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The Judicial Role in Trademark Law

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THE JUDICIAL ROLE IN TRADEMARK LAW

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Abstract: This article considers the judicial role in developing trademark law. The issue is important because proposals for trademark reform often rest on expansive, but unexamined, conceptions of judicial authority. In thinking about trademark reform, we should broaden our perspective to include considerations of what we want from the law in general. Our answer to the question of what judges applying the Lanham Act should do may vary depending on whether we respond as subjects of trademark law (i.e., as consumers or sellers); as litigants to a trademark action; or as third parties whose focus is not on trademark law, but the general operation of the legal system. Thinking about contested trademark policies in this manner provides an alternative basis for explaining, critiquing, and reforming modern doctrine.

INTRODUCTION

What is the judicial role in developing trademark law? One answer is that it is the same as any other body of law: the principles that guide a judge in administering, say, ERISA also apply to trademark law.

But that's too facile. However seamless law's web,¹ each strand has its nuances. Trademark's begin with being a branch of intellectual property ("IP") law. Trademark law vests private actors with quasi-regulatory power by granting rights in intangible goods (albeit on a theory different from that at work in copyright and patent law).² Judicial management of these powers must accommodate trademark's common law history and its substantial, but incomplete, codification by the Lanham Act.³ That statute, in turn, contains both delegating and non-delegating provisions. Some sections authorize courts to continue developing trademark law; others leave less room for judicial action. Trademark's factual inquiry, moreover, is complicated. To measure "li-

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¹ F.W. Maitland, *A Prologue to a History of English Law*, 14 *LAW Q. REV.* 13, 13 (1898) ("Such is the unity of all history that any one who endeavours to tell a piece of it must feel that his first sentence tears a seamless web.").

² See *infra* notes 246–256 and accompanying text.

³ See 15 U.S.C.A. §§ 1051–1141n (West 2009 & Supp. 2011).

kelihood of confusion,” fact finders must put themselves in the shoes of relevant consumers while accommodating the effect of their own conceptions. Last, the Lanham Act’s administration implicates external bodies of law (e.g., the First Amendment) that require harmonization in a manner sensitive to each doctrine’s respective requirements.⁴ We therefore need more than a general attitude about the judicial role to have much to say about what is appropriate in trademark.

Thinking about trademark-specific issues in conjunction with broader legal concerns is nonetheless worthwhile. Trademark’s expansion has prompted criticism for threatening expressive and consumer interests.⁵ Reform efforts are less likely to succeed without an accurate survey of the scope of judicial authority. Consider the problem of trademark defenses. Even if responsibility for trademark’s expansion falls in part on “activist” judging,⁶ the same judicial energy is not necessarily available to respond to trademark’s growth. In a recent article, I argue that the Lanham Act’s particular mix of delegating and non-delegating language gives judges less room than commonly thought to craft defenses to liability.⁷ Others disagree.⁸ The issue underscores the need for an accurate conception of what judges can and cannot do to develop trademark law. Policy prescriptions directed at judges mean little if they are crafted without regard to the boundaries of judicial discretion. Judges care about more than substantive policy. And if reformers want courts to take their prescriptions seriously, they should too.

The limits of the judicial role in trademark law should also interest those outside trademark and its policy debates. Disputes over statutory interpretation and implementation are unending. Stepping back from these broad arguments to consider how our views play out in a particular area of law may be a useful test of intuitions. Trademark offers fer-

⁴ See *infra* notes 120–130 and accompanying text.

⁵ See, e.g., Glynn S. Lunney, Jr., *Trademark Monopolies*, 48 EMORY L.J. 367, 486–87 (1999) (“[W]e have divorced trademark law from its historical and sensible policy focus on the probability of material confusion, and crafted an overbroad, ill-considered legal regime that serves simply to enrich certain trademark owners at the expense of consumers, the market’s competitive structure, and the public interest more generally.”).

⁶ See, e.g., *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 776 (1992) (Stevens, J., concurring in the judgment) (“I think it is important to recognize that the meaning of the [Lanham Act] text has been transformed by the federal courts over the past few decades.”).

⁷ See Michael Grynberg, *Things Are Worse Than We Think: Trademark Defenses in a “Formalist” Age*, 24 BERKELEY TECH. L.J. 897, 901–02 (2009).

⁸ See Graeme B. Dinwoodie, *Developing Defenses in Trademark Law*, 13 LEWIS & CLARK L. REV. 99, 137 (2009) (“[T]he basic theory of the Lanham Act allows greater common law development of defenses by courts.”).

tile ground for this kind of examination in part because judicial views on the subject, at least at the Supreme Court level, are relatively non-ideological.⁹

What then is the judicial role in trademark's future? It is true that judges always have been, and will continue to be, partners with Congress in shaping the contours of trademark doctrine.¹⁰ But granting the existence of a judicial role leaves the work of mapping its parameters. This article surveys the boundaries in light not only of what we want from trademark law, but from the law in general. Considering trademark law from a perspective outside trademark's substance provides an alternative basis for evaluating recent precedents.

Developing this perspective requires asking whether there is much to say about the proper judicial role independent of one's substantive trademark views. Norms of judicial behavior are contested, but there may be some common ground that may provide guidance in cases where policy considerations are indeterminate. These conceptions may or may not trump the substantive considerations of any given case. To the extent there are tradeoffs between optimal trademark and judicial policy, however, they should still be identified and addressed directly.¹¹

If we want to know what the judicial role in trademark law should be, we must first ask what we want from trademark law. Our answers depend on whether we ask as beneficiaries or subjects of trademark law (i.e., consumers or sellers), litigants in a trademark action, or third par-

⁹ The Supreme Court's recent trademark jurisprudence is unclouded by the political divides that attend some of the justices' methodological debates, and the Court has reached unanimous results in every trademark case it has decided in recent years. *See, e.g.*, *Traffix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 35 (2001); *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 216 (2000). To be sure, the opinions occasionally betray a methodological debate insofar as Justice Antonin Scalia often refrains from joining opinions to the extent that they cite legislative history. *See* *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 114 n.* (2004); *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 420 n.* (2003). Moreover, the generalization is showing signs of breaking down in other areas of IP law. *See* *Bilski v. Kappos*, 130 S. Ct. 3218, 3231–32 (2010) (affirming rejection of patent but dividing 5–4 on the rationale with divide tracking popular conceptions of liberal/conservative divide on court); *cf.* *Costco Wholesale Corp. v. Omega, S.A.*, 131 S. Ct. 565, 565 (2010) (mem.) (affirming the Ninth Circuit on its application of copyright's first-sale doctrine as an equally divided Court).

¹⁰ Graeme Dinwoodie, *The Common Law and Trade Marks in an Age of Statutes*, in *THE COMMON LAW OF INTELLECTUAL PROPERTY: ESSAYS IN HONOUR OF PROFESSOR DAVID VAVER* 331, 333 (Catherine W. Ng, Lionel Bently & Giuseppina D'Agostino eds., 2010) (“[D]espite substantial legislative intervention, both Congress and the Supreme Court appear content that the development of trademark and unfair competition law in the United States remain heavily dependent on common law law-making by the courts.”).

¹¹ *See infra* notes 42–73 and accompanying text.

ties whose attention is on the legal system more generally. These viewpoints correspond with what Part I describes as trademark's substantive, administration, and "system" goals.¹² Part II discusses ways in which trademark's non-substantive goals may explain some of its substantive doctrines.¹³ Consistent with the conception of the judicial role developed in Part I, the partnership between courts and Congress on display in these cases does not open the door to unbounded judicial discretion or extensive rulemaking in the common law style.¹⁴ Part III discusses ways in which current practices undermine administration and system goals.¹⁵ The Conclusion offers suggestions for reform.¹⁶

I. WHAT DO WE WANT FROM TRADEMARK LAW?

This Part distinguishes between trademark's traditional substantive concerns and broader administration and "system" goals. While most analyses of trademark's doctrinal developments focus on substance, consideration of these goals is part of any complete assessment of trademark judging.

A. Trademark's Substance

The natural place to start is with the perspective of the subjects of trademark law: consumers and sellers who are concerned primarily with the law's substance. Trademark law regulates the source identification of goods and services in the marketplace. It does so to protect the interests of consumers and sellers alike.¹⁷ For consumers, trademarks prevent

¹² See *infra* notes 17–89 and accompanying text.

¹³ See *infra* notes 90–164 and accompanying text.

¹⁴ See *infra* notes 90–164 and accompanying text.

¹⁵ See *infra* notes 165–260 and accompanying text.

¹⁶ See *infra* notes 261–271 and accompanying text.

¹⁷ There is some debate about whether trademark is "really" more about the consumer or the seller. Compare, e.g., Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 NOTRE DAME L. REV. 1839, 1840–41 (2007) ("[T]rademark law was not traditionally intended to protect consumers. Instead, trademark law, like all unfair competition law, sought to protect producers from illegitimate diversions of their trade by competitors."), with Robert G. Bone, *Hunting Goodwill: A History of the Concept of Goodwill in Trademark Law*, 86 B.U. L. REV. 547, 561 n.59 (2006) ("The problem with a project like Professor McKenna's is similar to interpreting an Escher print. Everything depends on what one sees as the foreground (protecting consumers or protecting sellers) and what one sees as the background—and both perspectives are necessary to fully appreciate the whole."), and Michael Grynberg, *Trademark Litigation as Consumer Conflict*, 83 N.Y.U. L. REV. 60, 116–17 (2008) (questioning whether protection of goodwill has any legitimate meaning independent of consumer interests). But the standard account is what follows. See *infra* note 19 and accompanying text.

fraud. They ensure that the Pepsi purchaser gets Pepsi and not Coke. Providing a clear signal of source also lowers search costs, reducing the time needed to study product attributes.¹⁸ These consumer advantages also benefit sellers who may invest in developing goodwill with the public without fear that the competition will try to trade on their mark.

The view that trademark law vindicates both buyer and seller interests is old.¹⁹ Despite their shared history, these ends are sometimes incompatible, especially when trademark rights are asserted outside the traditional “passing off” context.²⁰ Judicial efforts to police pre-sale (“initial interest”) confusion,²¹ post-sale confusion,²² merchandising,²³

¹⁸ See, e.g., WILLIAM M. LANDES & RICHARD A. POSNER, *THE ECONOMIC STRUCTURE OF INTELLECTUAL PROPERTY LAW* 166–68 (2003). There are challenges to this happy account. See, e.g., *Smith v. Chanel, Inc.*, 402 F.2d 562, 566–67 (9th Cir. 1968) (summarizing critiques that characterize trademarks as barriers to market entry); Ann Bartow, *Likelihood of Confusion*, 41 *SAN DIEGO L. REV.* 721, 729–38 (2004). But it is nevertheless well rooted in modern case law. See, e.g., *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 163–64 (1995) (“In principle, trademark law, by preventing others from copying a source-identifying mark, ‘reduce[s] the customer’s costs of shopping and making purchasing decisions.’” (quoting I J. MCCARTHY, *MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION* § 2.01[2], at 2–3 (3d ed. 1994))); McKenna, *supra* note 17, at 1844 (“It would be difficult to overstate the level of consensus among commentators that the goal of trademark law is—and always has been—to improve the quality of information in the marketplace and thereby reduce consumer search costs.”).

¹⁹ See S. REP. NO. 79-1333, at 3 (1946), *reprinted in* 1946 U.S.C.C.A.N. 1274, 1274.

The purpose underlying any trade-mark statute is twofold. One is to protect the public so that it may be confident that, in purchasing a product bearing a particular trade-mark which it favorably knows, it will get the product which it asks for and wants to get. Secondly, where the owner of a trade-mark has spent energy, time, and money in presenting to the public the product, he is protected in his investment from its misappropriation by pirates and cheats.

Id.

²⁰ RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 9 cmt. d (1995) (describing the issue in the earliest trademark cases as “whether the defendant had imitated the plaintiff’s mark for the purpose of misrepresenting the defendant’s goods as those of the plaintiff” and explaining that “[t]hese actions eventually evolved into a distinct tort of ‘passing off,’ or ‘unfair competition’ as it came to be known in the United States”).

²¹ Initial interest confusion is confusion that is dispelled before the point of sale (e.g., the customer reaches for a PEPSI thinking it is a COKE, but realizes the difference before making a purchase decision).

²² Post-sale confusion is confusion that is experienced after the purchase is made (e.g., an onlooker sees someone wearing a knock-off ROLEX watch and thinks the wearer has an authentic device).

²³ Some trademark owners claim an exclusive right to market products in which the trademark is the product and not primarily a source identifier (e.g., a BOSTON RED SOX cap).

or mistaken perceptions of approval²⁴ provoke debate over whether protection of seller goodwill comes at the expense of consumer interests. These arguments tend to concern whether novel trademark actions serve trademark's core policies, not whether these policies are valid goals in the first place.²⁵

Trademark's substance also encompasses related interests. Most notably, trademark law is supposed to promote, not undermine, competition.²⁶ It therefore withholds protection from functional product designs, lest a trademark be used to obtain a monopoly on the good.²⁷ Here, too, consumer and seller interests may conflict. Aesthetic or ornamental styles may define product categories such that trademark protection would harm competition—if, for example, the makers of silverware could have exclusive rights to utensils in a baroque style.²⁸ Courts nonetheless fear pushing this principle too far, lest trademark creators refrain from imbuing their marks with distinctive qualities.²⁹

The concern over the availability of competitive alternatives extends to trademarks themselves. Sellers have only limited ability to claim trademarks in descriptive words and cannot receive protection for generic terms.³⁰ Courts applying these rules balance their competition-promoting goals with the prospect that consumers will be deceived if the marks in question are not protected.³¹

²⁴ Several trademark owners have attempted to police uses of their marks where the purported confusion is over whether permission was required for the mark to be depicted (e.g., a requirement that the National Football League approve its marks for use in a fictional depiction of professional football).

