1348, 1351 (Fed. Cir. 2022) (affirming refusal to register .SUCKS and agreeing that “though our court has had limited occasion to address the issue, the source identifier requirement is broader than just whether a proposed mark is generic or descriptive”).

181. At least with regard to whether merchandising rights are granted. The exercise of said rights can be troubling. *See* James Boyle & Jennifer Jenkins, *Mark of the Devil: The University as Brand Bully*, 31 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 391 (2020).

182. *See supra* notes 107–115 and accompanying text.

183. 267 F.3d 628 (7th Cir. 2001).

184. *Id.* at 634.

185. ALEX COMFORT, *THE JOY OF SEX* (1972).

book whose title the “Joy of Six” phrase arguably parodied. We would not be likely to include the trademark holders, who were unlikely to have been the first to use the natural pun.¹⁸⁶ They did, however, appear to engage in strategic promotion of the mark after they secured a registration in the apparent hopes of profiting down the line.¹⁸⁷

Insofar as free riding matters, it was the trademark holder who engaged in the attempt to reap without sowing. This seemed clear to the courts adjudicating the matter, but the case nonetheless presented a doctrinal challenge insofar as the plaintiffs had secured a trademark registration in the phrase.¹⁸⁸ The court thus had to do the litigation work of figuring out a way to dispense with the claim.¹⁸⁹

Summary. Would-be trademark holders often seek to exploit the value created by events and cultural moments to which they’ve made no contribution. These efforts reveal multiple tensions in trademark law. First, the merchandising right—itself a byproduct of assumptions about free riding—pressures trademark doctrine by incentivizing the pursuit of low-quality marks by free riders. Second, trademark law’s eligibility screens are not precisely calibrated to respond to the general problem.¹⁹⁰

C. FREE RIDING ON CUSTOMERS

Branding is an inexact science art endeavor. Marketers cannot see the future, so they may well err in predicting what will succeed with consumers. In many cases, their customers fill the gap, adopting designations for goods and services that work better than what the marketers came up with.

Trademark doctrine allows sellers to appropriate customer creations as marks in a roundabout way. The Lanham Act allows franchisee use of franchisor marks to inure to the benefit of the franchisors.¹⁹¹ Case law extends

186. *Cf.* Packman, 267 F.3d at 634 (“At least eight other newspapers in the United States used the phrase “the joy of six” in their headlines that day.”).

187. The Packmans communicated to Chicago newspapers that they were “[r]ecently granted the registered trademark for “The Joy of Six” slogan” and “encourag[ing them] to employ this catchy tag line in your writings and reports throughout the 1997–98 NBA season as the Bulls shoot for their sixth straight year of stellar success”). *Id.*

188. *See* Grynberg, *supra* note 115, at 52–54.

189. The courts ultimately settled on the classic fair use doctrine, which did the job, but not without requiring a little contortion along the way. *Id.*

190. Attempts to free ride on cultural moments and creativity also raise issues involving the assertion of weak trademarks against defendants. This kind of free riding is discussed in greater detail below. *See infra* Section III.D.

191. 15 U.S.C. § 1055 (“Where a registered mark or a mark sought to be registered is or may be used legitimately by related companies, such use shall inure to the benefit of the

the underlying principle to general customer uses; in other words, a would-be trademark holder might claim the name by which customers refer to its product, in effect a “surrogate public use” that lets trademark holders treat their customers as de facto franchisees.¹⁹²

This is how the University of Wisconsin appropriated the BUCKY BADGER logo, which was not created by the University, and name, despite its unlicensed use for decades by local businesses.¹⁹³ The fact that fans of the school’s sports teams identified the character with the teams was enough to let the school claim the logo for itself.¹⁹⁴ Likewise, although Coca-Cola resisted the usage that shortened its mark to COKE,¹⁹⁵ the usage stuck well enough that the company could claim rights to the shortened term when it wanted to.¹⁹⁶ Another case blessed the NCAA’s use of MARCH MADNESS notwithstanding the senior trademark rights of an Illinois basketball

registrant or applicant for registration, and such use shall not affect the validity of such mark or of its registration, provided such mark is not used in such manner as to deceive the public. If first use of a mark by a person is controlled by the registrant or applicant for registration of the mark with respect to the nature and quality of the goods or services, such first use shall inure to the benefit of the registrant or applicant, as the case may be.”).

192. Graeme B. Dinwoodie & Mark D. Janis, *Use, Intent to Use, and Registration in the United States*, in *TRADE MARK USE* 313, 317 (Jeremy Phillips & Ilanah Simon eds., 2005).

193. *Univ. Book Store v. Bd. of Regents of the Univ. of Wis. Sys.*, 33 U.S.P.Q.2d 1385, 1393-95 (T.T.A.B. 1994).

194. *Id.* at 1396 (“[I]t is undisputed that, to a significant portion of the relevant public, the subject marks identify applicant as the primary source of its educational and entertainment services and as the secondary source of the apparel imprinted with such marks.”).

195. *Why Coca-Cola Railed Against the Nickname ‘Coke’*, CBC RADIO: UNDER THE INFLUENCE (May 21, 2020), <https://www.cbc.ca/radio/undertheinfluence/why-coca-cola-railed-against-the-nickname-coke-1.5578505> (“In 1913, the company actually created an advertising campaign to dissuade people from using the nickname Coke Coca-Cola kept encouraging the public to ask for a Coca-Cola instead of a Coke for the next 30 years. But the public still insisted on asking for a Coke. The nickname was unstoppable.”).

196. *Coca-Cola Co. v. Busch*, 44 F. Supp. 405, 408 (E.D. Pa. 1942). Another soda maker tried to use the name KOKE-UP. Apropos of the earlier discussion, the court found the defendant to be engaging in an effort to free ride.

From a reading of the testimony one is driven to the conclusion that the defendant with an infinite number of names to choose from, in designating his product, chose the designation ‘Koke-Up’ solely for the purpose of taking advantage of the good will and reputation of the plaintiff’s product, which would enure to his benefit as well as to the deception of the public. One who enters a field already occupied by another as in the instant case, should be careful in the selection of a tradename or trademark, keeping far enough away from the plaintiff’s trade-name or trademark to avoid any possible confusion.

Id. at 410.

tournament.¹⁹⁷ The everyday use by NCAA tournament viewers gave the NCAA use rights.¹⁹⁸ All these cases may be seen as free riding by sellers. Their customers did the initial “work” to create new marks and imbue them with meaning. The trademark holders then appropriated this value for themselves.

As always, saying that someone is free riding should not be taken to mean that the free ride does not enhance social welfare. So it is with surrogate public use. Conforming trademark rights to public understandings and usages is often consistent with trademark policy and the consumer interest. To the extent that a buying class uses a particular mark to identify and distinguish a source of goods or services, the logic of trademark protection counsels allowing them to do so. Doing so is consistent with other parts of trademark law, which generally accommodates the natural evolution of language notwithstanding markholder interests.¹⁹⁹

Requiring sellers to fight the tide and expend resources to shift consumer identification to a different mark would create costs that would be expected to be passed along in higher prices. Moreover, the interim period during which many consumers identify the “wrong” mark as that of the trademark holder would raise consumer search costs as consumers expend resources on unintended beneficiaries. Worse, allowing a third party to take ownership of and exploit the misidentified term would invite misdirected purchases and undermine consumer autonomy.

Surrogate public uses may even blunt some third-party free riding in the merchandising context. In 2008, “Evil Enterprises” sought to register BASEBALLS EVIL EMPIRE, which is, of course, a reference to the odious NEW YORK YANKEES.²⁰⁰ The team filed an opposition, and the TTAB bowed to reality, recognizing that “there is only one EVIL EMPIRE in baseball and it is the New York Yankees.”²⁰¹

While declaring the team the owner of the mark may appear to be overreach, it’s worth noting the effect of the exchange. The would-be

197. Ill. High Sch. Ass’n v. GTE Vantage Inc., 99 F.3d 244 (7th Cir. 1996).

198. *Id.* at 246 (“Most people know what they know about college basketball from the media. If the media call the NCAA tournament “March Madness,” that is what the public will call it, or know it as.”).

199. For example, the doctrine of genericide requires that a markholder lose rights once consumers come to use the mark to identify a product category rather than a particular source. See 15 U.S.C. § 1064 (providing that a registration may be cancelled at any time if “the registered mark becomes the generic name for the goods or services, or a portion thereof, for which it is registered”).

200. N.Y. Yankees P’ship v. Evil Enters., Inc., No. 91192764, 2013 WL 1305332 (T.T.A.B. Feb. 8, 2013) (nonprecedential).

201. *Id.* at *6.

registrant was the sort of free rider identified in the last Section.²⁰² The applicant did not create the identification of the Yankees with the “evil empire” of *Star Wars*, nor did it have anything to do with the *Star Wars* franchise for that matter.²⁰³ The connection emerged from the ferment of popular culture (and, of course, the evil of the New York Yankees). For their part, the Yankees did not attempt to register the mark for themselves.²⁰⁴ The principle of surrogate public use thus left more matter outside the federal registration regime than would have otherwise been the case.²⁰⁵

In other ways, however, surrogate public use raises the costs of the merchandising right.²⁰⁶ The fundamental problem of merchandising is the tax it imposes on consumers by creating artificial scarcity for the merchandised mark. To some extent, fandom can avoid this tax by engaging in—or taking advantage of—individual acts of creativity (e.g., making a sign) or collective action (e.g., all fans of the Boston Celtics wearing green to a game). This imposes some measure of market discipline on the monopoly market of authorized merchandise.

If, however, the markholder is able to appropriate these works as part of its merchandising portfolio, an important check is lost.²⁰⁷ Likewise, courts have

202. See *supra* Section III.B. The application was based on intent to use. *N.Y. Yankees P'ship*, 2013 WL 1305332, at *2.

203. The TTAB credited the coinage to then-Boston Red Sox President Larry Lucchino. *Id.*

204. Currently there is no live registration for the mark.

205. To be sure, the TTAB did state that the Yankees have “a protectable trademark right in the term EVIL EMPIRE as used in connection with baseball,” *N.Y. Yankees P'ship*, 2013 WL 1305332, at *6, and nothing is stopping the Yankees from asserting a trademark claim against one using the term—that’d be just like them, evil as they are—but they would do so without the benefit of a trademark registration.

206. Of course, the merchandising right itself can be seen as a problem of free riding on fandom, as the value of merchandised sports team logos rests in part on the effort of fans. For some, the attractiveness of a Red Sox cap stems in no small part from being part of an extended fan base that suffered decades of futility before the team’s fortunes turned around radically in the early twenty-first century. See, e.g., *Sons of Sam Horn*, TAPATALK, <https://www.tapatalk.com/groups/sonsofsamhorn/win-it-for-t1611.html> (last visited Dec. 1, 2023). Participation in “Red Sox Nation” was a fan-paced activity, but one that created value that the team can exploit in merchandise sales. Moreover, trademark holders derive all manner of benefits from customer interactions with their marks. See, e.g., Deborah R. Gerhardt, *Consumer Investment in Trademark*, 88 N.C. L. REV. 427, 455 (2010). All that said, this part does not focus on the claim that the merchandising right is an example of plaintiff free riding with which the law should concern itself. This is because I doubt courts are likely to see this as free riding given the efforts made by the merchandising trademark holder. Recall, of course, that the merchandising right is rooted in the perception that it has been “earned” by the trademark holders. See *supra* notes 107–115 and accompanying text.

207. Cf. *supra* notes 193–194 and accompanying text (discussing BUCKY BADGER).

demonstrated receptiveness to broad brand extensions in the merchandising space, allowing a university to claim not only merchandising rights in a mark, but also team colors.²⁰⁸

Summary. The principle of surrogate public use lets sellers appropriate the byproducts of customer interactions with their goods and services as marks. This is free riding, but in many cases it is free riding that can be harmonized with the consumer interest and the general policy goals of trademark law. That said, it also may exacerbate the costs and tensions of the merchandising right.