²⁵ *But see supra* note 17. In addition, moral considerations sometimes pop up in trademark precedents, but they are not central to modern doctrine. *See* Robert G. Bone, *Enforcement Costs and Trademark Puzzles*, 90 VA. L. REV. 2099, 2108–14 (2004) (outlining moral arguments for trademark protection). The existence of such arguments still underscores the potential instability of using what trademark is “about” to resolve contested questions.

²⁶ S. REP. NO. 79-1333, at 4 (1946), *reprinted in* 1946 U.S.C.C.A.N. 1274, 1275 (“Trademarks, indeed, are the essence of competition, because they make possible a choice between competing articles by enabling the buyer to distinguish one from the other.”).

²⁷ *See* 15 U.S.C. § 1052(e)(5) (2006).

²⁸ *Wallace Int'l Silversmiths, Inc. v. Godinger Silver Art Co.*, 916 F.2d 76, 80–81 (2d Cir. 1990).

²⁹ *See, e.g., Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc.*, 457 F.3d 1062, 1073–74 (9th Cir. 2006) (rejecting claim that trademarks were a functional feature of the defendant's product). This desire is largely external to trademark's traditional rationales and more in keeping with incentive stories of IP. *See infra* notes 249–252 and accompanying text.

³⁰ *See Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9–10 (2d Cir. 1976) (explaining the limitations on generic and descriptive marks).

³¹ *See Grynberg, supra* note 17, at 93–94 (explaining doctrines in which courts balance the effects of challenged practices on confused and nonconfused consumers).

These latter doctrines serve the related goal of ensuring a free flow of information to consumers. Various trademark “fair use” doctrines try to prevent trademark rights from blocking dissemination of information.³² The information in need of protection may be general marketplace information, but it also includes expressive content.³³ Trademark law therefore requires accommodation of free speech principles, presenting another potential spectrum of substantive dispute.³⁴

B. Trademark’s Administration

Our perspective on trademark law’s goals could be narrower and focus on parties to a trademark controversy. Their needs extend beyond the Lanham Act’s requirements to include the efficient and accurate administration of trademark’s protections.³⁵ Of course, efficiency may come at a cost. For example, additional “correct” results at the margin may not be worth the expense of more cases requiring a full trial on the merits.³⁶

Once litigation is joined, the parties will generally want (assuming non-vexatious litigants) prompt disposal of the claims at issue. Here, too, rules that enable resolution on the pleadings or summary judgment may come at the expense of accuracy.

These administrative interests are interwoven with the substance of trademark law. Consider the availability of trademark protection for

³² “Classic” fair use protects the right of competitors to use descriptive words to describe their own products even if someone is using the same word as a trademark. *See* 15 U.S.C. § 1115(b)(4) (2006). “Nominative” fair use is the use of a trademark to refer to the trademark holder. *See* *New Kids on the Block v. News Am. Publ’g, Inc.*, 971 F.2d 302, 307–08 (9th Cir. 1992).

³³ *See infra* notes 122–126 and accompanying text.

³⁴ *See infra* notes 122–126 and accompanying text.

³⁵ *See generally*, e.g., Louis Kaplow, *Rules Versus Standards: An Economic Analysis*, 42 DUKE L.J. 557 (1992); Jon O. Newman, *Rethinking Fairness: Perspectives on the Litigation Process*, 94 YALE L.J. 1643 (1985) (arguing that conceptions of fairness in the legal system should take account of efficiency as well as accuracy).

Efficiency includes clarity of the law. Litigants also have an interest in the law’s stability—that is, in durable precedents rather than case law that is easily distinguishable when convenient for a court. Litigants therefore benefit from rules and standards whose application is predictable *ex ante*. This goal is discussed in greater detail in the next section. *See infra* notes 42–73 and accompanying text.

³⁶ *See generally* Bone, *supra* note 25, at 2101 (arguing that many trademark doctrines may be explained by considering enforcement costs, including the “administrative costs of adjudicating trademark lawsuits and the error costs of over- and under-enforcing trademark rights”); William McGeeveran, *Rethinking Trademark Fair Use*, 94 IOWA L. REV. 49, 115 (2008) (advocating “trademark fair use doctrines that reduce administrative costs while maintaining an acceptable margin of error”).

descriptive terms. Descriptive words may function as trademarks, but protecting descriptive terms may harm competition by removing useful words from the advertising marketplace. Trademark law strikes the balance by allowing descriptive marks if consumers recognize them as designating product source—in other words, if they have acquired “secondary meaning.”³⁷

The onus is on the party who claims the mark to establish that consumers make the necessary association.³⁸ Allowing this showing promotes accuracy (the protection of marks that are performing a trademark function) at the expense of efficiency (the need to develop and test evidence that a court might accept as establishing secondary meaning).³⁹ The factual showing can be avoided, however, if the markholder registers with the Trademark Office and enough time passes for the registration to become incontestable.⁴⁰ This option promotes certainty in mark status at the potential expense of accuracy (because of the prospect that the registration should never have been granted due to an absence of secondary meaning, though that cost is mitigated to the extent that the Trademark Office effectively reviews trademark registrations).⁴¹

³⁷ See, e.g., 15 U.S.C. § 1052(f) (allowing registration, with some exceptions, of marks that have “become distinctive of the applicant’s goods in commerce”); RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 13 (1995) (providing that a nondistinctive mark may be valid if “as a result of its use, prospective purchasers have come to perceive it as a designation that identifies goods [or] services”).

³⁸ See, e.g., *Zatarains, Inc. v. Oak Grove Smokehouse, Inc.*, 698 F.2d 786, 791 (5th Cir. 1983).

³⁹ Cf. Bone, *supra* note 25, at 2129–34 (arguing that allowing inherently distinctive marks to be protected without establishment of secondary meaning reduces enforcement costs).

⁴⁰ 15 U.S.C.A. § 1065 (West 2010 & Supp. 2011); *id.* § 1115(b) (establishing that incontestability of a registered mark is “conclusive evidence of the validity of the registered mark and of the registration of the mark, of the registrant’s ownership of the mark, and of the registrant’s exclusive right to use the registered mark in commerce”). There are also potential efficiency gains from shifting the inquiry to an agency with experience and expertise with trademark, as well as the ability to capture fees from trademark registrants. See generally *id.* § 1051 (setting registration requirements).

⁴¹ *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 205 (1985), ratified this tradeoff, holding that a trademark defendant could not challenge an incontestable mark as invalid due to descriptiveness.

Similar tradeoffs exist with respect to classifying marks that are deemed inherently distinctive, and thus not requiring a showing of secondary meaning. These classifications are made by advertent to a spectrum of distinctiveness, described by *Abercrombie*, 537 F.2d at 9, in which fanciful, arbitrary, and suggestive marks are treated as inherently distinctive. See discussion *infra* note 98. Even if application of the spectrum may produce errors, it has been defended on the basis of the reduction of administrative costs on the whole. See, e.g., Bone, *supra* note 25 at 2133 (“[A] rule conclusively presuming secondary meaning for

C. Trademark as Part of the Legal System

Instead of looking narrowly at the needs of litigants, we might approach trademark at a higher level of generality. Our perspective could be indifferent to substantive trademark policy and concern itself instead with broader issues of statutory interpretation and legal development. This metric is problematic, resting as it does on conflicting underlying assumptions about law.⁴² It is difficult to discuss the judicial role in developing trademark law without engaging in larger debates about the role of the courts. Any list of goals runs the risk of being little more than a declaration of loyalties in some larger (inconclusive) dispute (e.g., realism versus formalism, textualism versus purposivism,

inherently distinctive marks saves substantial litigation costs and is likely to be correct most of the time. Moreover, when it is incorrect, the social costs of the resulting false positive errors should be small.”).

Some have argued that the *Abercrombie* spectrum lacks empirical support. See Thomas R. Lee, Eric D. DeRosia & Glenn L. Christensen, *An Empirical and Consumer Psychology Analysis of Trademark Distinctiveness*, 41 ARIZ. ST. L.J. 1033, 1099 (2009) (arguing that, in fact, “[d]escriptive words stand on equal footing with their suggestive, arbitrary, and fanciful counterparts when it comes to consumer perception of their source indication, and there is no basis for any continuing distinction between [them]”); see *id.* at 1107–08 (arguing that the *Abercrombie* spectrum does not lower administrative costs).

Assuming arguendo that this challenge is correct, it does not necessarily follow that courts should abandon the spectrum. Such a move would significantly alter the substance of trademark law and upend many settled understandings. See *id.* at 1108 (agreeing that lowering the bar to trademark protection would increase the number of applications for trademark registration). For courts to take this step instead of Congress would raise significant issues of accountability and perhaps undermine the coherence of trademark law. These concerns are developed in the next subpart.

⁴² For example, one’s position on the formalist/realist divide may affect views of proper judging. The definitions of these terms are often contested, so for current purposes, formalism is defined as:

A commitment to a set of ideas that more or less includes the following:

1. The law consists (at least in part) of rules that are derived from the linguistic meaning (or semantic content) of authoritative legal texts.
2. Legal rules can be applied to particular facts.
3. Some actions accord with meaningful legal rules; other actions do not.
4. The standard for what constitutes following a rule (or not) can be publicly knowable and the focus of intersubjective agreement.

Lawrence B. Solum, *Legal Theory Lexicon: Formalism and Instrumentalism*, LEGAL THEORY BLOG (Apr. 17, 2011, 10:38 AM), <http://lsolum.typepad.com/legaltheory/2011/04/legal-theory-lexicon-formalism-instrumentalism.html>. Realism refers to the view that the outcomes of cases reaching appellate review are mostly explained by looking to nonlegal factors. Brian Leiter, *American Legal Realism*, in THE BLACKWELL GUIDE TO PHILOSOPHY OF LAW AND LEGAL THEORY 50, 52 (Martin P. Golding & William A. Edmundson eds., 2005) (“In particular, all the Realists endorsed what we may call ‘the Core Claim’ of Realism: in deciding cases, judges respond primarily to the facts of the case, rather than to legal rules and reasons.”).

rules versus standards, etc.).⁴³ There is also the risk that one's substantive commitments will dictate one's chosen approach for moving beyond substantive issues.⁴⁴

Perhaps more can be said. Partisans in these larger arguments of ten endorse similar goals even as they dispute the best means to achieve them. For example, both sides of the statutory interpretation debate on the propriety of using legislative history typically embrace the principle of legislative supremacy.⁴⁵ The issue is in part over which method best minimizes the ability of unelected judges to enact their own preferences into law absent statutory authorization.⁴⁶ Overlapping areas of agreement may soften the edges of other similar debates,⁴⁷ or threaten the coherence of the divides.⁴⁸ At the end of the day, we may share some underlying assumptions about the legal goods we want judges to

⁴³ See Pierre Schlag, *Formalism and Realism in Ruins (Mapping the Logics of Collapse)*, 95 IOWA L. REV. 195, 224 (2010) (“[O]ne can say that contemporary positive law is an admixture in which prescriptions, proscriptions, delegations, formalities, interpretive techniques, and reasoning modes (and much more) by turn mutate and precipitate in all sorts of ways in accordance with the interactive patterns of the formalism vs. realism disputes.”); *id.* at 224–34 (discussing the debate in terms of rules versus standards, formalist versus realist elaboration of legal values, and textualism versus purposivism).

⁴⁴ Obviously this article is vulnerable to that charge. Section III.D.4 argues that attention to accountability concerns would promote, rather than hamper, trademark reform. See *infra* notes 245–260 and accompanying text. Further, the Conclusion unabashedly calls for greater attention to non-substantive trademark goals as a means of promoting substantive trademark reform. See *infra* notes 261–269.

⁴⁵ See *infra* note 53 and accompanying text.

⁴⁶ For example, Professor Schlag charts the debate between textualism and purposivism by listing arguments for either view as superior in constraining judges and providing legitimacy for judicial rulings, see Schlag, *supra* note 43, at 231–34. The chart also includes arguments regarding the goals of giving notice of the law and minimizing decision costs. *Id.*

⁴⁷ See, e.g., John F. Manning, *What Divides Textualists from Purposivists?*, 106 COLUM. L. REV. 70, 75–76 (2006) (conceding that statutory purpose may be relevant to construction); Jonathan T. Molot, *The Rise and Fall of Textualism*, 106 COLUM. L. REV. 1, 35 (2006) (arguing that “[i]n scholarship and case law alike, what one finds is convergence of opinion” and claiming that although traditional purposivism “has largely disappeared and textualist rhetoric has made its way into mainstream judicial opinions[,] . . . even the most committed textualists have openly acknowledged that text can be ambiguous, that judges must read statutes in context, and that statutory purposes merit consideration in at least some cases.”). But see Jonathan R. Siegel, *The Inexorable Radicalization of Textualism*, 158 U. PA. L. REV. 117, 120–22 (2009) (arguing that the divide between textualism and other methodologies will persist as textualists abandon moderating influences).

⁴⁸ Schlag, *supra* note 43, at 235 (“explor[ing] the moves through which the cogency of the formalism vs. realism disputes disintegrates” and claiming that they cannot easily be resolved “by reference to normative and legal virtues such as efficiency, notice, cooperative harmony, rule of law, fairness, transaction cost reduction, human flourishing, and on and on”).

provide or at least some (largely if not universally) common conceptions of inappropriate practice.⁴⁹ If so, we would then have meaningful things to say about the quality of the judicial administration of trademark law independent of our views of underlying substantive disputes and without having to assume (or construct) extreme positions in larger controversies (e.g., statutory interpretation debates over the extent to which law is determinate and autonomous or indeterminate and contextual).⁵⁰ Furthermore, those approaching interpretive questions from conflicting camps may share a tendency to moderate when addressing actual cases.⁵¹

⁴⁹ Brian Tamanaha contends that these shared understandings have always been present and that judges and scholars from the so-called formalist era shared many understandings about the law in common with the legal realists. See generally BRIAN Z. TAMANAHA, *BEYOND THE FORMALIST-REALIST DIVIDE* (2010). He argues that judges have always engaged in a “balanced realism” that “conditions [a] skeptical awareness with the understanding that legal rules nonetheless work . . . and that judges render generally predictable decisions consistent with the law (the rule-bound aspect)” and that the “rule-bound aspect of judging can function reliably notwithstanding the challenges presented by the skepticism-inducing aspect, although this is an achievement that must be earned, is never perfectly achieved, and is never guaranteed.” *Id.* at 6. But see Brian Leiter, *Legal Formalism and Legal Realism: What Is the Issue?*, 16 *LEGAL THEORY* 111 (2010) (arguing that balanced realism is not a widely accepted position and that the formalist/realist division remains relevant).

⁵⁰ Cf., e.g., TAMANAHA, *supra* note 49, at 152 (“Because judicial politics scholars constantly repeat the refrain that judging is political . . . it is hard to sound a genuine alarm when judges truly are deciding in a highly political fashion.”); *id.* at 152–55 (suggesting that judging may be increasingly politicized).

⁵¹ For example, Justice Scalia famously advocates more formalist judicial practices, but he concedes that his opponents are not so different in their outcomes with respect to constitutional interpretation:

It is, I think, the fact that most originalists are faint-hearted and most nonoriginalists are moderate (that is, would not ascribe evolving content to such clear provisions as the requirement that the President be no less than thirty-five years of age) which accounts for the fact that the sharp divergence between the two philosophies does not produce an equivalently sharp divergence in judicial opinions.

Antonin Scalia, *Originalism: The Lesser Evil*, 57 *U. CIN. L. REV.* 849, 862 (1989); see also RICHARD A. POSNER, *HOW JUDGES THINK* 49 (2008) (“Moderate legalists are matched by moderate pragmatists—pragmatists who believe that the institutional consequences of judicial decisions argue for a judicial approach heavily seasoned with respect for the language of contracts, statutes, and precedents.”); Lawrence M. Solan, Response, *Opportunistic Textualism*, 158 *U. PA. L. REV. PENNUMBRA* 225, 232 (2010), <http://www.pennumbra.com/responses/04-2010/Solan.pdf> (arguing that scholars of statutory interpretation agree that “that legislative primacy is an important goal, at least most of the time; just about everyone believes that one should begin with the text of the statute; and just about everyone uses contextual information, even if there is some disagreement about which contextual information is appropriate”).

What follows then is a list of desired, and somewhat overlapping, “system” goals that we might care about when evaluating trademark cases independent of our view of the substantive outcomes. Consistent with the (many) caveats above, it does not purport to be *the* account of system goals in trademark law, but rather an account of considerations relevant to evaluating how judges resolve trademark cases.

Accountability. Accountability concerns are never far from statutory interpretation debates, with general agreement that courts should not undermine the law as enacted by Congress (assuming no constitutional defects). The fight is over what it means to implement Congress’s will—for example, the extent to which evidence of meaning may be found outside statutory text or what constitutes an ambiguous text.⁵² The combatants still agree that Congress is composed of politically accountable actors with constitutionally delegated authority to write statutes.⁵³ Courts, by contrast, struggle with accusations that they make law without democratic accountability, prompting the search for boundaries to judicial discretion that might rebut the charge.⁵⁴ The effort jibes with

⁵² Manning, *supra* note 47, at 110 (“Properly understood, textualism means that in resolving ambiguity, interpreters should give precedence to semantic context (evidence about the way reasonable people use words) rather than policy context (evidence about the way reasonable people would solve problems).”). *But see* Caleb Nelson, *What Is Textualism?*, 91 VA. L. REV. 347, 348 (2005) (“Many textualists do impose more restrictions than the typical intentionalist on the evidence of intent that they are willing to consider, but those restrictions need not reflect any fundamental disagreement about the goals of interpretation.”); *id.* at 356 (“When the evidence that they are willing to consult persuades them that a statute contains such an error, textualist judges are perfectly willing to read the statute as saying what members of the enacting legislature apparently intended it to say.”); *id.* at 351 (“[S]omeone seeking to predict how textualist judges will diverge from intentionalist judges is well-advised to start with the distinction between rules and standards.”).

⁵³ Both textualists and non-textualists argue that theirs is the methodology that honors the primacy of the legislative branch in setting policy. *See* Manning, *supra* note 47, at 91 (“For [purposivists in the legal process tradition], enforcing the overarching policy of a statute rather than the minutiae of its semantic detail better serves legislative supremacy while also promoting the independently valuable aims of policy coherence and adaptability of the law to unforeseen circumstances.”); *id.* at 92 (“Textualists . . . believe that the purposivist approach disregards the central place of legislative compromise . . . [L]egislative supremacy is most meaningfully served by attributing to legislators the understanding that a reasonable person conversant with applicable conventions would attach to the enacted text in context.”).

⁵⁴ *Compare* Antonin Scalia, *The Rule of Law as a Law of Rules*, 56 U. CHI. L. REV. 1175, 1184 (1989) (arguing that textualism and originalism best provide restraining rules for judges), *with* POSNER, *supra* note 51, at 252–53 (arguing that “[j]udges are less likely to be drunk with power if they realize they are exercising discretion than if they think they are just a transmission belt for decisions made elsewhere” and that legalists “smuggle their political preferences into their decisions but seek to deflect blame for any resulting cruelties or absurdities by pleading that the law made them do it”). Posner’s call for candor does not mean, however, that he argues for judges to ignore legal sources. POSNER, *supra*

popular characterizations of the judicial role that echo the mechanical jurisprudence caricature of formalist judging.⁵⁵ None of this rules out incremental judicial development of doctrine in the common law style, but it demands a bounded conception of judicial discretion.

Fidelity. The Lanham Act is the first place to look for boundaries. Because federal trademark law is now statutory, accountability considerations compel courts to apply Lanham Act provisions over directly conflicting dictates from the common law or judicial intuition, limiting the potential for judge-made law.⁵⁶ The ability of judges to engage in the common law development of trademark is therefore limited.⁵⁷ This hardly leaves judges without substantive responsibilities. Statutes may leave gaps⁵⁸ or delegate lawmaking authority to the courts.⁵⁹

Judicial faithfulness to congressional delegation of authority, therefore, does not necessarily mean that courts refrain from engaging in “lawmaking” but rather that they honor the statute’s mix of delegating and non-delegating language.⁶⁰

Transparency. A related concern is that the process and logic by which judges arrive at rulings be intelligible to (and predictable by) outside observers. Such transparency serves the rule of law criteria that

note 51, at 49 (noting that a pragmatic approach is “heavily seasoned with respect for the language of contracts, statutes, and precedents”).

⁵⁵ As the talk of umpires in recent Supreme Court confirmation hearings illustrates. *Cf.* Leiter, *supra* note 49, at 111–12 (distinguishing between sophisticated and vulgar formalism and noting that popular culture adheres to a formalist account of adjudication “as any observer of a Supreme Court confirmation hearing can attest (indeed, one might think the popular culture is the last preserve of Vulgar Formalism!)”).

⁵⁶ *Cf.* Schlag, *supra* note 43, at 230 (“[J]urists and legal commentators generally believe that, in terms of interpretive objects, the text is *primus inter pares*. Correctly or not, they generally understand themselves to be interpreting a text.”).

⁵⁷ See Grynberg, *supra* note 7, at 948–53.

⁵⁸ See Henry J. Friendly, *In Praise of Erie—and of the New Federal Common Law*, 39 N.Y.U. L. REV. 383, 421 (1964) (“[T]he Supreme Court, in the years since *Erie*, has been forging a new centripetal tool incalculably useful to our federal system. It has employed a variety of techniques . . . [including] the normal judicial filling of statutory interstices.”).

⁵⁹ See, e.g., *Leegin Creative Leather Prods., Inc. v. PSKS, Inc.*, 551 U.S. 877, 899 (2007) (“From the beginning the Court has treated the Sherman Act as a common-law statute.”); Pierre N. Leval, *Trademark: Champion of Free Speech*, 27 COLUM. J.L. & ARTS 187, 196–99 (2004) (discussing delegating and micromanaging statutes).

⁶⁰ See Frank H. Easterbrook, *Statutes’ Domains*, 50 U. CHI. L. REV. 533, 546–47 (1983) (“The judicial selection of means to pursue *X* displaces and directly overrides the legislative selection of ways to obtain *X*. It denies to legislatures the choice of creating or withholding gapfilling authority.”).

like cases will be treated alike and that regulated parties will have notice of what is expected of them.⁶¹

For many, this principle means that judges should minimize ad hoc decision making. This is not to say that we must favor rules over standards. But it does mean that the standards have content.⁶²

Coherence. If specific legislative commands fail to bind judicial discretion, limits may be found in the larger legal framework in which a court operates. Courts cannot apply trademark law, or any substantive body of law, without invoking other doctrines, like the law of evidence and civil procedure. More broadly, trademark may conflict with other areas of intellectual property law or constitutional commands like the First Amendment. If Congress fails to foresee and preempt these clashes, courts must police and clarify the boundaries when they start to blur.⁶³

A similar concern, related to the pursuit of transparency, applies to maintaining trademark law's internal coherence. Trademark's multiple interests play out in a variety of implementing doctrines. Part of the judicial role is rationalizing this collection, consistent with the dictates of statutory commands, to make it internally consistent and comprehensible.⁶⁴ Doing so helps produce predictable law by generating judi-

⁶¹ See, e.g., LON L. FULLER, *THE MORALITY OF LAW* 39 (1964) (explaining that an effort to create a system of legal rules fails if rules are unavailable, incomprehensible, or too mutable to be relied upon by regulated parties); Scalia, *supra* note 54, at 1176 ("Statutes that are seen as establishing rules of inadequate clarity or precision are criticized, on that account, as undemocratic—and in the extreme unconstitutional—because they leave too much to be decided by persons other than the people's representatives."); cf., e.g., *United States v. Williams*, 553 U.S. 285, 304 (2008) ("A conviction fails to comport with due process if the statute under which it is obtained fails to provide a person of ordinary intelligence fair notice of what is prohibited, or is so standardless that it authorizes or encourages seriously discriminatory enforcement.").

Insofar as the framing of the issue suggests a formalist tilt, it should be noted that the goal of achieving predictability is widely shared. Leiter, *supra* note 42, at 56 ("[T]he problem for . . . most of the Realists in the [majority] Sociological Wing, wasn't that rules were pointless, but rather that the existing rules were pitched at a level of generality that bore no relation to the fact-specific ways in which courts actually decided cases.").

⁶² Cf. Scalia, *supra* note 54, at 1179 ("Predictability, or as Llewellyn put it, 'reckonability,' is a needful characteristic of any law worthy of the name. There are times when even a bad rule is better than no rule at all.") (quoting KARL N. LLEWELLYN, *THE COMMON LAW TRADITION: DECIDING APPEALS* 17 (1960)).

⁶³ See *infra* notes 120–139 and accompanying text.

⁶⁴ Thomas C. Grey, *The New Formalism* 2 (Stanford Pub. Law & Legal Theory Working Paper Series, Paper No. 4, 1999), available at <http://ssrn.com/abstract=200732>, (describing formalists as "prefer[ing] to treat abstract categories like contract and tort as coherent structures of concepts and principles, rather than as bodies of sublegislation generated in the course of judicial dispute-resolution"); Scalia, *supra* note 54, at 1183 ("It is rare . . . that even the most vague and general text cannot be given some precise, principled content—

cial rulings that are explicable as something more than a series of unconnected ad hoc determinations.⁶⁵

Effectiveness. We also want the law to work, for legislation to secure its intended benefits. To be sure, effectiveness takes us back to contestable questions of substance. It is therefore difficult to employ as a metric for evaluating trademark decisions if one is indifferent to trademark's substantive controversies.

Securing the effectiveness of statutes, moreover, is not necessarily a consensus goal in interpretation debates. To the extent that textualists and non-textualists agree that we should consider the consequences of interpretive strategies, they dispute how best to promote effective laws. Some textualists argue that rigorous enforcement of a statute's textual meaning (independent of considerations of purpose) will spur Congress to enact clearer statutes.⁶⁶ Their opponents view the claim as unrealistic.⁶⁷

and that is indeed the essence of the judicial craft.”). This goal may produce some tension with statutory text, but not inevitably, particularly given that current expositors of textualism concede that text cannot be understood independently of the surrounding context. See Manning, *supra* note 47, at 79 (“In contrast with their ancestors in the ‘plain meaning’ school . . . modern textualists do not believe that it is possible to infer meaning from ‘within the four corners’ of a statute. Rather, they assert that language is intelligible only by virtue of a community’s shared conventions for understanding words in context.”) (footnote omitted).