D. FREE RIDING ON OTHER SELLERS

The normal trademark story of free riding is that of infringers seeking to appropriate the efforts of trademark holders.²⁰⁹ This account is incomplete, for trademark holders often seek to use their marks to free ride on the efforts of other sellers. These efforts reach both remote actors and direct competitors.

1. “Trolling” Remote Sellers

The classic IP “troll” story comes from patent law. Someone gets a vague, broadly worded patent and lies in wait.²¹⁰ Because the patent should never have been granted, its terms cast a wide net that eventually ensnares an innocent who practices a purportedly covered technology.²¹¹ Our troll then springs up to demand payment. *In terrorem* effects coupled with uncertainty, or simply a desire to avoid the costs of mounting a defense, may produce a favorable settlement despite the weakness of the plaintiff’s claim.²¹²

As discussed above, the troll narrative has limited applicability to trademark law because trademark rights require actual use.²¹³ That said, what

208. See *Bd. of Supervisors for La. State Univ. Agric. & Mech. Coll. v. Smack Apparel Co.*, 550 F.3d 465, 478 (5th Cir. 2008) (“We think this desire by consumers to associate with a particular university supports the conclusion that team colors and logos are, in the minds of the fans and other consumers, source indicators of team-related apparel. By associating the color and other indicia with the university, the fans perceive the university as the source or sponsor of the goods because they want to associate with that source.”).

209. See *supra* Section II.B.

210. The term is, of course, pejorative. See, e.g., *Patent Trolls*, ELEC. FRONTIER FOUND., <https://www.eff.org/issues/resources-patent-troll-victims> (last visited Dec. 1, 2023) (“A patent troll uses patents as legal weapons, instead of actually creating any new products or coming up with new ideas.”).

211. *Id.*

212. Cf. FED. TRADE COMM’N, PATENT ASSERTION ENTITY ACTIVITY: AN FTC STUDY 8 (2016) (“Ninety-three percent of reported Litigation PAE licenses followed a lawsuit against the eventual licensee and 77% were valued at less than the estimated cost of defending a patent lawsuit through the end of discovery—a threshold below which litigation settlements might be considered nuisance value.”).

213. See *supra* notes 141–142 and accompanying text.

counts as sufficient use is often unclear, creating room for conduct that may look like an effort to free ride off of larger entities.

For example, a company might seek to appropriate a mark if there is reason to think a well-capitalized entity also wants it and might pay to get it. Trademark law's *bona fide* use requirement deflects some efforts in this vein, as trademark rights cannot rest on uses "made merely to reserve a right in a mark."²¹⁴

Social Technologies LLC v. Apple, Inc. offers an example of the principle in action.²¹⁵ Apple purchased rights to the MEMOJI mark from a third-party user who was ultimately deemed the first user, but Social Tech challenged Apple's rights²¹⁶ with a use that was ultimately deemed not to be *bona fide*.²¹⁷ Social Tech's emails with its software developer indicated to the court that its claimed use was a strategic effort to bolster its rights in anticipation of litigation with the deep pockets of Apple.²¹⁸

"The lawsuit is coming together nicely . . . [W]e are just waiting for the trademark registration to file the lawsuit and get PAID," "[w]e are lining up all of our information, in preparation for a nice lawsuit against Apple, Inc! We are looking REALLY good. Get your Lamborghini picked out!" and "[i]t's better if we split up the updates, so it looks like we have more of them for the lawsuit."²¹⁹

As the court explained, the "significance of this correspondence is obvious."²²⁰ Their timing and content "leave no doubt" that "Social Tech's intention to develop and release its Memoji application was not a bona fide engagement of the mark in commerce, but merely an attempt to reserve its MEMOJI trademark and provide a basis for its lawsuit against Apple."²²¹

Other times, however, trademark law is more open to claims that could be analogized to trolling. To be sure, the analogy is imperfect. In addition to the use requirement, the naked licensing doctrine complicates efforts to license a mark as one would a patent (lest a mark lose its distinctiveness by being

214. 15 U.S.C. § 1127. The *bona fide* use requirement was added to the Lanham Act specifically to address the problem of so-called "token" uses. 1 MCCARTHY, *supra* note 62, § 5:9.

215. 4 F.4th 811 (9th Cir. 2021).

216. *Id.* at 814.

217. 15 U.S.C. § 1127 ("The term '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.").

218. *Soc. Techs.*, 4 F.4th 811 at 820.

219. *Id.* (emphases in original).

220. *Id.*

221. *Id.* at 820–21.

associated with multiple sellers).²²² Finally, in the examples that follow, there's no reason to suggest that the practicing entities made a regular practice of seeking to license their marks. They were going about their business before the litigation opportunity appeared.

But what happens when a small entity learns that a larger seller happens to select a similar mark? This is a problem raised by the reverse confusion doctrine.²²³ In a typical "forward" confusion case, the allegation is that the junior user has a mark that will confuse consumers into thinking that they are purchasing the senior user's product.²²⁴ That is, one who markets KOKE is likely to draw sales from those who want a COKE. In a reverse confusion case, the senior user is a small player who suddenly must face a well-capitalized seller who enters the market with the same or similar mark.²²⁵ Given its size, the upstart can dominate the market and usurp control of the mark's meaning. So suppose EAGLE soda is a small player in the soft drink market, and the Coca-Cola company decides to market EAGLET as a COKE subbrand, backing it with a multi-million-dollar ad campaign. If the campaign is powerful enough, nobody will purchase EAGLET thinking they are getting EAGLE, but some may buy an EAGLE thinking they are purchasing Coca-Cola's EAGLET. Perhaps the senior user gains a sale, but it loses control of the meaning of its mark and the ability to develop goodwill. Worse, consumers may believe that the senior user is trying to knock off the junior user's product when in fact it was first to the marketplace.²²⁶

This is the benign account of why reverse confusion should constitute trademark infringement. There is a potential malign story as well. Perhaps the potential for reverse confusion offers the senior user an opportunity to demand a settlement to stave off an infringement action and reap an unearned benefit. The risk is particularly acute in situations involving a weak plaintiff's mark that has only a limited market overlap with the defendant's. Sure, if the two marks cannot coexist, then push has come to shove. But this is not always the case.

For example, Cleveland's major league baseball team recently renamed itself the CLEVELAND GUARDIANS.²²⁷ Unfortunately for the team, a local

222. 3 MCCARTHY, *supra* note 62, § 18:48.

223. 4 MCCARTHY, *supra* note 62, § 23:10.

224. *Id.*

225. *Id.*

226. *See infra* note 230 and accompanying text.

227. Mark Schwab & Steph Krane, *Indians Announce Decision to Change Team Name to Cleveland Guardians*, 19NEWS (July 23, 2021), <https://www.cleveland19.com/2021/07/23/indians-change-team-name-cleveland-guardians/>.

roller derby franchise was already using the name.²²⁸ The senior user sued, alleging that the baseball team should have known about the plaintiff,²²⁹ and arguing that the roller derby team now faced the adverse misperception that it was counterfeiting the baseball team's mark.²³⁰ That certainly sounds bad, suggesting the benign story of the reverse confusion cause of action.

It's worth noting, however, that the roller derby team also complained about an insultingly low settlement offer from the baseball team.²³¹ To be sure, the plaintiff also argued that it is impossible for the two teams to share the GUARDIANS name.²³² If so, then higher settlement demands are reasonable, for one team must stop use of the name—either via settlement or following litigation defeat, and one's settlement price would reflect the value of the GUARDIANS mark with adjustments for litigation costs and assessments of the prospects of victory. If that's what's going on, then whatever happens, there is only one CLEVELAND GUARDIANS at the end of the day.²³³

That's not what happened. The parties settled for undisclosed terms,²³⁴ and as of this writing, a Google search indicates that both teams are the CLEVELAND GUARDIANS. The ultimate peaceful coexistence suggests

228. *Cleveland Guardians*, <https://www.clevelandguardians.com/> (last visited Dec. 1, 2023).

229. Complaint ¶ 20, *Guardians Roller Derby v. Cleveland Guardians Baseball Co.*, No. 1:21-cv-2035 (N.D. Ohio Oct. 27, 2021) (“[I]t is inconceivable that an organization worth more than \$1B and estimated to have annual revenues of \$290M+ would not at least have performed a Google search for “Cleveland Guardians” before settling on the name, and even a cursory search would have returned Plaintiff’s website (www.clevelandguardians.com) as **the first “hit.”** (emphases in original)).

230. *Id.* ¶ 39 (“[The plaintiff has] experienced logistical problems with merchandise suppliers, some of whom initially refused to fulfill orders for CLEVELAND GUARDIANS merchandise because they believe the Indians hold exclusive rights to the name and thus considered Cleveland Guardians’ official merchandise as akin to counterfeit goods.”).

231. *Id.* ¶ 26 (complaining that “the Indians only offered to pay a nominal amount, likely no more than *fifteen minutes* of annual team revenue” (emphasis in original)).

232. *Id.* at 1.

233. As the complaint asserted was necessary. *Id.* (“Two sports teams in the same city cannot have identical names. Major League Baseball would never permit ‘Chicago Cubs’ lacrosse or ‘New York Yankees’ rugby teams to operate alongside its storied baseball clubs and rightly so. Confusion would otherwise result. Imagine seeing a ‘New York Yankees’ shirt for sale and buying it. Which team did you just support?”).

234. Chris Bengel, *MLB’s Cleveland Guardians Settle Lawsuit with Roller Derby Team of Same Name*, CBS SPORTS (Nov. 16, 2021), <https://www.cbssports.com/mlb/news/mlbs-cleveland-guardians-settle-lawsuit-with-roller-derby-team-of-same-name>; Chelsea Janes, *Cleveland Guardians Back on Track for Opening Day After Settling Lawsuit with Roller Derby Team*, WASH. POST (Nov. 16, 2021), <https://www.washingtonpost.com/sports/2021/11/16/cleveland-guardians-lawsuit/>.

that the litigation had the potential of taking advantage of the deeper pockets and misfortune of the baseball team.

To be clear, I'm neither accusing the roller derby team of bad faith nor suggesting it lacked a legitimate grievance. The outcome nonetheless suggests that no compelling *consumer interest* story lay behind the reverse confusion claim. Rather, the two sides were negotiating over a litigation option held by the roller derby team that is exogenous to consumer interests protected by trademark law.²³⁵ If that's the case—and assuming money changed hands between the teams—then it appears that the roller derby could take a free ride on the baseball team's wealth—from a certain point of view, anyway.²³⁶ Now, we may well like this outcome as a matter of wealth allocation, distaste for the baseball team's conduct during the affair,²³⁷ or some other reason. From a trademark law perspective, however, forced wealth transfers divorced from any consumer protection rationale are problematic.

The CLEVELAND GUARDIANS case outcome at least concerns a reasonably strong mark (under the spectrum of distinctiveness²³⁸) whose protection poses no threats to marketplace competition. The baseball team does not “need” to be the GUARDIANS except insofar as it made investments locking itself onto a course that favored the name. The problem of reverse confusion is considerably more acute when we are dealing with weak marks that are useful to other sellers.

Litigation involving the cloud services provider Dropbox illustrates the problem nicely.²³⁹ The company added a feature to its service that allows users to save hard drive space by selectively deciding which files saved on Dropbox should reside exclusively in the cloud, and which should also be kept up to

235. This is not to say that there was no harm to the roller derby team of sharing a name with the baseball team, but that is distinct from the question whether consumers suffered from the overlap.

236. Star Wars Saga LatinAmerica, *Star Wars: Return of the Jedi - Obi-Wan's revelation*, YOUTUBE (Jan. 4, 2020), <https://www.youtube.com/watch?v=2nO0uJenOgw>.

237. See Complaint, *supra* note 229, ¶¶ 21–31.

238. Under the commonly used spectrum of distinctiveness, associated with *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4 (2d Cir. 1976), a mark may be classified as fanciful (a coined word, like KODAK), arbitrary (a word that does not bear a direct relation to the product, like APPLE computer), suggestive (a word that suggests a quality without describing a product, like PENGUIN freezers or NETFLIX), descriptive (a word that describes the good or service, like THE WEATHER CHANNEL), and finally a generic term, which cannot be a mark because it describes a product category (like “wine” for wine). Fanciful, arbitrary, and suggestive marks are inherently distinctive, and receive protection automatically; descriptive marks require establishing that the relevant consuming public sees the terms as marks. For a popular example of the spectrum of distinctiveness in action, see *Zatarains, Inc. v. Oak Grove Smokehouse, Inc.*, 698 F.2d 786 (5th Cir. 1983).

239. *Ironhawk Techs., Inc. v. Dropbox, Inc.*, 2 F.4th 1150 (9th Cir. 2021).

date on a particular local hard drive.²⁴⁰ The company describes this feature with the name “Smart Sync,” which efficiently and aptly describes its function.²⁴¹ Your files will stay harmonized across different computers (“sync[ed]” up) in a more efficient (one might say “smart[er]”) way than filling your local hard drive with everything in your Dropbox account. Notably, Dropbox does not market the feature as a standalone product. DROPBOX is the mark; “Smart Sync” is the feature available for users of certain paid plans.²⁴²

Unfortunately for Dropbox, SMART SYNC *is* used by Ironhawk Technologies for software using “compression and replication to transfer data efficiently in ‘bandwidth-challenged environments.’”²⁴³ Ironhawk sued for infringement. Although the district court gave Dropbox summary judgment,²⁴⁴ the Ninth Circuit reversed.²⁴⁵ From there, the parties settled with an agreement that allows both parties to continue using the “Smart Sync” terminology.²⁴⁶

Ironhawk v. Dropbox is notable for the issues it raises about trademark quality. The case would be simple had Dropbox marketed its Smart Sync feature under the IRONHAWK mark. That would be an ideal example of the dangers of reverse confusion. A larger defendant would have the power to usurp Ironhawk’s ability to shape the goodwill attaching to the mark. Moreover, IRONHAWK is a conceptually strong trademark,²⁴⁷ meriting broader protection because it is inherently distinctive and poses no threats to competition by being protected. There is no reason why Dropbox—or anyone else in the cloud storage space—needs it for marketing activities.

240. *How to Use Dropbox to Save Hard Drive Space*, DROPBOX (Oct. 27, 2023), <https://help.dropbox.com/installs-integrations/sync-uploads/smart-sync>.

241. *Id.*

242. *Id.* (“This feature is only available to users on Dropbox Plus, Family, Professional, or Business plans.”); *Ironhawk Techs., Inc. v. Dropbox, Inc.*, No. CV 18-01481 DDP (JEMx), 2019 WL 5538831, at *1 (C.D. Cal. Oct. 24, 2019), *rev’d and vacated*, 2 F.4th 1150 (9th Cir. 2021).

243. *Ironhawk*, 2019 WL 5538831, at *1 (quoting record).

244. *Id.* at *7.

245. *Ironhawk*, 2 F.4th at 1169.

246. Blake Brittain, *Dropbox Settles “Smart Sync” Trademark Case Brought by Navy Contractor*, REUTERS (Oct. 29, 2021), <https://www.reuters.com/legal/transactional/dropbox-settles-smart-sync-trademark-case-brought-by-navy-contractor-2021-10-29/>. As of this writing, both companies are still using the term. *Compare Help Center*, DROPBOX, <https://help.dropbox.com/installs-integrations/sync-uploads/smart-sync>, *with Smart.Sync Enterprise Software*, IRONHAWK, <http://ironhawk.com/smartsync-enterprise-software/> (last visited Dec. 1, 2023).

247. 2 MCCARTHY, *supra* note 62, § 11:80.

Not so with SMART SYNC. The mark is conceptually weak, being arguably descriptive²⁴⁸ with little renown. More importantly, it is the kind of term that a number of sellers would find useful to describe product features, as seen by Dropbox's use of—and willingness to fight for—the term and the number of other sellers who use the term either as a mark or to describe their product offerings.²⁴⁹

Nonetheless, the Ninth Circuit allowed Ironhawk's claim to proceed.²⁵⁰ The opinion highlights how reverse confusion claims might enable plaintiff free riding. The court used the reverse confusion frame to negate extensive context that in a normal trademark case would favor the defendant.

Beginning with mark strength,²⁵¹ SMART SYNC is arguably not a mark at all.²⁵² In context it describes what the Ironhawk product does, and even if the mark has enough secondary meaning for protection, the brand is not strong enough for the mark to enjoy robust protection. The court nonetheless said the registration favored Ironhawk given the litigation's procedural posture.²⁵³ More importantly, however, the court concluded that the relevant issue of mark strength concerns not Ironhawk's brand, but *Dropbox's*.²⁵⁴

248. As the district court found. *Ironhawk*, 2019 WL 5538831, at *2–*3 (“The term ‘SmartSync,’ . . . appears to describe at least some of the characteristics of Ironhawk’s product, namely synchronization and ‘intelligent’ transport, compression, and synchronization. Accordingly, Ironhawk’s mark is entitled to no protection. Even if Ironhawk’s Smartsync mark were suggestive rather than descriptive, the mark would still be weak. A suggestive mark is presumptively weak.” (citation and footnotes omitted)).

249. See, e.g., *Carelink SmartSync Device Manager*, MEDTRONIC, https://europe.medtronic.com/xd-en/healthcare-professionals/products/cardiac-rhythm/managing-your-patients/in-clinic-management/smartsync.html?cmpid=PPC:GOOG:SmartSyncAd1:WE_EN_CDS_PartnerInCare-WBS292%7CTX%7CGS_GEN_MAY23 (last updated May 2021); SMARTSYNC, <https://www.smartsync.com/> (last visited Dec. 1, 2023); *Pioneer Smart Sync*, APPLE, <https://apps.apple.com/us/app/pioneer-smart-sync/id1343699460> (last visited Dec. 1, 2023); *What is SmartSync?*, SMARTSYNC, <https://help.shape.io/hc/en-us/articles/10967928969869-What-is-SmartSync-Enabling-SmartSync> (last visited Jan. 21, 2024).

250. *Ironhawk*, 2 F.4th 1150.

251. This factor considers strength in two dimensions: where a mark sits on the spectrum of distinctiveness and how much identification it actually has with the relevant consuming public. See 2 MCCARTHY, *supra* note 62, § 11:80.

252. See *supra* notes 248–249 and accompanying text.

253. *Ironhawk*, 2 F.4th at 1162 (“While we agree with the district court that Ironhawk’s mark could be considered descriptive, given the presumption of distinctiveness established by SmartSync’s federal registration, and the elusive nature of the inquiry, a reasonable jury could conclude the mark is suggestive.”).

254. *Id.* at 1162–63 (“Whether descriptive or suggestive, the important question in a reverse confusion case is whether the junior mark is so commercially strong as to overtake the

That suggests that Dropbox is being punished for its success in developing strong goodwill.²⁵⁵ Of course, success of this sort makes them a more tempting target for free-riding efforts. But shouldn't the strength of the DROPBOX mark belie any likelihood of confusion? Enter the mark similarity factor. As noted above, Dropbox did not market Smart Sync as a standalone product, its marketing fell under the DROPBOX brand.²⁵⁶ Shouldn't that negate likelihood of confusion? No, because of the reverse confusion frame, it actually *exacerbates* it.

“While . . . a company’s consistent use of a house mark can reduce the likelihood of confusion, in a reverse confusion case the junior user’s use of a house mark can also *aggravate* confusion by reinforcing the association between the mark and the junior user.”²⁵⁷

Other parts of the opinion—and the dissent in response—raise familiar questions of the appropriate scope of the trademark cause of action, how much should be left to the jury as questions of fact,²⁵⁸ and whether these questions should be resolved normatively.²⁵⁹ At the end of the day, however, whatever harm Dropbox causes to consumers with the “Smart Sync” name persists. The parties settled and both continue to use the term.²⁶⁰ The possible reallocation of wealth (the terms were not disclosed) suggests the ability to put reverse confusion theory to use for free riding.

The dynamic described here is independent of the plaintiff’s intent. Perhaps Ironhawk’s decisionmakers genuinely believed that Dropbox caused

senior mark. Accordingly, we assess the commercial strength of Dropbox’s Smart Sync mark and ask whether it is able to swamp the reputation of Ironhawk’s SmartSync with a much larger advertising campaign.” (cleaned up)).

255. *Id.* at 1163 (“Based on the evidence presented, a reasonable jury could find that Dropbox’s Smart Sync is commercially strong, and when considered against the conceptual strength of Ironhawk’s SmartSync mark, is able to swamp Ironhawk’s reputation with a much larger advertising campaign.”).

256. *See supra* note 242 and accompanying text.

257. *Ironhawk*, 2 F.4th. at 1164.

258. *Compare id.* at 1169 (“[W]e do not conclude that the trier of fact will find the *Sleekcraft* factors in Ironhawk’s favor, or that a likelihood of confusion exists under the totality of the circumstances. That is not our inquiry on summary judgment.”), *with id.* at 1170 (Tashima, J., dissenting) (“[T]he sophistication of potential commercial customers, the expense of the product, and the manner in which Ironhawk markets its product—wholly eliminate any realistic possibility of consumer confusion in this case.”).

259. *See, e.g.,* Michael Grynberg, *More Than IP: Trademark Among the Consumer Information Laws*, 55 WM. & MARY L. REV. 1429, 1459 (2014) (“Defining how careful a consumer is is hard to separate from a policy or normative choice about how careful a consumer should be. Confusion is inevitable. The question is how much of it we need to target or tolerate in service of our conflicting normative and policy goals.”).

260. *See supra* note 246.

them a harm that was rendered acceptable by whatever concession was made in settlement. I have no idea, but the effect—costly litigation that does not reduce the number of users of the mark in question—is the same as if free riding were intended.

To be sure, sometimes reverse confusion cases have record evidence suggestive of an intent to free ride. In *Kelly-Brown v. Winfrey*, for example, the owner of “Own Your Power Communications, Inc.,” a motivational services business, sued several defendants, including Oprah Winfrey, for engaging in a variety of activities built around the phrase “own your power.”²⁶¹

The case raises trademark quality concerns, as the phrase is a category identifier as much as, if not more than, a source indicator for both parties. The plaintiff should not have been able to claim trademark rights in the first instance. “Own your power” functions as an exhortation to self-empowerment, and the clients of both parties would likely see it as such. Because the registration and prior use were there, however, the ensuing litigation had to sort out the question as well as the prospect that Winfrey was engaged in a classic, non-trademark use of the phrase.²⁶² Ultimately, Winfrey prevailed, but not before a lengthy back and forth between the district and circuit courts.²⁶³ The costs incurred likely represented a sizable potential settlement value for the plaintiff, had the parties gone that route.