⁶⁵ See Antonin Scalia, *Assorted Canards of Contemporary Legal Analysis*, 40 CASE W. RES. L. REV. 581, 589 (1990).

Without such a system of binding abstractions, it would be extraordinarily difficult for even a single judicial law-giver to be confident of consistency in his many ad hoc judgments; and it would be utterly impossible to operate a hierarchical judicial system, in which many individual judges are supposed to produce ‘equal’ protection of the laws.

Id.; see also FULLER, *supra* note 61, at 39 (arguing that “a failure to achieve rules at all, so that every issue must be decided on an ad hoc basis” is the “most obvious” way that the “attempt to create and maintain a system of legal rules may miscarry” such that the result is “something that is not properly called a legal system at all”).

⁶⁶ See, e.g., *Finley v. United States*, 490 U.S. 545, 556 (1989) (Scalia, J.) (“What is of paramount importance is that Congress be able to legislate against a background of clear interpretive rules, so that it may know the effect of language it adopts.”).

⁶⁷ Congress may, in light of past practices, enact statutes on the assumption that courts will do what they can to effectuate the intent of Congress. Another problem is the difficulty Congress faces in enacting text that would accommodate unforeseen contingencies in statutory application. William N. Eskridge, Jr., *Textualism, The Unknown Ideal?*, 96 MICH. L. REV. 1509, 1551 (1998) (noting that Congress may not be “institutionally capable of responding to the new textualism by anticipating more issues and resolving them more clearly in statutes”). In addition, requiring Congress to draft rigorously precise language imposes a cost on the legislature that may frustrate its ability to enact statutes. *Id.* at 1550 (“The new textualism would theoretically require more political and technical attention to

A more fundamental dispute concerns how promoting a statute's effectiveness comports with the judiciary's constitutional role.⁶⁸ Advocates of looking beyond statutory text and context to determine statutory meaning argue that courts should not try to thwart lawmaking by excluding pragmatic or policy considerations.⁶⁹ Skeptics of such extra-textual sources counter that a seemingly ineffective statute may be the product of a specific legislative compromise that had suboptimal statutory implementation as its very object.⁷⁰ This dispute quickly returns to questions of accountability. For one side, attempts to make a statute "work" arrogate the lawmaking function to the courts.⁷¹ For the other, purported restraint in interpretation takes advantage of the imperfections of language (insofar as drafters of legislation cannot foresee every contingency) to deprive a legislative coalition of the fruits of its vic-

each bill than do traditional practices, and that phenomenon would diminish Congress's ability to pass statutes."). Indeed, Congress may deliberately craft vague statutes as a means of achieving legislative compromise, delegating implementation to the courts. FRANK B. CROSS, *THE THEORY AND PRACTICE OF STATUTORY INTERPRETATION* 43–45 (2008). This creates a conflicting accountability problem, albeit one directed to Congress rather than the courts. While similar delegations to administrative agencies created a body of law to address the resulting accountability concerns for the agency or the court reviewing it (e.g., the nondelegation doctrine or *Chevron* deference), similar accountability issues are present when courts, which are more insulated than agencies, are the delegate. Margaret H. Lemos, *The Other Delegate: Judicially Administered Statutes and the Nondelegation Doctrine*, 81 S. CAL. L. REV. 405, 448–50 (2008).

⁶⁸ Compare John Manning, *Textualism as a Nondelegation Doctrine*, 97 COLUM. L. REV. 673, 675 (1997) ("[T]extualism functions to preserve the integrity of the legislative process by stripping congressional agents of the authority to resolve vague and ambiguous texts of Congress's own making."), with Molot, *supra* note 47, at 53 ("The creativity that aggressive textualism fosters in judges makes them look less like faithful agents of Congress and more like coequal partners. . . . [It] does not just elevate judges to the status of partners, as aggressive purposivism did. It [turns] them into uncooperative, rather than cooperative, partners.").

⁶⁹ See Molot, *supra* note 47, at 54 ("The more often judges exclude statutory purposes, and try to resolve (or eliminate) statutory ambiguity using textualist tools alone, the more likely it is that legislators' purposes will be frustrated.").

⁷⁰ Manning, *supra* note 47, at 96.

[T]extualists believe that judicial adherence to semantic detail (when clear) is essential if one wishes legislators to be able to strike reliable bargains. . . . I believe that [this] position is easier to square with important features of both constitutionally and congressionally prescribed rules of legislative procedure that demonstrably give political minorities the right to block legislation or to condition their assent upon compromise.

Id.

⁷¹ See Manning, *supra* note 68, at 697 ("[A] court cannot treat [legislative history] as authoritative sources of statutory meaning without offending the bicameralism and presentment requirements prescribed by Article I, Section 7.").

tory⁷² or to introduce needless irrationality to the law's administration when a court is unsympathetic to the statute's purpose.⁷³

Debates about what makes a statute effective cannot be resolved without some consensus about what courts or legislators are trying to maximize. As a result, in trademark cases in which seller and consumer interests conflict (or in which the consumer interest is indeterminate), rulings might favor one view over another without necessarily surrendering a claim to serve the "effectiveness" of trademark law.

D. *Calibrating the Judicial Role*

Once we know what we want from trademark law, we may think about the role of the judiciary in getting it. Heavy judicial involvement may be appropriate in some areas but not others. To take an obvious example, the Lanham Act creates a civil cause of action, so courts must make the factual determinations on which relief is based. Only Congress could establish a federal cause of action in the first place.⁷⁴ In between these extremes the division of labor is harder to perceive. The relative advantages of courts and legislatures in these gray areas are, however, well rehearsed.

Advantages of Adjudication. One of the common law's virtues is said to be that courts decide only the cases before them. Focusing on the

⁷² See Molot, *supra* note 47, at 54 ("[I]f judges portray themselves as Congress's schoolmaster, rather than its servant—trying to influence the manner in which legislators expend their limited legislative resources—at some point these judges will begin to interpret statutes combatively, rather than charitably.").

⁷³ *Id.* at 58 ("But isn't it a faithful agent's duty to assume the best, not the worst, of his principal? To be truly faithful to Congress, and to fulfill their role in the constitutional structure, shouldn't judges respect Congress's purposes and policies as well as the words Congress actually enacts into law?").

⁷⁴ It was not always so clear that only Congress could create the cause of action. *Ston-eridge Inv. Partners, L.L.C. v. Scientific-Atlanta, Inc.*, 552 U.S. 148, 164 (2008) ("Though the rule once may have been otherwise, it is settled that there is an implied cause of action only if the underlying statute can be interpreted to disclose the intent to create one.") (citations omitted). This says nothing about whether a contributory infringement action may be created by the courts. Compare *Central Bank of Denver, N.A. v. First Interstate Bank of Denver, N.A.*, 511 U.S. 164, 182 (1994) (rejecting aiding and abetting suit under § 10(b) of the Securities Exchange Act and stating "when Congress enacts a statute under which a person may sue and recover damages from a private defendant for the defendant's violation of some statutory norm, there is no general presumption that the plaintiff may also sue aiders and abettors"), with *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 854 (1982) ("[I]f a manufacturer or distributor intentionally induces another to infringe a trademark, or if it continues to supply its product to one whom it knows or has reason to know is engaging in trademark infringement, [it] is contributorily responsible for any harm done as a result of the deceit.").

particular allows rules to evolve flexibly, adapting to the specific factual contexts that summon them.⁷⁵ Legislatively created rules (or sweeping judicial holdings) may prove overly broad and ill-suited for unanticipated circumstances.⁷⁶ Legislatures also make drafting mistakes, using language thought to apply to a narrow set of circumstances but actually having wide applicability. Moreover, the limitations of language make ambiguity-free statutes impossible, even in the presence of high levels of drafting skill.⁷⁷

Rules emerging from a common law process may adapt to changing times, depending on the strength of *stare decisis*.⁷⁸ The existence of numerous veto points in the legislative process may make legislative error correction more difficult. The success of a legislative coalition in enacting a rule says nothing about the legislature's ability to revise and correct its rules to adapt to unforeseen consequences of the precise wording of its handiwork. If courts are unable to modify legislative rules (or clean up poorly conceived or drafted provisions), statutes may be ineffective.⁷⁹ Depending on the alignment of social interests, excluding courts from a corrective role may systematically empower some interest groups over others in the legislative process or exacerbate problems created by public choice dynamics.

Advantages of Legislation. We spend comparatively little time worrying about the democratic legitimacy of legislation. In contrast, debates about judicial methodology grapple with the question of whether unelected federal judges set policy without accountability.⁸⁰ Courts that advert to legislative history or policy in an effort to clarify statutory intent therefore face charges of enacting into law rules that have not survived the constitutionally mandated gauntlet of passage in both houses

⁷⁵ See Oliver Wendell Holmes Jr., *Codes, and the Arrangement of the Law*, 5 AM. L. REV. 1, 1 (1870) ("It is the merit of the common law that it decides the case first and determines the principle afterwards.").

⁷⁶ As Frederick Schauer summarizes, "[w]hen there is no actual dispute, so the argument goes, everything is speculation, and speculation that is not rooted in real world events is especially likely to be misguided." Frederick Schauer, *Do Cases Make Bad Law?*, 73 U. CHI. L. REV. 883, 892 (2006).

⁷⁷ CROSS, *supra* note 67, at 43.

⁷⁸ Schauer, *supra* note 76, at 909 ("As long as precedent matters . . . there is an omnipresent possibility that any mistake will be systematically more powerful than any later attempts to correct it.").

⁷⁹ Eskridge, *supra* note 67, at 1548–49 ("[T]he new textualist is less responsive to democratic desires than the faithful agent . . . [who] is a more cooperative partner in the enterprise of statutory interpretation and better reflects the Court's role as a partner with Congress in the process of statutory law elaboration.").

⁸⁰ See *supra* notes 52–55 and accompanying text.

of Congress and presentment to the President. The analogous charge is leveled against judges who purport to find clarity in ambiguous text. The problem is unavoidable, but Congress may at least mitigate it with clear statements of intent enacted into the statute itself.

A legislature is also said to be more capable of calibrating policies to address the needs of the citizenry as a whole.⁸¹ Judges are limited by the specific controversy of the parties before them, limiting their ability to balance broader interests.⁸² A legislature is free to consider any fact or information source. Courts are bound by the record before them and have comparative difficulty acting as a fact-seeking body.⁸³ Moreover, the benefit of a court's focus on the facts before it may be overstated. The primacy of the particular may unduly influence judicial decisions if the urgency of the facts at hand obscures the broader consequences of a requested holding. Resolving the case before the court creates binding precedent even when it is not fairly representative of future analogous situations.⁸⁴ Thus the cliché that hard cases make bad law.⁸⁵

It is reasonable to fear the distorting effect of particular facts in trademark law. First, many disputes are resolved via cease-and-desist letters because lawyer-poor targets elect to avoid testing the strength of their defenses in a courtroom.⁸⁶ Even the well-represented often elect

⁸¹ See, e.g., Kenneth Culp Davis, *An Approach to the Problems of Evidence in the Administrative Process*, 55 HARV. L. REV. 364, 402–03 (1942) (distinguishing legislative and adjudicative facts and noting that “[w]hen an agency wrestles with a question of law or policy, it is acting legislatively, just as judges have created the common law through judicial legislation, and the facts which inform its legislative judgment may conveniently be denominated legislative facts”).

⁸² Cf. *New York v. Ferber*, 458 U.S. 747, 768 (1982) (“By focusing on the factual situation before us, and similar cases necessary for development of a constitutional rule, we face ‘flesh-and-blood’ legal problems with data ‘relevant and adequate to an informed judgment.’”) (footnotes omitted).

⁸³ Indeed, merely considering arguments outside normal sources provokes controversy. Compare, e.g., *Roper v. Simmons*, 543 U.S. 551, 604 (2005) (O’Connor, J., dissenting) (“I disagree with Justice Scalia contention that foreign and international law have no place in our Eighth Amendment jurisprudence. Over the course of nearly half a century, the Court has consistently referred to foreign and international law as relevant to its assessment of evolving standards of decency.”) (internal citation omitted), *with id.* at 622–28 (Scalia, J., dissenting) (attacking use of foreign law).

⁸⁴ Schauer, *supra* note 76, at 894.

⁸⁵ Or easy ones. Cf., e.g., *Burnham v. Superior Court of Cal.*, 495 U.S. 604, 640 n.* (1990) (Stevens, J., concurring in the judgment) (“Perhaps the adage about hard cases making bad law should be revised to cover easy cases.”).

⁸⁶ See generally CHILLING EFFECTS CLEARINGHOUSE, <http://www.chillingeffects.org> (last visited July 16, 2011) (collecting assertions of intellectual property claims).

to play it safe.⁸⁷ When targets choose to push back, trademark plaintiffs may elect to pursue only the most promising cases. Second, trademark litigation is often characterized by an incomplete framing of the interests at stake. While plaintiffs are seen as vindicating the interests of confused consumers, defendants are rarely seen as performing a similar function for the non-confused, even though these consumers often have an interest in the continuation of the defendant's conduct.⁸⁸ Though the public choice literature describes how legislation may reflect an overrepresentation of special interests at the expense of the public at large,⁸⁹ the legislative process does not formally restrict consideration of third-party effects as do the rules of federal litigation.