If the plaintiff had a colorable claim—resting on solid consumer-protection foundations—that could have gone either way, this would be fine. On the other hand, we should be concerned if this were a case of free riding designed to exploit the good fortune of securing a weak mark that a well-capitalized defendant happened to use as advertising copy. So which is it? I have no idea of the plaintiff’s intent, but, as the case progressed to summary judgment filings, the district court felt it appropriate to recite that the plaintiff

261. 717 F.3d 295, 300 (2d Cir. 2013) (“For example, the October 2010 issue of O, the Oprah Magazine (the ‘Magazine’), which was distributed on or about September 13, 2010, prominently featured the words ‘Own Your Power’ on its front cover. Beneath these words were the sub-headings ‘How to Tap Into Your Strength’; ‘Focus Your Energy’; and ‘Let Your Best Self Shine.’”).

262. *Compare Kelly-Brown*, 717 F.3d at 313 (vacating district court’s conclusion that defendants were entitled to dismissal of plaintiff’s claims on fair use grounds), *with Kelly-Brown v. Winfrey*, 95 F. Supp. 3d 350, 363 (S.D.N.Y. 2015) (on remand on summary judgment, finding fair use defense applied in defendants’ favor), *aff’d on other grounds*, 659 F. App’x 55 (2d Cir. 2016).

263. The final disposition of the case came in 2017 after certiorari was denied to *Kelly-Brown v. Winfrey*, 659 F. App’x 55 (2d Cir. 2016) (affirming summary judgment, reached on a variety of grounds, on remand in defendant’s favor). The district court’s initial fair use ruling in defendants’ favor was in 2012. *Kelly-Brown v. Winfrey*, No. 11 CIV. 7875(PAC), 2012 WL 701262, at *3 (S.D.N.Y. Mar. 6, 2012), *aff’d in part, vacated in part*, 717 F.3d 295 (2d Cir. 2013).

sent an email reading: “Oprah is going to be my big sis! !! Can’t wait! !!! Lol. She keeps using my name. I’m gonna be paid! !!! Anything you want is attainable! Own Your Power, Simone.”²⁶⁴

Summary. Although trademark plaintiffs are rarely “trolls” in the sense bandied about in the patent context, the structure of trademark law allows for analogous claims. Reverse confusion cases are particularly open to these suits as a structural matter, regardless of what the actual intent of trademark plaintiffs may be.

2. *Free Riding on Competitors*

Commercial advertising faces an inherent free-rider problem in competitive markets. When a seller touts a good or service it often simultaneously promotes a broader product category. Advertising that urges you to, for example, “Get your greens with an EAGLE salad,” both pushes a brand (EAGLE) and promotes the brand category (salads or health food). The advertising may prompt a consumer to make a category purchase (“you know, I haven’t been eating very well lately. I should really get a salad.”) that does not benefit the advertiser (“Oh, look, HAWK salads!”). Other sellers thus benefit from third-party efforts, creating a free-rider and collective action problem.²⁶⁵

As always with collective action problems, a variety of potential solutions exist. Sellers in various product categories can voluntarily collaborate on efforts at category promotion, leaving the problem of defection to relationships, norms, or other non-legal solutions. At times the state has stepped in, in the form of federal market promotion programs that seek to solve the coordination problem by mandating payments from sellers in a product category that is then used to fund advertising for the product category.²⁶⁶ The “Got Milk” campaign is an example.²⁶⁷ Another possibility is

264. *Kelly-Brown*, 95 F. Supp. 3d at 362.

265. Bradley T. Shapiro, *Positive Spillovers and Free Riding in Advertising of Prescription Pharmaceuticals: The Case of Antidepressants*, 126 J. POL. ECON. 381, 433 (2018) (finding that “television advertising has significant positive spillovers” and that “the spillovers induce a free-riding and internalization problem whereby competitive advertising is significantly lower than the optimal strategy that a cooperative would set if it controlled the entire market”).

266. *About Pork Checkoff*, PORK CHECKOFF, <https://porkcheckoff.org/about/> (last visited Dec. 1, 2023). The National Pork Board commissioned the “Pork: The Other White Meat” campaign. See Jane L. Levere, *The Pork Industry’s ‘Other White Meat’ Campaign Is Taken in New Directions*, N.Y. TIMES (Mar. 4, 2005), <https://www.nytimes.com/2005/03/04/business/media/the-pork-industrys-other-white-meat-campaign-is-taken-in-new.html>.

267. *Cochran v. Veneman*, 359 F.3d 263 (3d Cir. 2004), *cert. granted, judgment vacated sub nom.* *Lovell v. Cochran*, 544 U.S. 1058 (2005), *and cert. granted, judgment vacated sub nom.* *Johanns v. Cochran*, 544 U.S. 1058 (2005). Efforts of this sort have been the subject of First

just to put up with it, realizing that all actors in a brand category will simultaneously promote the category as part of their marketing efforts, so everyone is simultaneously a free rider and free ridee.

The dilemma shapes the incentives of effective marketing. Marketing campaigns need to maximize brand awareness without diverting too much promotional effort to the product category.²⁶⁸ In other words, one must steer clear of generic matter.²⁶⁹ The dilemma extends to non-word marks, for marketers will naturally try to identify and target the range of situations in which associations with a brand may form. Once identified, these “category entry points”²⁷⁰ can be paired with a memorable manifestation of the brand—be it a word mark, logo, packaging, slogan, etc.—appropriate to the task.²⁷¹ The marketing strategy thus builds the mental availability of the brand, so that

Amendment challenge as compelled speech. *See, e.g., id.*; *United States v. United Foods, Inc.*, 533 U.S. 405 (2001).

268. JENNI ROMANIUK & BYRON SHARP, *HOW BRANDS GROW: PART 2* 92 (2d ed. 2022) (“If you choose to build an asset that has low uniqueness, you will have a battle on your hands. Competitors have already made inroads in building their own fame with the asset, which means any use of that asset risks triggering competitors also linked . . .”).

269. *Id.* at 94 (discussing brand assets that have fame for both the seller and its competitors). “These assets are, or are becoming, generic category (for example, red in tomato sauce) or sub-category (for example,) yellow for lemon scent) signals. A cause can be new entrants mirroring the cues of established brands. While it is hard to give up an asset when fame is high, without strong direct branding you risk giving valuable mental real estate to competitors’ brands.” *Id.*

270. *Id.* at 67.

271. *Id.* at 87, 100. Romaniuk gives the example of the building of the McCafé subbrand for premium McDonald’s coffee.

Buyers naturally build links between brands and CEPs as they use a category in different contexts over time. Experiences become established and refreshed in memory, available to be retrieved later on. However, we can use marketing activity to influence and accelerate this process on the brand’s behalf, through building links between brands and CEPs outside of normal buying/using patterns. An example of this is McDonald’s and coffee. Thinking back a decade ago, how long would it have taken you to go to McDonald’s for a decent coffee if there had not been extensive advertising of its McCafé and fancier coffee offerings? You might have passed a McDonald’s in the morning, seen the word McCafé, and noticed the smell of coffee. If you looked in and saw the actual coffee machines, it might have ‘clicked’ that McDonald’s offers ‘good’ coffee (though you probably forgot soon after). Then one day, you might have thought, ‘I’ll grab a coffee at McDonald’s’ on your way to a meeting.

Id. at 68–69.

the brand will be a potential option at the moment of possible purchase.²⁷² In most cases, however, the niche is open to any competitor, spurring the need to create brand assets that are distinct in the mind of the consumer.²⁷³

Interesting free-riding incentives naturally follow. Imagine the invention of a new, unpatented product—call it a widget—for which there is a first mover in the newly created market. Our seller, Eagle Inc., markets the widget under the EAGLE mark. Widgets have a distinct shape, and that shape is memorable enough that some buyers may form memory structures around it.²⁷⁴ Should Eagle, Inc. promote the shape in its advertising? The answer depends on trademark law. If Eagle can claim the design as a mark, it can appropriate the returns of consumer identification with the shape. If it cannot, then promotion of the shape promotes the product category, allowing Eagle's competitors to free ride on Eagle's advertising. A prospective purchaser may form an impression of widgets due to Eagle's advertising ("That looks cool.") and then later see a competitor's widget at a moment that the shape is highly salient ("There's that thing. Let's try it.").

Suppose instead that Eagle successfully claims the widget shape as a mark. To the extent that purchasers see the shape as characteristic of the product category, Eagle may now free ride on the category-promotion marketing of its competitors, at least for those purchasers who use the widget shape as a category identifier.²⁷⁵ Then, suppose Hawk Corp. makes rival widgets but changes their shape to respond to Eagle's successful trademark claim. Hawk's advertising promotes HAWK widgets, but the advertising raises the awareness and salience of the product category generally, adding new purchasers to the pool. A subset of these new purchasers uses the shape of the EAGLE widget to identify the product category. The resulting purchases of EAGLE widgets are the product of a free ride by Eagle on the advertising efforts of Hawk.

To be sure, trademark law contains several safeguards against this kind of thing. First, if product design is at issue, the would-be trademark holder must establish secondary meaning—that consumers see the design as performing a

272. So the effort to build mental availability must be complemented by one promoting the product's physical availability so that a purchase is possible. ROMANIUK & SHARP, *supra* note 268, at 139 ("Building physical availability is about identifying and removing as many speed bumps to purchase as you can, no matter how small. The aim is to make the path between having the brand mentally available and actual purchase as smooth as possible, in order to realise the revenue promise of built mental availability.").

273. *Id.* at 92.

274. *Cf. id.* at 65–67.

275. Eagle can also free ride on competitors in more conventional manners like forcing them to take a license to the design.

source-identifying function.²⁷⁶ This reflects the Supreme Court’s recognition that product features are typically category identifiers rather than source identifiers. As Justice Scalia observed for the Court in *Wal-Mart*:

[W]e think consumer predisposition to equate the feature with the source does not exist. Consumers are aware of the reality that, almost invariably, even the most unusual of product designs—such as a cocktail shaker shaped like a penguin—is intended not to identify the source, but to render the product itself more useful or more appealing.²⁷⁷

The problem is the porous nature of the secondary meaning screen. The maker of the product may well be able to secure recognition of secondary meaning without proffering any survey evidence, as courts often accept circumstantial evidence,²⁷⁸ and the Lanham Act contemplates that mere use may prove secondary meaning.²⁷⁹ And when survey evidence is used, courts do not demand majority consumer recognition.²⁸⁰ Even if they did, in many such cases a substantial minority of consumers still may treat the product shape not as a source identifier, but as a way to mark the category, allowing the markholder to benefit from the category-promotion efforts of its competitors.

Eagle’s trade dress, whether product design or product packaging, might also run afoul of the rule against protecting generic matter, which directly targets attempts to claim category-identifying information as a mark. If enough other industry participants use the design, it may well be deemed ineligible for trademark protection.²⁸¹ But the problem again concerns mixed consumer

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

277. *Id.* at 213.

278. *See, e.g.*, *Viacom Int’l, Inc. v. IJR Cap. Invs., L.L.C.*, 891 F.3d 178, 190 (5th Cir. 2018) (considering the following factors: “(1) length and manner of use of the mark or trade dress, (2) volume of sales, (3) amount and manner of advertising, (4) nature of use of the mark or trade dress in newspapers and magazines, (5) consumer-survey evidence, (6) direct consumer testimony, and (7) the defendant’s intent in copying the [mark]” (internal quotation and citation omitted)).

279. 15 U.S.C. § 1052 (USPTO “may accept as prima facie evidence that the mark has become distinctive, as used on or in connection with the applicant’s goods in commerce, proof of substantially exclusive and continuous use thereof as a mark by the applicant in commerce for the five years before the date on which the claim of distinctiveness is made.”).

280. 6 MCCARTHY, *supra* note 62, § 32:190 (“Generally, figures over 50% are regarded as clearly sufficient. However, figures of 46%[,], 48%, and 37 percent have also been found sufficient.” (footnotes omitted)).

281. *See, e.g.*, *Bimbo Bakeries USA, Inc. v. Sycamore*, 29 F.4th 630, 639 (10th Cir. 2022); *Paddington Corp. v. Attiki Imps. & Distribs., Inc.*, 996 F.2d 577, 583–84 (2d Cir. 1993) (“[P]ackaging lime-flavored soda in green twelve-ounce cans is so common in the soft drink industry that such packaging probably is not inherently distinctive, although without the

classes. Generic status is a binary, either/or state. Its legal framework does not effectively map onto the messiness of life in which some consumers may treat a feature as generic while others do not.²⁸² Indeed, it is possible for a substantial number of consumers to treat a product feature as generic without its becoming *de jure* generic.²⁸³

The same is true of the functionality doctrine, discussed above.²⁸⁴ In particular, the judicial reluctance to entertain defenses of aesthetic functionality²⁸⁵ creates the risk that trademark holders will appropriate designs used by a substantial number of consumers to identify product categories, enabling free rides on the category-promotion activities of their competitors.

The *Louboutin* litigation illustrates the problem. There, the maker of the popular shoe with a red sole contrasting with a black outsole sued the maker of a monochromatic red shoe for infringement.²⁸⁶ Louboutin and its competitors all have an incentive to promote the product category of high-fashion shoes.²⁸⁷ The color red can serve both as a signifier of a particular shoe in the market (a LOUBOUTIN when combined with a contrasting black outsole) or an attribute of the product category (red high-fashion shoes).²⁸⁸ This is the problem of incomplete genericism.

The case illustrates, however, another avenue for plaintiff free riding that is more germane to the functionality doctrine. The color red may be a category entry point for marketing red shoes.²⁸⁹ Imagine, for example, a fashion show attended by potential shoe customers. Even if the models are not featuring shoes, they may well be showcasing red clothing or accessories. Each such display may prompt attendees to think about other possibilities for the color,

industry practice green cans would be either suggestive or arbitrary and therefore inherently distinctive.”).

282. Grynberg, *supra* note 10, at 93–94. Though courts sometimes try to mediate the conflict between consumer classes. *Id.* at 94; *Blinded Veterans Ass’n v. Blinded Am. Veterans Found.*, 872 F.2d 1035, 1047–48 (D.C. Cir. 1989) (generic terms must be available, but district court may require measures to avoid confusion); *Bayer Co. v. United Drug Co.*, 272 F. 505, 510 (S.D.N.Y. 1921) (allowing generic use of “aspirin” for sales to the public but not to pharmaceutical professionals).

283. 2 MCCARTHY, *supra* note 62, § 12:6 (“If some people regard the contested designation as a generic name, while others regard it as a mark, the term must be placed either in the ‘generic’ pigeonhole or in the ‘trademark’ category. The result of the primary significance rule is that majority usage controls.”).

284. See *supra* notes 131–140 and accompanying text.

285. See *supra* notes 137–140 and accompanying text.

286. *Christian Louboutin S.A. v. Yves Saint Laurent Am. Holdings, Inc.*, 696 F.3d 206, 211 (2d Cir. 2012).

287. See *supra* notes 281–283 and accompanying text.

288. See *supra* notes 281–283 and accompanying text.

289. On category entry points, see *supra* notes 270–273 and accompanying text.

perhaps including shoes. If all shoemakers are free to use red, then the returns of these displays will be freely appropriable by all sellers in that market. In contrast, if Louboutin had prevailed, the shoemaker would have been able to take more for itself.²⁹⁰

Another way to look at it is to see the color red as functional not just for the shoes that use it, but also their marketing.²⁹¹ Of course that is true of any trademark, but most trademarks don't have the range of proximate uses that lead to the same kind of trademarkholder free riding. Apple the computer maker may enjoy some attenuated benefit from the popularity of apples the fruit, but neither its competitors nor sellers in proximate markets have any incentive to raise the salience of the fruit in their communications with consumers.

To be sure, in *Louboutin* the trademark holder had done work of its own, and we can quibble about the extent to which the defendant is free riding on Louboutin's efforts in creating the famous contrasting brand. The point, however, is that there's a value that Louboutin was attempting to appropriate. The free riding is bilateral.

Summary. Courts appreciate that the doctrines of genericism and functionality preserve and promote competition between sellers. On this view, the gains of competition justify some free riding by trademark defendants. Note that this is not the end of the story. Genericism and functionality also limit the ability of markholders to free ride on the category-promotion activities of their competitors, and courts have overlooked that dimension of those doctrines.

Instead, judges simply see the analysis as balancing the interests of trademark holders—who have created something that merits reward—against the interests of their competitors who may themselves seek to free ride off of that work. Although judges understand the importance of competition in balancing the two, the distaste for the free rider often rears its head in adjudication. In many cases, however, this is error, as judges fail to account for the ways that trademark holders may seek to free ride on category-promoting activities of their rivals. Stated another way, in many trademark disputes, the potential for free riding is reciprocal—there is no “neutral” baseline where no one free rides; some free riding is baked into ordinary market dynamics.

290. As it is, the color is so associated with Louboutin that it already enjoys the ability to free ride on uses of the color red in the fashion world and elsewhere.

291. Cf. Mark P. McKenna, (*Dys*)*Functionality*, 48 HOUS. L. REV. 823, 853 (2011).

E. FREE RIDING ON THE PUBLIC AT LARGE

Finally, trademark holders free ride on the public at large. We've already covered one way in the discussion of merchandisers and popular culture.²⁹² This Section covers a less overt form of free riding, focusing on mental processes that produce unearned mark value for trademark holders. It nonetheless builds on the discussion of the previous Section by focusing on the capability of trademark subject matter to serve the twin purposes of category- and brand-identification.

Trademark rights rest on the ability of buyers to form associations with trademarks.²⁹³ Sometimes these associations are assumed to be more or less automatic, as when a memorable brand name is placed on a product in a prominent position that consumers associate with trademarks.²⁹⁴ Other times—as with descriptive marks or product design²⁹⁵—trademark law assumes the associations are not automatic. In these settings, trademark doctrine requires the establishment of secondary meaning—that is, evidence that the mark actually acquired distinctiveness before it will receive protection.²⁹⁶

In practice, however, establishing secondary meaning is usually not demanding, as discussed above.²⁹⁷ Sometimes it is enough to engage in

292. See *supra* Section III.B.

293. The Lanham Act, for example, defines a trademark based on its ability to “identify and distinguish” goods. 15 U.S.C. § 1127.

294. Thomas R. Lee, Eric D. DeRosia & Glenn L. Christensen, *An Empirical and Consumer Psychology Analysis of Trademark Distinctiveness*, 41 ARIZ. ST. L.J. 1033, 1097–98 (2009) (testing importance of label position using hypothetical WONDERFUL mark for chocolate coconut macaroons).

295. *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 213 (2000) (“In the case of product design . . . we think consumer predisposition to equate the feature with the source does not exist. Consumers are aware of the reality that, almost invariably, even the most unusual of product designs—such as a cocktail shaker shaped like a penguin—is intended not to identify the source, but to render the product itself more useful or more appealing.”).

296. *Id.* at 216 (“We hold that, in an action for infringement of unregistered trade dress under § 43(a) of the Lanham Act, a product’s design is distinctive, and therefore protectible, only upon a showing of secondary meaning.”).

297. See *supra* notes 278–280 and accompanying text. 2 MCCARTHY, *supra* note 62, § 15:30 (“The other traditional manner of proving secondary meaning is by circumstantial evidence of the seller’s efforts in advertising the mark throughout a wide group of prospective buyers. Such circumstantial evidence can consist of evidence of the size of the seller, the number of actual sales made, large amounts spent in promotion and advertising, the scope of publicity given the mark, and any similar evidence showing wide exposure of the buyer class to the mark in question.”).

advertising and have a record of sales.²⁹⁸ The belief is that given repeated transactions, the tendency of the human mind to form associations will create an identification between the claimed subject matter and a particular source.

The conventional trademark narrative says this process is good for us, as marks with secondary meaning may lower consumer search costs.²⁹⁹ But consumer variation complicates the question. While some consumers may use a descriptive term as a mark, others may see it as a description. I have written elsewhere that this dynamic may advantage one consumer class at the expense of others, insofar as some consumers may use trademarkable subject matter as a source indicator while others use it for something else.³⁰⁰ Here, I want to suggest that the mental processes used by consumers to make associations is an avenue for free riding by trademark holders.

The problem stems from the capacity of trademark subject matter to signify both brand and brand category.³⁰¹ Consumer mental processes form associations that link the matter with one, the other, or both depending on the circumstances. These associations can provide value to consumers insofar as they benefit from being able to identify and distinguish both product categories and individual brands within them.³⁰² Although this effort may benefit sellers, too, it remains the consumers' effort. Third parties should not free ride on it in a manner that does not serve consumer interests (at least if free riding is something we care about).

So, imagine a company, Eagle, marketing widgets under the EAGLE brand name. The advertising promotes awareness of both the widget product category and the availability of EAGLE widgets for those in the market.

It is not free riding for Eagle to profit from consumer associations with EAGLE. Eagle invested resources in the advertising that created them, and it

298. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 13 cmt. e (AM. L. INST. 1995) (“Advertising and other promotional efforts resulting in increased public exposure for the designation may also support an inference of secondary meaning.”).

299. *Cf.* *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 163–64 (1995) (arguing that color can be a trademark if it has secondary meaning).

300. *See, e.g.*, Grynberg, *supra* note 10, at 103–07.

301. *See supra* notes 281–283 and accompanying text. This hardly exhausts the universe of dual uses to which trademark law should be attentive. *See, e.g.*, Rochelle Cooper Dreyfuss, *Expressive Genericity: Trademarks as Language in the Pepsi Generation*, 65 NOTRE DAME L. REV. 397, 424 (1990) (“Betty Crocker has replaced Hestia in the public consciousness. Accordingly, it is not surprising that speakers and writers are drawn to those devices that are, by dint of heavy advertising, doubtlessly universally familiar. At the same time, the popularity of marks as expressive vehicles has spawned a new industry, and it is equally unsurprising that those who made these devices so useful have asserted claims on the profits that this industry generates.”).

302. And those outside the potential market for the goods or services branded by the marks will also form usable associations with the terms.

made investments in product quality that attracted both initial and repeat sales.³⁰³ Nor is it free riding to profit off of brand-indifferent consumers who happen to pick an EAGLE widget. Eagle's advertising promoted the product category as a spillover to its advertising of EAGLE widgets, and its competitors will also share in the pool of these brand-indifferent customers in proportion to their market share.³⁰⁴

The problem comes if Eagle were able to gain control over widget signifiers as a trademark, as by, say, obtaining a trademark over the term "widget."³⁰⁵ Now we have the potential for free riding. To be sure, some consumers with a brand preference for EAGLE might use "widget" to identify the product. That is not the free-riding issue. The free-riding problem is with regard to consumers without a brand preference who make a product-category association with the term "widget." That effort enables consumers to realize a surplus as a result of other sellers competing to lower the price of widgets—at least where the term "widget" is generic. To the extent the market for widgets generates a return for sellers, the benefits of selling to consumers without a brand preference are spread among all market participants in proportion to their market share. This should roughly reflect the investment in marketing that the sellers made, as their advertising will spill over to promote the product category.³⁰⁶

But if Eagle can capture the sales of any product labeled "widget," then it will free ride off of the consumers' category association by increasing prices and appropriating the consumer surplus that consumers would have enjoyed were "widget" free for all.³⁰⁷

What does trademark law have to say about the issue? The rule against trademarking generic marks does a lot to limit the problem, but it is important to remember that even for non-generic terms, trademark subject matter may simultaneously perform generic and non-generic functions. This is a particularly tricky problem when we consider non-word marks, for which

303. To be sure, Eagle is still appropriating the fruits of consumer associations, but it has made investments to create them, and consumers in the aggregate benefit from this appropriation in the form of a reduced cognitive load in knowing whether they can rely on the information embodied by the EAGLE mark.