II. TRADEMARK'S NON-SUBSTANTIVE GOALS AS EXPLANATION

Identifying administration and system goals provides an alternative basis for evaluating developments in trademark doctrine. This Part sets forth examples of developments in trademark law that may be more easily described and justified by looking to trademark law's administration and system goals than its substantive ones. These examples all go beyond basic judicial functions of statutory interpretation or factual adjudication of claims. They still stop short of giving courts general "common law" authority over federal trademark law. The discretion is highly bounded.⁹⁰

⁸⁷ See Kenneth Port, *Trademark Extortion: The End of Trademark Law*, 65 WASH. & LEE L. REV. 585, 589–91 (2008) (observing an increase in trademark case filings with a corresponding *decline* in litigation activity and arguing discrepancy is best explained as "trademark extortion," an effort by mark holders to deter market competitors); *infra* note 231 and accompanying text.

⁸⁸ For an extensive discussion, see generally Grynberg, *supra* note 17.

⁸⁹ This problem has drawn attention in intellectual property in particular. See, e.g., Jessica Litman, *Copyright Legislation and Technological Change*, 68 OR. L. REV. 275, 280–81 (1989) (describing the drafting of copyright statutes as a negotiation between industry interests).

⁹⁰ As noted above, *supra* note 54, one argument made by advocates of pragmatic statutory interpretation is that making policy choices transparent favors restrained judging. The problem with this view in trademark arises when trademark's substantive consumer- and seller-protection goals are at cross purposes. The ability to select between the two undermines the prospect that stating reasons will meaningfully advance predictability in the law. The problem is analogous to the one facing critics of the "propertization" of trademarks. Like it or not, and I do not, the principles used to promote the view that a trademark is akin to a piece of property may be found in trademark's past. See Bone, *supra* note 17, at 553 ("The notion that trademark law protects goodwill from appropriation is not a modern invention. . . . [B]road liability can result from a sincere, if misguided, attempt to apply general principles in a consistent way when those principles are framed in terms of goodwill.").

A. Fact Finding and Its Law

Trademark's fundamental inquiry, whether a likelihood of confusion exists,⁹¹ invites judicial lawmaking in no small part because the term "likelihood of confusion" presents an interpretive problem.⁹² The inquiry would be problematic in any case. Suppose "likelihood of confusion" were defined in an overly simplified way (and far more narrowly than current precedent) to mean no more than that a consumer is more likely than not to be confused about a product's source at the point of sale (i.e., the moment the consumer is making the purchase decision). Even this simple definition demands a difficult factual inquiry from a judge or jury if the marketplace generates no direct evidence of confusion. Whether confusion is nonetheless likely would depend on a range of variables—the appearance of the parties' marks, when the consumer perceives them, how the consumer perceives them, what other information is available to the consumer, and what, if anything, the consumer retains from these encounters. The fact finder is supposed to evaluate these variables by reference to the experience of relevant consumers rather than her own.⁹³

Every circuit approaches these variables in a structured manner, adopting a version of the multifactor likelihood-of-confusion test synthesized by Judge Henry Friendly of the U.S. Court of Appeals for the Second Circuit in *Polaroid Corp. v. Polarad Electronics Corp.*⁹⁴ These tests direct courts to consider mark similarity, market conditions, consumer sophistication, etc. The factors overlap considerably from jurisdiction to jurisdiction, and converging practices largely swallow the variations.⁹⁵

⁹¹ 15 U.S.C. §§ 1114(1), 1125(a) (2006).

⁹² See *infra* notes 217–231 and accompanying text.

⁹³ Cf. Laura A. Heymann, *The Reasonable Person in Trademark Law*, 52 ST. LOUIS U. L.J. 781, 783 (2008) (noting that the "reasonable consumer" tends to look a lot like judges in certain respects" in large part due "to the difficulty in truly putting oneself in another's shoes, in thinking about how the world might look to someone who doesn't share one's own physical and cognitive abilities") (footnotes omitted).

⁹⁴ See 287 F.2d 492, 495 (2d Cir. 1961).

⁹⁵ See 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 24:30–:43 (4th ed. 2009) (listing factors used by various circuits); Barton Beebe, *An Empirical Study of the Multifactor Tests for Trademark Infringement*, 94 CALIF. L. REV. 1581, 1586 (2006) (detailing an empirical study of tests from circuit to circuit concluding that "judges rely upon a few factors or combinations of factors to make their decisions. The rest of the factors are at best redundant and at worst irrelevant.").

The use of multifactor tests produces any number of problems, including the possibility that they *compromise* the accuracy of outcomes.⁹⁶ Their existence—if not their precise implementation—nonetheless reflects an area of necessary judicial shaping of trademark law. This is so even if it were true that ad hoc fact finding would better reflect an ideal survey of consumers. Many variables affect whether confusion is likely; litigants need to know which ones matter. Giving structure to the factual inquiry provides notice of the arguments and evidence necessary to litigation and some basis for predicting the outcome, making easier the decision whether to proceed with litigation in the first instance.⁹⁷

For example, the multifactor test considers mark strength, which encompasses both the extent to which a mark is likely to be seen as a trademark (inherent distinctiveness) and the extent to which the consuming public has come to associate the mark as performing a trademark function (acquired distinctiveness).⁹⁸ One can tell plausible, but conflicting, stories that would make a strong trademark probative of both likely *and* unlikely consumer confusion.⁹⁹ Litigants need to know

⁹⁶ Cf. Rebecca Tushnet, *Gone in Sixty Milliseconds: Trademark Law and Cognitive Science*, 86 TEX. L. REV. 507, 544–45 (2008) (describing problem of “verbal overshadowing” in the context of trademark surveys and noting that “questions themselves may change a respondent’s answers by changing the way she thinks. Being asked to give reasons distorts reasoning, especially when the question has little meaning for the respondent Once an idea has been brought to a respondent’s attention, he often thinks it relevant.”).

⁹⁷ This is true regardless of one’s preference for predominantly formalist or realist descriptions of judicial behavior. Those emphasizing the former have precedents that set forth the tests and elaborate their proper application. Those in the latter camp may study how the factors are applied to particular sets of facts in practice to sharpen predictions of what courts do in trademark cases. Cf. Beebe, *supra* note 95, at 1646 (calling for “a new national multifactor test, one whose sole purpose should be to aid the judge in estimating the results of an ideal survey of the relevant consumer population”).

⁹⁸ In considering a word mark’s inherent distinctiveness, a court will classify the mark on a spectrum of distinctiveness. Marks that are arbitrary (e.g., APPLE computer) or fanciful (e.g., KODAK cameras) are said to be strong marks because consumers are believed to perceive such terms as performing an inherent source-identifying function. Marks that are suggestive (e.g., COPPERTONE lotion) are also viewed as inherently distinctive (and thus eligible for protection without secondary meaning), but are thought weaker for purposes of the multifactor test. Trademark law views descriptive marks (e.g., TASTY burgers) as weak and requiring the establishment of secondary meaning before they are eligible for protection, and their descriptive origin may still weigh against them in litigation.

In addition to classifying marks, courts may measure a mark’s strength by considering the extent to which that mark actually is perceived by consumers as identifying a particular product or service. See *Virgin Enters. Ltd. v. Nawab*, 335 F.3d 141, 148 (2d Cir. 2003) (explaining the role of inherent and acquired distinctiveness in the multifactor analysis).

⁹⁹ *Id.* at 148 (“Widespread consumer recognition of a mark previously used in commerce increases the likelihood that consumers will assume it identifies the previously familiar user, and therefore increases the likelihood of consumer confusion if the new user is in fact not related to the first.”). On the other hand, if a mark occupies a prominent place

which story a court buys. Whether the strength of the plaintiff's mark is relevant in real life may matter less than having a consistent rule. Even if judges do no more than apply heuristics of questionable quality to the disposition of trademark claims,¹⁰⁰ channeling the process through a consistent framework aids litigants in identifying and accommodating the factors that guide fact finding.

Providing structure to the factual inquiry through a multifactor test also limits the spillover uncertainties of ad hoc fact finding. A stable framework could aid appellate courts in catching outlier opinions (e.g., those caused by failing to consider a relevant factor), correcting errors while minimizing administration costs. And to the extent that the multifactor tests force consideration of relevant facts, they may enhance the accuracy of liability determinations (if the fact finder is forced to consider a relevant aspect that might otherwise be overlooked).¹⁰¹

This is not to deny the costs of the multifactor test. No test can strip trademark litigation of the ambiguity of its underlying inquiry. Many decisions may be little more than gut reactions. Dressing them in the trappings of following precedent invites fact finders to miss the forest for the trees.¹⁰² Further, the justification for lawmaking in the context of trademark's factual inquiry is limited; it is not a rationale for courts to use a factual analysis to break new substantive ground or con-

in public consciousness, the public may be alert to subtle variations between the senior and junior user's marks. RP COLA may be more likely to be confused for RC COLA than KOKE with COKE. The same problem appears in the dilution context, where the non-confusing use of similar marks is said to blur the distinctiveness of famous marks, although some data suggest that such uses actually *enhance* the distinctiveness of the mark. See Tushnet, *supra* note 96, at 537 ("In essence, exposure to near variants or uses in other contexts makes the trademark more familiar and thus more easily retrieved from memory.").

¹⁰⁰ See Beebe, *supra* note 95, at 1586 (contending that "judges employ fast and frugal heuristics to short-circuit the multifactor test. Perhaps as an expression of their cognitive limitations, but more likely as an expression of their cognitive ingenuity, judges rely upon a few factors or combinations of factors to make their decisions.") (footnote omitted).

¹⁰¹ *But see id.* at 1600 (reporting that "in practice, a limited number of core factors determine the outcome of the test, and tend in the process to stampede the rest of the factors").

¹⁰² See *supra* note 96. In a case before a jury, the parties face a black box, though most trademark cases that reach trial are resolved by a judge. Port, *supra* note 87, at 628–29 ("[A]lthough the total number of cases that reach a trial on the merits continues to go down, the number of cases tried before a jury remains relatively constant at about one-third after 1985."); *id.* at 618. And the multifactor test, or its context-specific modifications, may shape jury instructions. See *Internet Specialties West, Inc. v. Milon-DiGiorgio Enters., Inc.*, 559 F.3d 985, 989 (9th Cir. 2009) (upholding jury instructions based on the Ninth Circuit's multifactor test and the circuit's emphasis on particular factors in *Internet* cases).

ceal substantive lawmaking behind the guise of factual adjudication. This danger is discussed below.¹⁰³

My claim is not that current incarnations of the likelihood-of-confusion tests are ideal. Rather it is that while they may be of questionable effectiveness in implementing trademark's substantive goals, they are an example of judicial lawmaking that serves trademark's system and (perhaps) administration goals. They are also inevitable. Congress is unlikely to codify a uniform approach to trademark adjudication (beyond the occasional burden allocation¹⁰⁴), and it is questionable that such an effort could plausibly provide the needed flexibility to anticipate the range of cases that drive the evolution of doctrine.¹⁰⁵

B. *Policing the Line Between Delegated and Non-delegated Authority*

The Lanham Act contains open provisions that effectively delegate authority to judges to make rules that cannot be derived from the text as a matter of logic.¹⁰⁶ Spillover law from adjudicating likelihood of confusion is one example.¹⁰⁷ The standard's substance is another, perhaps regrettable, one. Congress did not define *when* the consumer's likelihood of confusion is to be measured. Courts have therefore had to determine whether confusion is measured solely at the point of sale or if confusion can also be actionable before or after a purchasing decision is made. Arguments may be made for or against these propositions, but the Lanham Act's text provides no clear directive on the substance.¹⁰⁸

¹⁰³ See *infra* notes 165–199 and accompanying text.

¹⁰⁴ See, e.g., 15 U.S.C. § 1125(a)(3) (2006) (providing that where a plaintiff is claiming protection of unregistered trade dress, the plaintiff bears the burden of establishing that the trade dress is not functional).

¹⁰⁵ In broadening the dilution liability standard to reach actions that cause a likelihood of dilution, Congress listed a range of “relevant” factors including similarity between the defendant's and plaintiff's mark, the strength of the plaintiff's mark, the exclusivity of the plaintiff's use of the mark, the famous mark's notoriety, a defendant's intent to create an association between his mark and the famous mark, and any actual association between the two. Trademark Dilution Revision Act of 2006, Pub. L. No. 109-312, § 2, 120 Stat. 1730, 1730–32 (codified as amended at 15 U.S.C. § 1125(c)). At best these factors are incomplete. They consider, for example, the existence of an “association” between the marks, but the statutory definition of dilution by blurring is not any association, but rather an association that is likely to actually “impair[] the distinctiveness of the famous mark.” § 1125(c)(2)(B). Unsurprisingly, Congress's effort has not, in practice, brought clarity to dilution analysis. See *infra* notes 195–197 and accompanying text.

¹⁰⁶ Leval, *supra* note 59, at 196–99 (distinguishing delegating and micromanaging statutes and arguing that the Lanham Act is delegating).

¹⁰⁷ See *supra* notes 91–105 and accompanying text.

¹⁰⁸ This is to the detriment of accountability concerns. See *infra* notes 217–231 and accompanying text.