304. See *supra* notes 265–273 and accompanying text.

305. Of course, it cannot because of the genericism doctrine, but hold that thought for now.

306. See *supra* notes 265–273 and accompanying text.

307. To be sure, the returns would not be monopolistic, as some consumers would use other market-category signifiers to allow for market competition. The effect described here still distorts the competitive marketplace, allowing for a supra-competitive return for the markholder.

courts have a less-well developed language for distinguishing category- from brand-identifying content. The landmark *Taco Cabana* case, which establishes that trade dress can be inherently distinctive, illustrates the problem.³⁰⁸

The plaintiff restaurant, Taco Cabana, claimed the following design and decor features as its trade dress:

a festive eating atmosphere having interior dining and patio areas decorated with artifacts, bright colors, paintings and murals. The patio includes interior and exterior areas with the interior patio capable of being sealed off from the outside patio by overhead garage doors. The stepped exterior of the building is a festive and vivid color scheme using top border paint and neon stripes. Bright awnings and umbrellas continue the theme.³⁰⁹

Taco Cabana sued Two Pesos, claiming that its design infringed the Taco Cabana trade dress.³¹⁰ When reading the list of claimed features above, you might have noticed that no specific color is claimed. Trial exhibit pictures of the competing restaurant exteriors show them to be different colors, offering a plausible explanation for the omission.³¹¹

The Supreme Court ruled that trade dress can be inherently distinctive.³¹² That is, one claiming protection in inherently distinctive trade dress (that functions as product packaging and not product design)³¹³ need not establish that consumers actually see the features as performing a trademark function. Among the reasons offered by the Court was the fear that competitors might free ride by appropriating attractive trade dress before a seller could establish secondary meaning.³¹⁴

But the opinion simultaneously opened the door to free riding on consumer associations by trademark holders. Let's consider again the claimed trade dress features:

308. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992).

309. *Id.* at 765 (quoting *Taco Cabana Int'l, Inc. v. Two Pesos, Inc.*, 932 F.2d 1113, 1117 (5th Cir. 1991), *aff'd sub nom.* *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992)).

310. *Id.*

311. *Two Pesos v. Cabana*, CORNELL UNIV. L. SCH. SOC. SCI. & L., https://courses2.cit.cornell.edu/sociallaw/student_projects/Tradedresspage2.html (last visited Dec. 1, 2023) (displaying photos of Taco Cabana and Two Pesos from the case exhibits).

312. *Two Pesos*, 505 U.S. at 767.

313. This is a gloss later applied by the *Wal-Mart* case. *See supra* note 277 and accompanying text.

314. *Two Pesos*, 505 U.S. at 775 (“Denying protection for inherently distinctive nonfunctional trade dress until after secondary meaning has been established would allow a competitor, which has not adopted a distinctive trade dress of its own, to appropriate the originator’s dress in other markets and to deter the originator from expanding into and competing in these areas.”).

a festive eating atmosphere having interior dining and patio areas decorated with artifacts, bright colors, paintings and murals. The patio includes interior and exterior areas with the interior patio capable of being sealed off from the outside patio by overhead garage doors. The stepped exterior of the building is a festive and vivid color scheme using top border paint and neon stripes. Bright awnings and umbrellas continue the theme.³¹⁵

These attributes may be typical of any number of restaurants. In particular, they seem characteristic of restaurants appealing to families with small children. This raises the specter of functionality—the principle that functional matter may not be trademarked lest protection interfere with competition.³¹⁶ In this case, however, the jury found that the trade dress was not functional.³¹⁷

Even assuming the jury to be correct, consumers may nonetheless use the disputed design features to identify the kind of restaurant they want to patronize (one with “a festive eating atmosphere having interior dining and patio areas decorated with artifacts, bright colors, paintings and murals” and so forth). It is certainly as plausible that is true as it is that customers use the features to identify Taco Cabana out of the class of restaurants that could satisfy this want. We can say so because the jury found that the Taco Cabana had *not* established secondary meaning with local consumers notwithstanding its purported inherent distinctiveness.³¹⁸ To the extent consumers were using the features to identify a product category, Taco Cabana was seeking to appropriate the value of these associations for itself. If it had its way, consumers relying on the trade dress as a category identifier could only use the protected features to patronize Taco Cabana even if they were actually indifferent to the brand. Once again, this sounds like an argument from the perspective of competition, but it underscores that competition rests on the activities of *consumers* as well as those of *competitors*.³¹⁹

As discussed above, *Wal-Mart* limits *Two Pesos* a bit by holding that product design trade dress can never be inherently distinctive;³²⁰ it must achieve secondary meaning before it can be protected as a mark. This rule mitigates

315. *Id.* at 765 (quoting *Taco Cabana Int'l, Inc. v. Two Pesos, Inc.*, 932 F.2d 1113, 1117 (5th Cir. 1991)).

316. *See supra* notes 131–140 and accompanying text.

317. *Two Pesos*, 505 U.S. at 766.

318. *Id.*

319. The above also likely sounds like an argument that the trade dress was generic, and certainly I am making an argument sounding similar policy notes to those justifying the genericism doctrine. There is, however, a difference between trademark subject matter being generic as a categorical matter, and its being used generically. This distinction is explored in greater detail below. *See infra* notes 332–347 and accompanying text.

320. *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 216 (2000).

but by no means resolves the issue of free riding on consumer category associations. Recall that the secondary meaning inquiry is not demanding, and would-be trademark holders may rely on circumstantial evidence to establish its existence.³²¹ Product design may therefore achieve secondary meaning even in situations where a majority of the product's customers use the design as a category and not a source identifier.³²²

Consider *Groeneveld Transport Efficiency, Inc. v. Lubecore International, Inc.*,³²³ which concerned infringement allegations surrounding the trade dress of grease pumps. Notwithstanding *Wal-Mart*, the plaintiff convinced a jury that the design (independent of clearly distinct labeling) had acquired distinctiveness.³²⁴ This sets up the free-riding problem. Assuming arguendo that *some* consumers make primary source identifications with the pictured grease pump, what of those that do not? What of those who simply are customers for generic grease pumps that “look like that”? Had the plaintiff succeeded—and keep in mind it won with the jury³²⁵—it would have exacted unearned sales from these buyers.³²⁶

In *Groeneveld*, the functionality doctrine was the last line of defense against plaintiff free riding off of consumer category-associations, and the defendant prevailed before a divided panel of the Sixth Circuit.³²⁷ The majority concluded that functional considerations shaped the design of the grease pumps, removing it from the realm of protectable subject matter.³²⁸ Nonetheless the functionality doctrine is not attuned to the free-riding problem. The category-

321. See *supra* note 278 and accompanying text.

322. See *supra* note 280 and accompanying text.

323. 730 F.3d 494 (6th Cir. 2013).

324. *Groeneveld Transp. Efficiency, Inc. v. Lubecore Int'l, Inc.*, No. 1:10 CV 702, 2012 WL 1142512, at *1 (N.D. Ohio Apr. 4, 2012), *rev'd*, 730 F.3d 494 (6th Cir. 2013). Images of the grease pumps at issue may be found in *Groeneveld*, 730 F.3d at 501.

325. Along with damages of \$1,225,000.00. *Id.*

326. It is no answer to say that the plaintiff “earned” those sales by creating a product to which consumers made associations unless one takes the radical position that trademark holders have a right to dictate what consumers think and to impose costs on those who thing the “wrong” thing.

327. *Groeneveld*, 730 F.3d at 500.

328. Compare *id.* at 505 (“[A]ll the elements of *Groeneveld*’s pump are there for some practical benefit or reason *Groeneveld* has not presented its pump as in any way the equivalent of an automotive tail fin—a purely ornamental feature that contributes no demonstrable benefit to the operation or efficiency of the designed product.” (approvingly quoting magistrate’s opinion in denying preliminary injunction for plaintiff)), with *id.* at 524 (White, J., dissenting) (“The evidence supports a finding that the pump’s overall configuration was designed to look distinctive in the industry rather than due to functional concerns.”). The appellate court also concluded that confusion was unlikely under the circumstances, notwithstanding the jury verdict to the contrary. *Id.* at 518–19.

identification function discussed here is primarily informational and not utilitarian. Information-signaling subject matter will therefore not always be functional in the manner contemplated by the doctrine. Worse, information considerations may undermine a functionality defense. Trademark holders naturally defend against functionality claims by emphasizing how their designs may embody information insofar as they claim that their product's design is source-identifying for some consumers. The further nuance that the design is *also* category-defining may not be on the court's radar screen.³²⁹

The problem is more acute in the realm of so-called "aesthetic functionality," as courts are reluctant to recognize and apply the doctrine in favor of defendants.³³⁰ As noted above, concern about free riding plays a significant role in this reluctance.³³¹ But the potential for trademark holder free riding on consumer category associations is particularly strong in this realm.

To illustrate, let us return to the *Louboutin* case. The earlier discussion considered the importance of the contested subject matter (the red color) as a category signifier due to the activities of *sellers*.³³² Both Louboutin and the defendant YSL may promote the color red as a product attribute as well as a category attribute. But it's worth noting that the color red's salience as a category identifier can also be a bottom-up phenomenon. That is to say, red may be "in" for reasons having nothing to do with a hypothetical Anna-Wintour figure picking a color in a *Devil Wears Prada* meeting room.³³³ Sometimes things just bubble up in pop culture and consumers may then appropriate that subject matter as a tool to minimize search costs for product categories ("There are so many shoes, I want something . . . red.") and not particular brands ("Where can I find a red LOUBOUTIN?").

In *Louboutin*, the plaintiff sought to appropriate this effort for itself. Though it ultimately failed, the Second Circuit balked at using functionality theory to stop it, preferring instead to rely on a "good-for-this-ride-only"

329. For example, the dissent in *Groeneveld* argues that the evidence "supports a finding that the pump's overall configuration was designed to look distinctive in the industry rather than due to functional concerns." *Id.* at 524 (White, J., dissenting). The argument is made to rebut the claim that the design was functional. It does not, grapple with the prospect that the features are not also generic or have failed to acquire secondary meaning. This is not a criticism of the dissent. Of course, a functionality analysis considers functionality issues, but it shows how concerns of category identification may be lost in the sorting of claims into their doctrinal boxes.

330. See *supra* notes 137–140 and accompanying text.

331. See *supra* notes 139–140 and accompanying text.

332. See *supra* notes 286–291 and accompanying text.

333. See Movieclips, *The Devil Wears Prada (3/5) Movie CLIP - Stuff (2006) HD*, YOUTUBE (Jun 18, 2015), <https://www.youtube.com/watch?v=Ja2fgquYTCg>.

theory of trademark use,³³⁴ which highlights the gap in trademark law for effective responses to this kind of trademark holder free riding.

The problem of free riding on consumer category associations exists even in “easy” cases in which trademark doctrine has no doubt that the subject matter is protectable. To use an example I’ve written about before,³³⁵ consider *TYLENOL*. The mark denotes a particular—likely famous—brand of acetaminophen.³³⁶ Acetaminophen is sold under other brand names, typically as a store pharmacy brand,³³⁷ but the *TYLENOL* mark is strong enough to command a price premium. Some claim this premium is a byproduct of the brand’s reputation for quality,³³⁸ but it is—in my view anyway—more likely the byproduct of consumer inertia fed by attention-conserving shortcuts like the availability heuristic.³³⁹

These heuristics, in turn, form category associations. *TYLENOL* is a brand of pain reliever, yes, but it is also—for many consumers—a category signifier for acetaminophen. The two uses coexist to some extent. My wife can ask me for a “Tylenol” when both of us know that what she wants is an acetaminophen tablet (two if I happen to be rambling about trademark law) without regard to whether it is actually *TYLENOL*.³⁴⁰ But our local Walgreens cannot market its acetaminophen as *TYLENOL*, allowing the brand to free ride on consumer category associations and charge higher prices as a result. Trademark doctrine is fine with this.