Delegating authority to courts in some areas does not create a general common law of trademark, as the Lanham Act's treatment of evidentiary burdens demonstrates.¹⁰⁹ The "classic" fair use doctrine in trademark law provides that even if a descriptive word is trademarked (e.g., TASTY burgers), competitors in the marketplace have a right to use the word in its descriptive sense (e.g., "Try EAGLE burgers; they're tasty!"). Although Congress codified the defense,¹¹⁰ some courts nonetheless required defendants invoking it to establish that their conduct did not create a likelihood of confusion. These holdings were inconsistent with conventional statutory interpretation methods: Congress had codified classic fair use as a defense, which by its nature contemplates the possibility that a plaintiff may establish a prima facie case but still lose. The structure of the statute places the burden of showing the existence of confusion on the plaintiff, without requiring the defendant to prove its absence. Applying this (conventional) reasoning, the Supreme Court unanimously rejected efforts to rewrite the scope of Congress's delegation to the courts.¹¹¹

This restrictive view cuts both ways, and reconciles seemingly conflicting precedents on the availability of defenses.¹¹² Section 33(b) of the Lanham Act sets forth defenses to the infringement of incontestable marks.¹¹³ In *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, the Supreme Court refused to expand Congress's list to include the claim that the mark was descriptive and thus should never have been registered in the first instance.¹¹⁴ To have held otherwise would have nullified one of the benefits of incontestable status that Congress had intended to grant. One could argue that courts may still recognize defenses that are part of trademark's common law baseline,¹¹⁵ quasi-defenses rooted in the liability standard itself,¹¹⁶ or accommodations to external bodies of law like the First Amendment.¹¹⁷ But *Park 'N Fly* forecloses the notion of judicial *carte blanche*.

¹⁰⁹ The Lanham Act allocates some burdens directly. See, e.g., 15 U.S.C. § 1125(a)(3) (providing that where a plaintiff is claiming protection of unregistered trade dress, the plaintiff bears the burden of establishing that the trade dress is not functional).

¹¹⁰ 15 U.S.C. § 1115(b)(4).

¹¹¹ See *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 124 (2004).

¹¹² On incontestability generally, see *supra* notes 40–41 and accompanying text.

¹¹³ 15 U.S.C. § 1115(b).

¹¹⁴ 469 U.S. 189, 205 (1985).

¹¹⁵ See *infra* notes 140–146 and accompanying text.

¹¹⁶ Grynberg, *supra* note 7, at 963–69.

¹¹⁷ See *infra* notes 122–126 and accompanying text.

C. Maintaining Coherence

Accountability concerns are never far behind when the judiciary has a lawmaking role, creating the need for checks to discretion.¹¹⁸ If not found in statutory text, they may be supplied as a byproduct of implementing the system goal of maintaining the coherence of trademark law and adjacent and related doctrines. Trademark's substantive goals, being contested, cannot always fulfill this role, particularly at trademark's frontiers. Like statutory text, sound policy may be indeterminate. Without a consensus on whether trademark's consumer-protection or seller-protection rationales prevail in conflict and precisely how best to serve either goal, appeals to policy cannot predictably resolve disputes.¹¹⁹

I. Preserving External Commands

Like any body of law, trademark coexists with other doctrines that influence the course of adjudication (e.g., the law of evidence¹²⁰ or remedies).¹²¹

Other doctrines have a more substantive effect. The First Amendment, for example, is a potential trump to litigation. While the commercial speech doctrine traditionally gives trademark plenty of leeway,¹²² some claims raise speech concerns, particularly when the claim

¹¹⁸ See Lemos, *supra* note 67, at 448–50; see also *supra* notes 52–55 and accompanying text.

¹¹⁹ Compare *Toyota Motor Sales, U.S.A., Inc. v. Tabari*, 610 F.3d 1171, 1174–75, 1181–82 (9th Cir. 2010) (treating defendants' conduct in a nominative fair use case as promoting market efficiency), with *id.* at 1186 (Fernandez, J., concurring) (“To the extent that the majority sees their activities as especially socially worthy and above reproach, I do not agree.”).

¹²⁰ See, e.g., Kenneth A. Plevan, *Daubert's Impact on Survey Experts in Lanham Act Litigation*, 95 TRADEMARK REP. 596, 597 (2005) (“In general, it appears that the *Daubert* era has given Lanham Act litigators a greater opportunity to challenge an opponent's survey evidence in advance of a trial, particularly a jury trial.”).

¹²¹ *N. Am. Med. Corp. v. Axiom Worldwide, Inc.*, 522 F.3d 1211, 1227–28 (11th Cir. 2008) (directing reconsideration of injunctive remedy in light of Supreme Court's treatment of patent injunctions in *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006)).

¹²² See *Cent. Hudson Gas & Elec. Corp. v. Pub. Serv. Comm'n*, 447 U.S. 557, 566 (1980) (asking whether a regulation of commercial speech directly advances a substantial government interest). In general, courts are reluctant to view applications of trademark law to commercial speech as raising First Amendment concerns. Cf. Alex Kozinski, *Trademarks Unplugged*, 68 N.Y.U. L. REV. 960, 973 (1993) (“Whatever first amendment rights you may have in calling the brew you make in your bathtub ‘Pepsi’ are easily outweighed by the buyer's interest in not being fooled into buying it.”). Some commentators argue that courts have been too sanguine about the compatibility of trademark and free speech concerns. See, e.g., Lisa P. Ramsey, *Descriptive Trademarks and the First Amendment*, 70 TENN. L. REV. 1095, 1101 (2003) (arguing that protecting descriptive trademarks is an unconstitu-

is based on the depiction of a trademarked brand in art¹²³ or commentary.¹²⁴ Courts accommodate the constitutional issue in a variety of ways. Some cases treat speech that could raise a claim of First Amendment protection as simply non-confusing in the first instance.¹²⁵ Others construct balancing tests to provide breathing space for expression.¹²⁶ These accommodations all leave fingerprints on trademark doctrine.

Several doctrines could play a greater role in trademark law than they do today. Some trademark claims present a theory of harm so tenuous that an injury-in-fact may not exist for Article III purposes.¹²⁷ Standing could be the basis for restraining more adventurous claims under the Lanham Act or, alternatively, interposing a materiality requirement (which already exists in the law of false advertising) as a litigation barrier.¹²⁸ Similarly, the pleading revolution of *Ashcroft v. Iqbal* and *Bell Atlantic Corp. v. Twombly* may lead courts to be more demanding when plaintiffs plead peripheral trademark claims.¹²⁹

tional regulation of commercial speech); cf. Rebecca Tushnet, *Trademark Law as Commercial Speech Regulation*, 58 S.C. L. REV. 737, 755 (2007) (“Taking modern First Amendment doctrine seriously would have significant effects on the Lanham Act, affecting everything from the standard of proof to the definition of what counts as misleading.”). Others think courts worry too much. See Leval, *supra* note 59, at 210 (arguing that overreaching trademark claims can be excluded without invoking the First Amendment).

¹²³ See, e.g., *Hormel Foods Corp. v. Jim Henson Prods., Inc.*, 73 F.3d 497, 500 (2d Cir. 1996) (concerning a movie producer’s merchandising of puppet named “Spa’am”).

¹²⁴ See, e.g., *Smith v. Wal-Mart Stores, Inc.*, 537 F. Supp. 2d 1302, 1308–09 (N.D. Ga. 2008) (addressing the use of “WALOCAUST” in reference to Wal-Mart).

¹²⁵ See, e.g., *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC*, 507 F.3d 252, 263 (4th Cir. 2007); *Hormel*, 73 F.3d at 505.

¹²⁶ See *Rogers*, 875 F.2d at 999 (“[T]he [Lanham] Act should be construed to apply to artistic works only where the public interest in avoiding consumer confusion outweighs the public interest in free expression.”).

¹²⁷ *Lujan v. Defenders of Wildlife*, 504 U.S. 555, 560–61 (1992) (listing factors in establishing constitutional standing). Standing seems especially troublesome in the dilution context. The claim that activities that purportedly “blur” a famous mark’s strength actually lead to reduced consumer identification is debatable. At the very least, there is a plausible counter story that many purportedly blurring acts actually strengthen the targeted mark. See discussion *supra* note 99. Even then, the claim that the dilution leads to lost sales is dubious. Against this backdrop of uncertainty, however, Congress has amended the dilution statute to require that plaintiffs merely show a likelihood of dilution rather than actual dilution. Trademark Dilution Revision Act of 2006, Pub. L. No. 109-312, 120 Stat. 1730 (codified as amended in scattered sections of 15 U.S.C.).

¹²⁸ Grynberg, *supra* note 7, at 963–66.

¹²⁹ *Ashcroft v. Iqbal*, 129 S. Ct. 1937, 1949 (2009) (requiring complaints to state facially “plausible” claims and stating that a “claim has facial plausibility when the plaintiff pleads factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged,” but that facts that are “merely consistent with” liability fall short (quoting *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 557 (2007))); *Twombly*, 550 U.S. at 557. Pleading a harm of likely dilution under this standard presents problems if

These and other doctrines provide an entry point for further judicial shaping of the trademark cause of action by importing and translating independent bodies of law. The translation carries checks to judicial discretion because the accommodation of an independent doctrine brings with it the demands of that doctrine.¹³⁰

2. Preserving Trademark as a Distinct IP Regime

Because objects may embody differing kinds of IP (for example, a product logo may be both a trademark and a copyrighted design), the external source of law requiring accommodation may be another IP regime. Expansive claims under one regime may erode the boundary separating it from another, injecting unpredictability into both unless courts intervene. *Baker v. Selden* is the classic example.¹³¹ In rejecting a copyright claim grounded in the similarity between accounting forms, the Supreme Court concluded that the forms bore too close a correspondence to the underlying accounting system. That system was protectable, if at all, under patent law, the IP regime designed to protect inventions. The failure to secure a patent could not be overcome by seeking analogous protections under copyright law.¹³²

Dastar Corp. v. Twentieth Century Fox Film Corp. used the principle of maintaining good fences between IP neighbors to restrict trademark's growth in.¹³³ The Court unanimously turned aside a "reverse passing off" action based on the sale of a documentary that relied on out-of-copyright footage (one of the plaintiffs had held the lapsed copyright in the footage).¹³⁴ The decision was largely based on an interpretation of the meaning of the word "origin" in the Lanham Act, but it also invoked the need to maintain the respective integrity of copyright and

presented to a judge unwilling to accept the mechanics of dilution's purported harm as a matter of faith. See discussion *supra* note 99. In practice, many judges do make this leap of faith. See *infra* notes 195–197 and accompanying text.

¹³⁰ Nor is the process described here necessarily one that curtails trademark's scope. For instance, trademark's secondary liability doctrines rest on the view that common law principles of secondary liability supplement the Lanham Act's cause of action. *Tiffany (NJ) Inc. v. eBay Inc.*, 600 F.3d 93, 103 (2d Cir. 2010) ("Contributory trademark infringement is a judicially created doctrine that derives from the common law of torts."); see also *supra* note 74.

¹³¹ 101 U.S. 99 (1879).

¹³² See *id.* at 102–03.

¹³³ 539 U.S. 23 (2003). Justice Breyer did not participate.

¹³⁴ "Passing off" (or palming off, as it is sometimes called) occurs when a producer misrepresents his own goods or services as someone else's. 'Reverse passing off,' as its name implies, is the opposite: The producer misrepresents someone else's goods or services as his own." *Id.* at 27 n.1 (citations omitted).

trademark.¹³⁵ If copyright allows the free copying of a public domain work, then permitting the functional equivalent of a copyright claim (i.e., prohibiting a work's copying and distribution) under the guise of trademark law would interfere with copyright's domain while expanding trademark's.¹³⁶

Whatever one's view of *Dastar* as substantive trademark law,¹³⁷ its result jibes with trademark's system and administration goals. A defendant who ascertains that copyright protection does not apply to expressive material should be able to use it expressively without fear of parallel trademark claims.¹³⁸ Ensuring that an expansion of one doctrine at its peripheries (like the reverse passing off action at issue in *Dastar*) does not endanger core principles of another doctrine promotes predictability.¹³⁹ Because of the difficulty in foreseeing such conflicts, courts are uniquely positioned to resolve them.

¹³⁵ Specifically, the Court concluded that "origin" means the physical source of a good and not the creator of its intellectual content. In other words, the COKE mark designates not the inventor of the soda's formula, but rather the producer of the soda itself. *See id.* at 32.

¹³⁶ *Id.* at 34 (warning that plaintiffs' claim would "create a species of mutant copyright law that limits the public's federal right to copy and to use expired copyrights"); *id.* at 37 ("[R]eading the phrase 'origin of goods' in the Lanham Act in accordance with the Act's common-law-foundations (which were not designed to protect originality or creativity), and in light of the copyright and patent laws (which were), we conclude that the phrase refers to the producer of the tangible goods.").

¹³⁷ Consumers benefit from *Dastar*'s holding because plaintiffs were unable to claim a monopoly privilege over the footage in a context in which confusion was unlikely. One could rejoin that the gain is offset by the prospect of an increased risk of consumer confusion with regard to the authorial "origin" of the footage (to the extent that such confusion is important and incapable of redress by false advertising law). *Cf. id.* at 33 ("It could be argued, perhaps, that the reality of purchaser concern is different for what might be called a communicative product The purchaser of a novel is [primarily] interested . . . in the identity of the creator of the story it conveys (the author).").

¹³⁸ Particularly because such claims are not subject to copyright's built-in safeguards that are designed to allow the exploitation of expressive matter. *See Eldred v. Ashcroft*, 537 U.S. 186, 219–20 (2003) (rejecting a First Amendment challenge to retroactive copyright extension in part because of "built-in" accommodations to free speech like the idea/expression dichotomy and the fair use doctrine).