The harder questions arise when the sellers of generic drugs seek to use the category-identification features of well-known marks. So it is that the CVS store brand can invite consumers to “compare to the active ingredient of Extra Strength Tylenol.”³⁴¹ Courts generally see nominative uses like these as not

334. *Christian Louboutin S.A. v. Yves Saint Laurent Am. Holdings, Inc.*, 696 F.3d 206, 228 (2d Cir. 2012).

335. Grynberg, *supra* note 10, at 104–07.

336. *Frequently Asked Questions*, *TYLENOL*, <https://www.tylenol.com/safety-dosing/fdq#what-is-the-active-ingredient-in-tylenol-sup-class-d-inline-sup> (last visited Dec. 1, 2023).

337. *See, e.g., CVS Health Extra Strength Acetaminophen Pain Reliever & Fever Reducer 500 MG Caplets*, CVS, <https://www.cvs.com/shop/cvs-health-extra-strength-acetaminophen-pain-reliever-fever-reducer-500-mg-caplets-prodid-686584> (last visited Dec. 1, 2023).

338. William M. Landes & Richard A. Posner, *Trademark Law: An Economic Perspective*, 30 J.L. & ECON. 265, 275 (1987) (“The fact that two goods have the same chemical formula does not make them of equal quality to even the most coolly rational consumer.”).

339. That is, we tend to give greater significance to information that readily comes to mind. *See* Amos Tversky & Daniel Kahneman, *Judgment Under Uncertainty: Heuristics and Biases*, 185 SCI. 1124, 1130 (1974).

340. Though our twelve-year-old, unversed in the ways of generic drugs, would look in our pantry and report back that we don’t have any.

341. *See supra* note 337.

infringing.³⁴² Likewise, comparative advertising reaches not only customers of the compared product, but also takes advantage of the category-identifying attributes of their mark.

In a similar vein, those selling generic versions of brand-name drugs often use aspects of the leading brand's trade dress. Here, too, the effort can be seen as using (and, to be fair, developing and reinforcing) consumer category-identifying associations (e.g., "a pain reliever with a red and white color scheme on the box is the same drug category as TYLENOL"). Though the practice is accepted, the precise doctrine that makes it safe is less clear.³⁴³

The doctrine is less well-settled as to free riding on consumer category associations online. A consumer typing "tylenol" into a search bar may be looking for information about the brand name or about acetaminophen (which is hard to spell).³⁴⁴ For a time, broad assertions of online infringement claims threatened to allow trademark holders to appropriate the latter class of consumer searches for themselves.³⁴⁵ While courts seem to be making peace with the practice,³⁴⁶ one can sometimes detect the held judicial nose,³⁴⁷ and progress is not uniform.³⁴⁸ In many cases, part of the problem is that the defendants look like free riders, but in actuality the free riding is reciprocal.

Though free riding on category associations is free riding, we are far afield of the kinds of activities that formed our distant ancestors' moral wiring. That trademark law lacks a vocabulary to describe it is therefore unsurprising.

Summary. Consumer category associations may not take much effort to form, but the process and its outputs belong to us, not the trademark holders. We should therefore be free to deploy category associations to our own ends. They should not be parasitized to steer us to suboptimal purchases.

Trademark law has a variety of tools that *could* be used to protect our associations from trademark holder free riding, but they are not consistently deployed to this end. This is unsurprising, as these doctrines are not calibrated

342. See, e.g., Michael Grynberg, *Things Are Worse Than We Think: Trademark Defenses in a "Formalist" Age*, 24 BERKELEY TECH. L.J. 897, 956–61 (2009).

343. See 4 MCCARTHY, *supra* note 62, § 23:53; Conopco, Inc. v. May Dept. Stores Co., 46 F.3d 1556, 1568 (Fed. Cir. 1994); Am. Home Prods. Corp. v. Barr Labs., Inc., 656 F. Supp. 1058, 1068 (D.N.J. 1987), *aff'd*, 834 F.2d 368 (3d Cir. 1987).

344. Grynberg, *supra* note 10, at 104–07.

345. *Id.*

346. See, e.g., Multi Time Mach., Inc. v. Amazon.com, Inc., 804 F.3d 930 (9th Cir. 2015).

347. Toyota Motor Sales, U.S.A., Inc. v. Tabari, 610 F.3d 1171, 1185–86 (9th Cir. 2010) (Fernandez, J., concurring).

348. See, e.g., Select Comfort Corp. v. Baxter, 996 F.3d 925 (8th Cir. 2021); Adidas Am., Inc. v. Skechers USA, Inc., 890 F.3d 747, 756 (9th Cir. 2018).

to the issue, and trademark law lacks a moral vocabulary to even describe the problem.

IV. RECOMMENDATIONS

So, what can be done about all this trademark holder free riding?

Admitting we have a problem. The primary argument of this Article is for recognizing the existence and consequences of trademark holder free riding to trademark law. Judges are people. Like all of us, they have moral instincts that activate when someone seems to be trying to get something for nothing. Trademark law recognizes this instinct in a variety of ways when considering the actions of trademark defendants. Unfortunately, there is no parallel recognition of the flip side of the coin—that those who seek or assert trademark rights might also free ride.³⁴⁹

To be sure, judges still know free riding when they see it, and the above discussion reflects various situations where adjudicators do indeed seek to stop markholder free riding. But they often struggle to find reasons grounded in doctrine.³⁵⁰ Being able to name the problem to be solved is an important step to filling these gaps in the law.

More generally, several doctrinal tweaks to trademark law would limit some trademark free riding.

Acquired distinctiveness should matter more. The first change would be to elevate the importance of acquired trademark distinctiveness. A common theme surrounding trademark holder free riding is the use and abuse of the concept of trademark “strength.”³⁵¹ Trademark law looks at strength from two perspectives. A mark can be “conceptually” strong or weak, based on its placement on the spectrum of distinctiveness.³⁵² Or it can be strong or weak based on how much consumers actually use the mark as a source identifier.³⁵³

The potential for trademark holder free riding is especially acute with marks that qualify for protection as a conceptual matter but are weak from the perspective of acquired distinctiveness. The problem is particularly stark in efforts to free ride off of popular culture in merchandising situations,³⁵⁴ but it

349. Cf. Grynberg, *supra* note 10, at 75 (discussing consequences of unbalanced storylines in trademark law).

350. See Grynberg, *supra* note 115, at 54–60.

351. See *supra* notes 87–104 and 251–257 and accompanying text.

352. See *supra* notes 89, 238.

353. 2 MCCARTHY, *supra* note 62, § 11:73.

354. See *supra* Section III.B.

also appears when trademark plaintiffs seek to free ride off of category-promotion activities of sellers³⁵⁵ and category identification by consumers.³⁵⁶

In many of these cases, the problem with markholder behavior can be said to be one of desert. The markholder seeks a reward incommensurate to its effort. In many such cases, the limited acquired distinctiveness of the mark is an indicium of this mismatch, as when Taco Cabana successfully claimed generic restaurant décor features that lacked actual consumer identification, but were nonetheless deemed inherently distinctive.³⁵⁷

The imbalance can be corrected in part by requiring secondary meaning—proof that the trademark subject matter is actually performing a source-identifying function. The Supreme Court opinion in *Wal-Mart* makes this move by requiring that all product design establish secondary meaning if it is to obtain trademark protection.³⁵⁸ But the principle, and the problem of trademark holder free riding, counsels that trademark doctrine go further. Trademark law should consider requiring *heightened* levels of secondary meaning when trademark subject matter is particularly likely to be the subject of markholder free riding.

Dilution law is an example of this approach. Federal dilution doctrine gives extra rights to “famous” marks by protecting them against uses by defendants that threaten to “blur” or “tarnish” them.³⁵⁹ Their owners may target conduct that is *unlikely* to cause confusion but is nonetheless deemed harmful to their marks.³⁶⁰

Dilution doctrine has long struggled to ground itself in a story remotely resembling the promotion of consumer interests,³⁶¹ and the statute may be most easily understood as an anti-free-riding measure. Once marks have achieved a certain level of fame, the doctrine proclaims that it is simply wrong for any other sellers to bask in the unearned aura of those terms.³⁶²

A famous mark is one that “is widely recognized by the general consuming public of the United States.”³⁶³ This requirement does two kinds of work from an anti-free-riding perspective. First, by requiring fame, dilution law ensures that only marks with substantial acquired distinctiveness—those whose

355. See *supra* Section III.D.

356. See *supra* Section III.E.

357. See *supra* notes 308-319 and accompanying text.

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

359. 15 U.S.C. § 1125(c).

360. *Id.* (providing that dilution cause of action exists “regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury”).

361. See *supra* notes 122-128 and accompanying text.

362. *Id.*

363. 15 U.S.C. § 1125(c)(2)(A).

owners have developed the most goodwill—receive the heightened level of protection. Second, the fame requirement identifies a class of marks whose appropriation by third parties is most suspect from an anti-free-riding perspective. When a mark strongly identifies a particular famous brand, the inference that the selection of a similar mark is an attempt to free ride on the mark's reflected glow is strongest.³⁶⁴

None of this is to endorse dilution law, which makes a mockery of trademark law's consumer-protection goals. That said, dilution doctrine's use of fame as a limiting principle offers lessons. Requiring fame, or something like it, has the potential to limit trademark holder free riding and identify situations in which a defendant's use of a mark is more likely to be brand-, rather than category-, identifying.³⁶⁵ Fame is not the only possible step up from simple acquired distinctiveness, and there are examples of courts demanding heightened acquired distinctiveness that is more than secondary meaning, but something less than the fame demanded of dilution protection.³⁶⁶

This is not the only article to suggest increasing the prominence of the acquired distinctiveness inquiry in trademark law.³⁶⁷ Nor is the argument without critics. Jeanne Fromer argues that reformers should resist the move in part because of the disproportionate impact that would be borne by comparatively small sellers.³⁶⁸ Her concern echoes that of the Supreme Court in *Two Pesos*, which warned that requiring secondary meaning for trade dress would have an anti-competitive effect on small businesses that might seek to expand to other markets.³⁶⁹

364. To be sure, there may be other explanations, and the defenses to the dilution cause of action go some way to accommodating uses that reflect the defendant's intent to contribute their own work to the trademark subject matter. 15 U.S.C. § 1125(c)(3) (setting forth exclusions for fair uses, comparative advertising, news reporting and commentary, and noncommercial uses).

365. Which is what effective branding practices call for. ROMANIUK & SHARP, *supra* note 268, at 92.

366. *See, e.g.*, Grupo Gigante SA De CV v. Dallo & Co., 391 F.3d 1088, 1098 (9th Cir. 2004).

367. Jeanne C. Fromer, *Against Secondary Meaning*, 98 NOTRE DAME L. REV. 211, 214 n.16 (2022) (citing examples).

368. *Id.* at 230 (“[M]aking secondary meaning harder to establish to right trademark's balance would aggravate trademark law's competitive equity, by creating barriers to entry and competition for less deep-pocketed businesses.”).

369. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 775 (1992) (“Denying protection for inherently distinctive nonfunctional trade dress until after secondary meaning has been established would allow a competitor, which has not adopted a distinctive trade dress of its own, to appropriate the originator's dress in other markets and to deter the originator from expanding into and competing in these areas.”).