¹³⁹ In a similar vein, the Supreme Court held that the functional features of a product design are ineligible for trademark protection even if design alternatives exist for the feature. This holding stemmed, in part, from the need to ensure that inventions that had come off patent were freely available for copying (though the Court stopped short of holding that a once-patented invention could *never* obtain trade dress protection). *See TrafFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 30 (2000). For a general discussion of various channeling doctrines in trademark law, see Mark P. McKenna, *What's the Frequency Kenneth? Channeling Doctrines in Trademark Law*, in 3 INTELLECTUAL PROPERTY AND INFORMATION WEALTH 215 (Peter Yu ed., 2007).

3. Promoting Trademark's Intelligibility

Judges are also better positioned than Congress to preserve trademark law's internal coherence by harmonizing the various aspects of trademark into a structure that is intelligible to those regulated by it. The effort is particularly important in trademark because the substantial federal statute exists alongside a large body of preexisting common law, which continues to guide interpretation of the federal cause of action. Harmonizing statutory and common law trademark may result in identifying underlying conceptual frameworks that shape and explain the greater whole.

At times, however, a concept perceived as fundamental to the understanding and operation of trademark law might not be codified adequately. Because these tensions reveal themselves in trademark's application, their resolution is inevitably a judicial function.

The functionality doctrine is an example. One cannot claim the functioning mechanism of a device as trade dress.¹⁴⁰ The exclusion promotes competition and prevents trademark from becoming a *de facto* utility patent. Before 1998, applying the principle created a problem: the Lanham Act neither codified nor mentioned the doctrine, but insulated "incontestable" marks from most challenges. The omission gave registrants an apparent end-run around the functionality doctrine if they could slip functional trade dresses by the Trademark Office. If the registrations became incontestable through the passage of time, their owners had a textual argument that their marks were immune from challenge *even if* they were functional because the statutory list of defenses to an incontestable mark omitted functionality.¹⁴¹

Congress ultimately settled matters by amending the Lanham Act to clarify that functionality is both a bar to trademark protection and a defense to suit.¹⁴² In the meantime, judges faced two challenges. First, the statute's incontestability provision clashed with trademark law's long-standing rule that functional matter could not be trademarked, as well

¹⁴⁰ *Traffix Devices*, 532 U.S. at 30 ("Where the expired patent claimed the features in question, one who seeks to establish trade dress protection must carry the heavy burden of showing that the feature is not functional, for instance by showing that it is merely an ornamental, incidental, or arbitrary aspect of the device.").

¹⁴¹ Supreme Court precedent, moreover, suggested the plausibility of the argument. See *supra* note 114 and accompanying text. One circuit took this route. *Shakespeare Co. v. Silstar Corp. of Am.*, 9 F.3d 1091, 1099 (4th Cir. 1993) (holding that an incontestable mark may not be cancelled due to the mark's functionality).

¹⁴² Trademark Law Treaty Implementation Act, Pub. L. No. 105-330, § 201, 112 Stat. 3064, 3069-70 (1998) (codified as amended in scattered sections of 15 U.S.C.).

as the principle that trademark law is not about the protection of utilitarian design. Second, Congress's omission of functionality from the Lanham Act created a tension between the common law and the statute that could not be resolved by the text. Omitting mention of functionality might have meant that the statute excluded it by implication. Or the omission might mean that preexisting understandings controlled.

The U.S. Court of Appeals for the Eleventh Circuit responded by advertent to the interpretive principle that courts not depart from the baseline established by the common law without a clear legislative directive.¹⁴³ The court noted the centrality of functionality to both traditional trademark doctrine and to its separation from patent.¹⁴⁴ Congress was unlikely to discard so basic a principle without mention.¹⁴⁵ Incontestability, though statutorily mandated, was not similarly fundamental.¹⁴⁶

¹⁴³ See *Wilhelm Pudenz, GmbH v. Littlefuse, Inc.*, 177 F.3d 1204, 1210 (11th Cir. 1999). As the Supreme Court has explained:

Statutes which invade the common law . . . are to be read with a presumption favoring the retention of long-established and familiar principles, except when a statutory purpose to the contrary is evident. In such cases, Congress does not write upon a clean slate. In order to abrogate a common-law principle, the statute must speak directly to the question addressed by the common law.

United States v. Texas, 507 U.S. 529, 534 (1993) (citations omitted) (internal quotation marks omitted).

¹⁴⁴ *Wilhelm Pudenz*, 177 F.3d at 1208 (“The functionality doctrine . . . eliminat[es] the possibility of a perpetual exclusive right to the utilitarian features of a product under trademark law, which would be impossible (as well as unconstitutional) under the Patent Act.”).

¹⁴⁵ During the time period at issue in the underlying litigation, the statute did not mention functionality at all. Congress did amend the statute to include a functionality defense and to incorporate the functionality principle into the federal trademark statute generally. See Trademark Law Treaty Implementation Act, § 201. Doing so bolstered the Eleventh Circuit's confidence in its interpretation of prior law. *Wilhelm Pudenz*, 177 F.3d at 1210–11.

¹⁴⁶ The court explained:

Consequently, the mere fact that functionality is not enumerated in § 1115(b) is not sufficient to indicate congressional intent to eliminate the defense's applicability to incontestable registrations. Indeed, given the absence of any explicit reference to the functionality doctrine, which is a judicially created concept that predates the Lanham Act, we should be hesitant to read the Act as limiting the doctrine's reach. “The normal rule of statutory construction is that if Congress intends for legislation to change the interpretation of a judicially created concept, it makes that intent specific.”

Wilhelm Pudenz, 177 F.3d at 1210 (quoting *Midlantic Nat'l Bank v. N.J. Dep't of Envtl. Prot.*, 474 U.S. 494, 501 (1986)).

Two points about the court's decision should be kept in mind. First, whatever the policy merits,¹⁴⁷ the court could not avoid selecting between competing substantive principles. Here, the reliance interest in a statutory right designed to give repose in trademarks yielded to an overarching trademark doctrine. Reversing the result would change nothing with respect to the role played by the court. The court would still have been defining trademark priorities. Until Congress returned to the issue, something had to give.

Second, even if one views the opinion as usurping statutory text (by failing to honor the then-omission of functionality from the Lanham Act), the court's discretion was limited. The panel did not create a hitherto unseen exception to trademark protection; preexisting trademark law—of which functionality had long been a part—made the court's effort one of rationalization, not invention. The opinion does not raise the accountability concerns implicated by common lawmaking.

Wal-Mart Stores, Inc. v. Samara Bros., Inc., which establishes that product design cannot be protected as trade dress without secondary meaning,¹⁴⁸ is another precedent that may be easier to understand from the perspective of administration and system goals rather than trademark substance. To be sure, the opinion contains a number of pragmatic moves.¹⁴⁹ It emphasizes the importance of avoiding anti-competitive suits, specifically litigation brought by plaintiffs who allege that their product's design functions as a trademark but whose true motive is to stifle competition. If competition is to be protected, courts need a way to filter out this class of claims before trial.¹⁵⁰ The unanimous opinion looks all the more pragmatic in its empirically unsupported assertion that product design is unlikely to stimulate source associations by consumers. If true, then most product designs are not performing trademark functions, and a secondary meaning screen is sound policy.¹⁵¹

¹⁴⁷ As noted above, the Fourth Circuit took a different approach. See *Shakespeare Co.*, 9 F.3d at 1099 (holding that an incontestable mark may not be cancelled due to the mark's functionality).

¹⁴⁸ 529 U.S. 205, 212 (2000).

¹⁴⁹ See Graeme B. Dinwoodie, *The Trademark Jurisprudence of the Rehnquist Court*, 8 MARQ. INTELL. PROP. L. REV. 187, 198 (2004) (classifying the rule in *Wal-Mart* as a "prudentially derived conclusion").

¹⁵⁰ *Wal-Mart* 529 U.S. at 214 (noting benefit when "an anticompetitive strike suit" receives summary disposition); *id.* ("Competition is deterred, however, not merely by successful suit but by the plausible threat of successful suit."); *id.* at 213–14 (discussing *in terrorem* effect of uncertainty); *id.* at 215 (arguing that Court's holding was supported by a balancing of utilities).

¹⁵¹ *Id.* at 213.

Wal-Mart is nonetheless as textualist as it can be, given that it interprets some of the Lanham Act's most open provisions. Section 43(a) allows a cause of action for unregistered trade dress, but provides no guidance with respect to the kind of trade dress that could be protected. *Wal-Mart* fills the gap not by ingenuity, but by looking to the statutory scheme governing trademark registration. These requirements run parallel to traditional rules at common law (though the common law was skeptical of trade dress protection).¹⁵² They establish the basic principle that secondary meaning is required for non-inherently distinctive marks, but they do *not* address whether product design is inherently distinctive.¹⁵³ Only then does *Wal-Mart* answer the question in a manner designed to implement the principle that functional matter is not protectable.¹⁵⁴

Seen in this light, *Wal-Mart* is a case about trademark law's coherence. Again, we see two trademark principles at cross purposes, albeit indirectly: distinctive matter should be protected; functional matter, excluded. The *Wal-Mart* Court could not avoid elevating one principle over the other. If product design could be inherently distinctive, more lawsuits would claim protection over functional matter. Requiring secondary meaning screens out many functional designs early on. This resolution comes at a cost, however, as some nonfunctional but inherently distinctive designs might lose protection because the mark had yet to achieve secondary meaning in the marketplace.¹⁵⁵

In the case of product design, as in the case of color, 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.

Id.

¹⁵² The law of unfair competition was more forgiving. NORMAN F. HESSELTINE, A DIGEST OF THE LAW OF TRADEMARKS AND UNFAIR TRADE 79, 83, 171, 173 (1906); *see also infra* note 158.

¹⁵³ 15 U.S.C. § 1052 (2006).

¹⁵⁴ I make the textual case for *Wal-Mart* in greater detail in Grynberg, *supra* note 7, at 941–45.

¹⁵⁵ Relatedly, Professor Bone explains *Wal-Mart* in terms of error costs. Bone, *supra* note 25, at 2160 (“In error cost terms, conclusively presuming source-identification for product design trade dress is likely to produce a high false positive error risk, and those false positives are likely to be more costly than for ordinary word marks.”). He notes that the emphasis on secondary meaning allows courts to screen claims from plaintiffs who lack direct evidence of such meaning. *Id.* at 2161 (“Indeed, one court has demanded such strong proof that it is unclear how a plaintiff can satisfy the burden without actually furnishing direct evidence of secondary meaning.”).

How does the *Wal-Mart* solution stack up? Perhaps *Wal-Mart* prioritized the more fundamental principle to trademark law by elevating the policy that separates trademark from other federal intellectual property regimes. But that could be seen as a dodge, depending on the level of generality at which the competing principle is defined. It is arguable that product design's ability to be inherently distinctive is not fundamental to trademark law, but the principle that inherently distinctive nonfunctional matter should be protectable has a much stronger claim.¹⁵⁶ Describing *Wal-Mart* as a prioritization case leans on the fact that it does not foreclose protection for product design altogether, but only requires jumping the additional hoop of secondary meaning.

If the "trademark substance" issues were in rough equipoise, both in the abstract and as a matter of statutory priority, we might look instead to trademark law's non-substantive goals to explain the Supreme Court's balance of principles. *Wal-Mart* does not preclude protection for product design. Instead, the case selects between two possible screens for protectable matter. Administration and system considerations strongly favor *Wal-Mart's* choice of a secondary meaning test for product design over an inherent distinctiveness inquiry.

Consider the alternatives. Secondary meaning is a familiar trademark standard, one generating a substantial body of case law over decades.¹⁵⁷ This test could be imported directly to evaluation of product design trade dress without significant modification. That is, the question whether consumers have come to associate a product design with a single source is the same question asked of descriptive trademarks and trade dress in the traditional secondary meaning inquiry.¹⁵⁸

In contrast, trademark law has not developed a similarly predictable means for determining whether trade dress is inherently distinctive. Some courts try to impose the spectrum of distinctiveness used for classifying word marks. They try to apply adjectives developed for words to shapes, and consider whether a particular design is fanciful or de-

¹⁵⁶ One may rejoin that protecting product design was never central to trademark law. See *supra* note 152.

¹⁵⁷ *Id.* at 185 ("A sign, to be protected on the ground of unfair trade, must have first acquired a reputation, and have been imitated with fraudulent intent.").

¹⁵⁸ This was the traditional approach to trade dress under the common law of unfair competition. 1 MCCARTHY, *supra* note 95, § 7:53 n.4 ("Under the older, traditional rule at common law, secondary meaning was a condition precedent to trade dress protection."), § 8:8 (same). The Supreme Court upset this understanding by ruling in *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992), that trade dress could be inherently distinctive.

scriptive.¹⁵⁹ Others try to tailor a test for determining whether trade dress is inherently distinctive and ask whether

it was a “common” basic shape or design, whether it was unique or unusual in a particular field, whether it was a mere refinement of a commonly-adopted and well-known form of ornamentation for a particular class of goods viewed by the public as a dress or ornamentation for the goods, or whether it was capable of creating a commercial impression distinct from the accompanying words.¹⁶⁰

To a large extent this “test” does little more than restate the question. How do we know if a design is “capable of creating a commercial impression distinct from the accompanying words?” By knowing whether it is distinctive. And we know that . . . how?