To my mind, the argument distracts from what should be the central question in secondary meaning cases: is protection of the claimed mark appropriate? Protecting bad marks—whether because they fail to function effectively as marks or because they impede competition—harms consumers, full stop. But if a mark performs the trademark function effectively without imposing costs on consumers, protection is appropriate.³⁷⁰ Whatever our concern for small sellers, trademark law should hesitate before asking consumers to subsidize them.

As for inter-seller equity concerns, trademark law is not the place to address them. Yes, well-capitalized sellers are more likely to develop secondary meaning with the consuming public, but this argument proves too much. Their advantage extends to matters beyond the fate of conceptually weak trademarks. Beyond the ability to buy a lot of advertising, these sellers are also better positioned to put their goods before the consumer for sale (e.g., by securing product placement deals with major distributors). In other words, the mental and physical availability of brands that together drive market share strongly benefit from seller resources regardless of whether they select strong or weak marks.³⁷¹ Even assuming *arguendo* that trademark law should care about all these gaps, playing with the secondary meaning requirement leaves too much undone.

Likewise, large sellers have another powerful head start insofar as their resources enable economies of scale in the production of goods: enabling lower unit costs and the ability to offer lower prices. This is generally an accepted fact of life in competition; should it be a consideration for trademark policy? We are now far afield from the twin goals of “protect[ing] the public so it may be confident that, in purchasing a product . . . it will get the product which it asks for and wants to get” and protecting sellers’ “energy, time, and money in presenting to the public the product . . . from . . . misappropriation by pirates and cheats” that animated the passage of the Lanham Act.³⁷²

370. To be sure, these choices must be made in the aggregate. Protection of a fanciful mark prevents a third party from using it in a manner that might lower search costs for the copyist’s customers. But when a mark is effective at the job of lowering consumer search costs, trademark law assumes that the benefits of protection outweigh such costs. Grynberg, *supra* note 10, at 89–90.

371. ROMANIUK & SHARP, *supra* note 268, at 11 (defining mental availability as “the propensity for the brand to be thought of in buying situations” and physical availability as “how easy the brand is to buy and find”). Though the selection of a weak mark with features that are commonly used in the market will naturally frustrate the development of mental availability. *See id.* at 92; *supra* notes 268–273 and accompanying text.

372. S. REP. NO. 79-1333, at 3 (1946).

In short, if there are redistributivist considerations for reallocating resources from large to small sellers, they are properly addressed by public policies designed to ameliorate that wealth gap, not by incentivizing the selection of bad marks.

What then of the concern, identified by *Two Pesos*, of lurking predatory large sellers ready to pounce on effective non-word marks identified by unsuspecting small sellers?³⁷³ As long as the reverse confusion cause of action exists³⁷⁴—and though the proposal here might weaken the theory, it would not eliminate it—such sellers are playing a dangerous game. More importantly, however, given the incentives of marketers to engage in brand rather than category, promotion, it is the well-capitalized sellers (with marketing departments to complement their legal ones) who are most likely to avoid this problem by focusing on selecting marks that do not require secondary meaning. And, to the extent product design is at issue, that kind of protection should be reserved for unusual cases in any event.

On the flip side, small sellers with compelling buildout strategies that would lead to secondary meaning should be able to secure financing that would both make up for their small size and obviate the need for trademark subsidies. If, by contrast, the intent is to stay small, developing secondary meaning for only a limited area, the concern about larger company “scooping” seems less pronounced.

“*Conceptual distance.*”³⁷⁵ Requiring a greater showing of acquired distinctiveness is one possible solution to the problem presented by marks with limited inherent distinctiveness. We might attack the problem from the other direction and raise the threshold for declaring a mark inherently distinctive.

Doing so would address situations in which a mark is deemed suggestive, and thus inherently distinctive, despite having descriptive properties. Responding to the issue, some have suggested eliminating the category of suggestive marks in order to ensure the availability of useful terms in the marketplace.³⁷⁶ To my mind, it seems likely that courts would balk at denying protection to marks that swim in the arbitrary side of the suggestive pool.

373. *Two Pesos*, 505 U.S. at 775 (“Denying protection for inherently distinctive nonfunctional trade dress until after secondary meaning has been established would allow a competitor . . . to appropriate the originator’s dress in other markets and to deter the originator from expanding into and competing in these areas.”).

374. See *supra* notes 223–226 and accompanying text.

375. Fromer, *supra* note 367, at 250.

376. Jake Linford, *The False Dichotomy Between Suggestive and Descriptive Trademarks*, 76 OHIO ST. L.J. 1367, 1367 (2015) (“A suggestive mark, like a descriptive mark, should be protected only upon a showing that the mark has developed source significance in the minds of consumers.”).

There appears little to be gained by parsing whether SAFARI deserves protection for a web browser, and the selection of words with positive connotations will naturally open the door to possible claims of suggestiveness where no competitive threat is raised. The world can survive the existence of PENGUIN refrigerators.

That still leaves the costs imposed by marks like SMART SYNC.³⁷⁷ Courts should be more sensitive to the dangers of protecting marks on the descriptive side of the suggestive pool, either by demanding more of such marks before they receive protection, or by refusing to give them a broad scope in infringement litigation.³⁷⁸ As Judge Leval recently observed:

Although the suggestive category is higher than the descriptive category because a descriptive association between mark and product is more direct than a suggestive association, it does not necessarily follow that every suggestive mark is stronger than every descriptive mark. If the suggestion conveyed by a suggestive mark conjures up an essential or important aspect of the product, while the description conveyed by a descriptive mark refers to a relatively trivial or insignificant aspect of the product, the particular suggestive mark could be deemed weaker than the descriptive.³⁷⁹

In other cases, the problem is that trademark law does not have an effective vocabulary for marks that are not distinctive, but not because of their placement on the *Abercrombie* spectrum of distinctiveness.³⁸⁰ The new interest in failure-to-function arguments may be spurring development of this vocabulary.³⁸¹ In earlier work, I've suggested that the clarifying principle would be to view trademarks to the maximum extent possible as "empty vessels."³⁸² The more market-relevant content they contain, the less likely they are to function as trademarks.³⁸³ Relevance is not exhausted by description.³⁸⁴

377. See *supra* notes 239–260 and accompanying text.

378. Cf. Fromer, *supra* note 367, at 249–50 (“The primary meaning of a term can be used to gauge protectability by assessing its conceptual relatedness to the goods or services for which it is used. When that relatedness is too high, the term should not be protectable as a trademark.”).

379. *RiseandShine Corp. v. PepsiCo, Inc.*, 41 F.4th 112, 122 (2d Cir. 2022).

380. See *supra* notes 89, 238.

381. See *supra* notes 174–180 and accompanying text.

382. Michael Grynberg, *A Trademark Defense of the Disparagement Bar*, 126 YALE L.J.F. 178, 183–87 (2016), https://www.yalelawjournal.org/pdf/Grynbergfinal_v1ewcdva.pdf.

383. *Id.*

384. As reflected by the PTO’s treatment of informational matter. TMEP § 1202.04 (Nov. 2023) (“Slogans and other terms that are merely informational in nature, or common laudatory phrases or statements that would ordinarily be used in business or in the particular trade or

There are other ways of expressing the same idea. As discussed above, the PTO is making increasing use of failure-to-function analysis in assessing the semantic meaning of marks seeking registration.³⁸⁵ Although the emerging administrative case law has been criticized for its unpredictability,³⁸⁶ it needs breathing space to develop. The most important thing for the courts—in this case various panels of the Federal Circuit—to do is to give trademark examiners and the TTAB room to develop rules and standards to screen terms that fail to perform the trademark function effectively.³⁸⁷

V. CONCLUSION

Trademark law would do well to discard the language of free riding. The question of what promotes the consumer welfare, facilitates the free flow of accurate information throughout society, and preserves values of democracy and free expression is largely independent of the question of whether someone is reaping without sowing. That said, judgments of this sort are nonetheless natural, and they are going to be part of trademark law for the foreseeable future.³⁸⁸ That's life.

Given that, we should ensure that our perspectives are as complete as possible. Trademark law's self-conscious two-sided nature³⁸⁹ means that its consumer protections are often justifiable in terms of promoting seller interests, and vice versa.³⁹⁰ And there is room to argue that trademark doctrine would be better off focusing on one perspective to the exclusion of the

industry, are not registrable.” (quoting *In re Eagle Crest, Inc.*, 96 USPQ 2d 1227, 1229 (T.T.A.B. 2010)).

385. See, e.g., *In re Snowflake Enters.*, No. 87496454, 2021 WL 2888343 (T.T.A.B. June 24, 2021) (non-precedential) (refusing to register slur on failure-to-function grounds); Cuatrecasas, *supra* note 176, at 1328 (“[A] mark’s semantic meaning and inherent nature have become essential to today’s failure-to-function cases.”); *id.* at 1326.

386. Cuatrecasas, *supra* note 176, at 1316 (“[T]he failure-to-function doctrine [as used by the TTAB] is incoherent. Overall, it lacks clarity. On a more granular level, the doctrine rests on inconsistent multifactor tests whose factors the TTAB adds, subtracts, modifies, reconceptualizes, and weighs differently across cases, giving the USPTO little meaningful criteria by which to decide what marks merit registration.”); see *id.* at 1325–54.

387. See *In re Vox Populi Registry Ltd.*, 25 F.4th 1348, 1351 (Fed. Cir. 2022) (affirming refusal to register .SUCKS and agreeing that “though our court has had limited occasion to address the issue, the source identifier requirement is broader than just whether a proposed mark is generic or descriptive”).

388. See *supra* Part II.

389. See *supra* note 372 and accompanying text.

390. See *James Burrough Ltd. v. Sign of Beekeeper, Inc.*, 540 F.2d 266, 276 (7th Cir. 1976) (“The trademark laws exist not to ‘protect’ trademarks, but . . . to protect the consuming public from confusion, concomitantly protecting the trademark owner’s right to a non-confused public.”).

other.³⁹¹ But no matter which framework a court uses, it needs to have as complete a view of the inquiry as possible and not allow the selected analysis to obscure the issues at hand.

In earlier work, I argued that trademark law's focus on potentially confused consumers overlooks the consequences of trademark litigation for non-confused consumers who might benefit from challenged activities.³⁹² This Article makes a similar move regarding sellers from the perspective of free riding. If free-riding considerations are to be part of trademark law, then they should be applied to trademark holders as well as those they would sue. Doing so would promote consumer interests and open new arguments for trademark reform.

My argument likely runs counter to two common intuitions of trademark reformers. First, we don't like free-riding stories, as we are often arguing against them.³⁹³ But if those stories are inescapable, developing a more nuanced understanding free riding can ameliorate their biasing effect on trademark law. Little good can come by abandoning the playing field.

Second, the proposal that trademark law make greater use of acquired distinctiveness runs afoul of another moral instinct—we dislike laws that seem to disfavor the “little guy.” But limiting trademark's domain by requiring markholders to show they have “earned” certain markets limits rather than expands trademark rights. To do otherwise leaves consumer-promoting gains on the table and open to appropriation by trademark free riders. Letting such free riding occur does nothing to help small actors. In any case, if we were to see protecting the proverbial “little guy” as an overriding value of trademark law, we consumers and citizens would seem to be first in line.

391. Compare, e.g., Grynberg, *supra* note 10, at 117 (arguing that from a consumer perspective, there is no room “for any protection of goodwill except as a function of protecting consumers), with James T. Caleshu, *Trademarks and the “Free Ride” Doctrine*, 16 STAN. L. REV. 736, 741 (1964) (“The principal benefit of the ‘free ride’ analysis is that it permits courts to examine more directly the major interests involved in trademark infringement cases.”).

392. Grynberg, *supra* note 10.

393. See *supra* note 10.