Approaching *Wal-Mart's* choice without an opinion on the substantive outcome suggests that the Court got it right. From an administration point of view, requiring a secondary meaning inquiry instead of grappling with inherent distinctiveness promotes efficiency in litigation if it leads to the early exclusion of claims that would have failed after a trial on the merits. It promotes accuracy if the Court was correct in its generalization that consumers generally do not think of product design as source identifiers, thus deterring claimants who might be encouraged to attempt litigation if they faced a less predictable screen governing mark eligibility. These gains are perhaps contestable because they depend on empirical assumptions. Less contestable are the predictability gains to litigants.

From a system goals perspective, channeling the question of product design protection into secondary meaning analysis clarifies trademark law by limiting the ability of courts to engage in ad hoc judgments. Transparent judging requires standards comprehensible to practitioners and amenable to meaningful appellate review. A body of law dependant on an “I-know-it-when-I-see-it” standard fails this test.¹⁶¹ The choice is between a longstanding standard that could be applied to any mark and an evolving standard that to date enjoys only a rough linguistic correla-

¹⁵⁹ See generally 1 MCCARTHY, *supra* note 95, § 8:13.

¹⁶⁰ *Seabrook Foods, Inc. v. Bar-Well Foods Ltd.*, 568 F.2d 1342, 1344 (C.C.P.A. 1977) (footnotes omitted).

¹⁶¹ This problem persists in borderline cases. See, e.g., *Best Cellars, Inc. v. Wine Made Simple, Inc.*, 320 F. Supp. 2d 60, 69–73 (S.D.N.Y. 2003) (treating liquor store interior décor as inherently distinctive packaging, not product design).

tion to its task and would apply to only a subset of marks.¹⁶² To be sure, plaintiffs may still come to court with product-design-as-trade-dress claims, but they must prove their mark's threshold eligibility using standard methodologies.¹⁶³ The court's energies would be focused on a fact inquiry that it could plausibly resolve by adjudication.

None of this is to deny that *Wal-Mart* shaped trademark doctrine (as opposed to simply implementing clear choices made by Congress). Such shaping was inevitable in light of the many open questions with respect to infringement actions under section 43(a) of the Lanham Act. The result, however, was an opinion that limited, rather than expanded, the power of courts in future cases by narrowing the range of issues that would be subject to judicial discretion.¹⁶⁴

D. Summary

Judicial influence over trademark law can be exercised in a highly bounded way. Courts may be operating in a limited sphere of authority (e.g., adjudicating facts), implementing policies focused on enhancing the law's transparency (e.g., emphasizing standards that limit the potential for ad hoc rulings), or striving for coherence (e.g., policing the line between separate IP regimes). These approaches ameliorate some of the accountability questions raised by heavy judicial involvement in developing trademark law, and they amount to something less than common law authority over trademark law. They also help explain what

¹⁶² See *supra* notes 159–160 and accompanying text. The secondary meaning inquiry presents its own difficulties and complications, of course. But it pushes them to a lower level of generality vis-à-vis trademark law. In the post-*Wal-Mart* world, the messiness comes after an easier categorization question (Is this product packaging or product design?). Had the case turned out differently, the initial categorization question would have been the messy one (Is this design inherently distinctive?).

And by screening many claims out as an initial matter, *Wal-Mart's* approach limits our need for a secondary inquiry of whether the product design in question is functional. While not as question-begging as the tests of inherent distinctiveness in product design, functionality suffers from its own ambiguities, particularly when applied to claims that aesthetic features are functional. In practice, courts are reluctant to engage the inquiry even when the features in question might meet what the Supreme Court has enunciated as the test for functional matter. See, e.g., *Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc.*, 457 F.3d 1062, 1073–74 (9th Cir. 2006).

¹⁶³ To be sure, doing so may be resource intensive for litigants, placing pressure on the Court's generalization that consumers are unlikely to see product design as serving a primary source-identifying function.

¹⁶⁴ And registered trade dress that had become incontestable would not be subject to a secondary meaning inquiry, allowing an administrative agency to shoulder some of the fact-finding questions. See *supra* notes 40–41 and accompanying text.

may look to be contestable substantive choices as being an effort to promote trademark law's non-substantive goals.

III. TRADEMARK'S NON-SUBSTANTIVE GOALS AS CRITIQUE

The previous examples, taken together, provide evidence of boundaries to judicial discretion and a demarcation separating the judiciary's adjudicative function from Congress's policymaking prerogative. They also represent situations where courts are acting in an area that Congress cannot (e.g., managing adjudication) or where courts may be said to act in partnership with Congress (e.g., harmonizing statutes with the preexisting common law or otherwise seeking system coherence). That is not to say that courts always act in a bounded manner, or that the Lanham Act provides clear marching orders. This Part describes failures in trademark's legislative/judicial partnership from the perspective of trademark law's system and administration goals.

A. *Blurring the Judicial Role*

As described above, courts administer the likelihood-of-confusion inquiry in a manner that may promote clarity while minimizing ad hoc case law. First, applying a consistent structure to the inquiry gives guideposts to future litigants. Second, interpreting open provisions of the Lanham Act to favor constructions that emphasize predictable implementation promotes policies consistent with trademark's system and administration goals while retaining the potential to promote its substantive ones.

Although the various multifactor likelihood-of-confusion tests may bring order to adjudication, they risk defining the substance of trademark rights under the guise of determining facts. Most courts consider, for example, whether the defendant acted in "good faith."¹⁶⁵ At best, the question has only a tangential relationship to the underlying inquiry of whether consumers are likely to be confused, but it plays an outsized role in litigation results.¹⁶⁶ Evaluating good faith, moreover, invites judicial excursions into substantive lawmaking. Courts may look

¹⁶⁵ See, e.g., *Caliber Auto. Liquidators, Inc. v. Premier Chrysler, Jeep, Dodge, LLC*, 605 F.3d 931, 940 (11th Cir. 2010) ("When analyzing an alleged infringer's intent, we must determine whether the defendant 'adopted a plaintiff's mark with the intention of deriving a benefit from the plaintiff's business reputation.'") (footnote omitted).

¹⁶⁶ Beebe, *supra* note 95, at 1628 (reporting that data "suggest that a finding of bad faith intent creates, if not in doctrine, then at least in practice, a nearly un-rebuttable presumption of a likelihood of confusion").

at good faith in two ways: (1) Did the defendant intend to confuse consumers?¹⁶⁷ or (2) Did the defendant intend to benefit from the trademark holder's goodwill?¹⁶⁸ The two questions may both be rooted in the history of trademark law,¹⁶⁹ but they have very different substantive consequences.

The first question bears on a traditional trademark action that evaluates consumer confusion at the point of sale. The inquiry is plausibly evidentiary to the extent a defendant is likely to accomplish his purpose. The second phrasing reaches further, for it encompasses situations in which the defendant's intent is not necessarily contrary to consumer interests. Comparative advertising's traditional construct—"If you like X, you'll love Y"—arguably depends on a mark's goodwill even though it is used to expand the information available to consumers without giving rise to point-of-sale confusion.¹⁷⁰ And trademark law is clear that such advertising does not, without more, give rise to a claim. Other trademark subdoctrines have been less cautious. They equate bad faith with goodwill appropriation and permit causes of action that might harm consumer interests generally, or privilege one class of consumer at the expense of another.¹⁷¹

When a court equates bad faith with goodwill appropriation rather than consumer confusion, it smuggles legal interpretation of trademark's scope into fact adjudication. A framework devised to channel ad hoc factual determinations into an intelligible framework becomes instead a vehicle for ad hoc lawmaking. The outcomes may or may not be substantively palatable,¹⁷² but they undermine accuracy (insofar as the legal inquiry takes the guise of a factual one) and the system goals of transparency and accountability.

¹⁶⁷ See *Eli Lilly & Co. v. Natural Answers, Inc.*, 233 F.3d 456, 465 (7th Cir. 2000) (treating intent to confuse as an important factor in a likelihood of confusion analysis).

¹⁶⁸ See *Caliber Auto Liquidators*, 605 F.3d at 940 (“[W]e must determine whether the defendant ‘adopted a plaintiff’s mark with the intention of deriving a benefit from the plaintiff’s business reputation.’”).

¹⁶⁹ See S. REP. NO. 79-1333, at 4 (1946), *reprinted in* 1946 U.S.C.C.A.N. 1274, 1275 (“To protect trademarks, therefore, is to protect the public from deceit . . . and to secure to the business community the advantages of reputation and good will by preventing their diversion from those who have created them to those who have not.”).

¹⁷⁰ See, e.g., *Smith v. Chanel, Inc.*, 402 F.2d 562, 568 (9th Cir. 1968).

¹⁷¹ See, e.g., *Eli Lilly*, 233 F.3d at 465 (use of another party's trademark in website meta-tags “is significant evidence of intent to confuse and mislead”). See generally Grynberg, *supra* note 17, at 95–109.

¹⁷² Insofar as goodwill protection is a goal of trademark law. Grynberg, *supra* note 17, at 116–17 (arguing that goodwill protection only makes sense when it is in harmony with the promotion of consumer interests).

B. *Fear of an Ad Hoc Planet*

Judicial awareness that careless fact finding may lead to de facto lawmaking creates the risk of overcompensation. Courts might use a professed fear of substantively altering trademark law to resist adjudicating particular fact claims.

McNeil Nutritionals, LLC v. Heartland Sweeteners, LLC considered a trade dress claim by the seller of the artificial sweetener Splenda.¹⁷³ Splenda is the brand name for sucralose, which is available in generic formulations. Generic sucralose often appears on the market as a store brand (i.e., it is branded under the name of the supermarket in which it is sold). Splenda sued a distributor for multiple store brands, claiming the defendant's sweetener packets were confusingly similar to Splenda's. The argument focused in part on the yellow color scheme used on both Splenda and the accused store brands.¹⁷⁴

The district court found no likelihood of confusion and denied the requested preliminary injunction.¹⁷⁵ The Third Circuit affirmed with respect to those packets that included a prominent store mark (e.g., SAFEWAY), but not for packets without a distinctive clarifying mark.¹⁷⁶ For those packets, the trial court's overall balancing of the multifactor test still favored the defendant even though the similarity-of-the-marks factor weighed in the plaintiff's favor.¹⁷⁷ The panel concluded, however, that the trial court erred in balancing factors, and it *forbade* the district court from revisiting the matter on remand in part because it feared that the district court was devising a new trademark defense to benefit store brands.¹⁷⁸

The danger in the District Court's result is that producers of store-brand products will be held to a lower standard of infringing behavior, that is, they effectively would acquire per se immunity as long as the store brand's name or logo appears somewhere on the allegedly infringing package, even when

¹⁷³ 511 F.3d 350, 356 (3d Cir. 2007).

¹⁷⁴ *Id.* at 353–56.

¹⁷⁵ *McNeil Nutritionals, LLC v. Heartland Sweeteners, LLC*, 512 F. Supp. 2d 217, 237 (E.D. Pa. 2007), *aff'd in part, rev'd & remanded in part*, 511 F.3d 350 (3d Cir. 2007).

¹⁷⁶ *McNeil Nutritionals*, 511 F.3d at 369.

¹⁷⁷ *Id.* at 363 n.4.

¹⁷⁸ *Id.* at 367 (“[T]here is no way the District Court could have ultimately balanced the *Lapp* factors against *McNeil* after weighing the first, second, seventh, eighth, and ninth *Lapp* factors in its favor.”).

the name or logo is tiny. The Lanham Act does not support such a *per se* rule.¹⁷⁹

Here, the panel substitutes a fact judgment under the guise of policing the line between adjudication and legislation. The district court concluded that consumers expect to encounter store brands and will not be overly influenced by the presence of a similar color scheme between competing products.¹⁸⁰ The Third Circuit effectively ruled that this is simply untrue, but dressed the ruling in the trappings of the proper exercise of the multifactor test.

What if the trial court was correct? This raises another issue with the reversal. Far from having avoided lawmaking, the opinion embraced an expanded view of trademark law that would permit the plaintiff not only to claim that consumers were likely to purchase a store brand sweetener (which was chemically identical to Splenda) by mistake, but also to base a claim on the prospect that consumers might be distracted by the similarities of the store brand but select it *without* being confused about whether it was actually Splenda.¹⁸¹ Allowing multiple providers to use the yellow color scheme for sucralose may benefit consumers by lowering search costs for those consumers who want sucralose without caring about which company provides it. By effectively ruling that such usage without a prominent counterbrand was confusing as a matter of law, the Third Circuit resolved a contentious issue of trademark substance while pretending to avoid it, frustrating interests of accountability and transparency.¹⁸²

A similar problem arises when courts attempt to shoehorn non-traditional trademark claims into the multifactor analysis. The quest for

¹⁷⁹ *Id.* at 367–68.

¹⁸⁰ *Id.* at 367.

¹⁸¹ *See id.* at 358. This is the consequence of expansive initial interest confusion claims. Some precedent concerning such confusion emphasizes diversion of consumer attention without evaluating its duration or effect on a final purchasing decision. *See, e.g.*, *Brookfield Commc'ns, Inc. v. W. Coast Entm't Corp.*, 174 F.3d 1036, 1064 (9th Cir. 1999) (equating diversion caused by a misleading highway billboard with that of using trademarked terms to be listed in a search engine result).

¹⁸² To be sure, this sort of casual empiricism works in favor of trademark defendants too. *See supra* note 151 and accompanying text. *Compare* *Toyota Motor Sales, U.S.A., Inc. v. Tabari*, 610 F.3d 1171, 1179 (9th Cir. 2010) (upholding nominative fair use and downplaying potential confusion because “[Internet consumers] skip from site to site, ready to hit the back button whenever they’re not satisfied with a site’s contents. They fully expect to find some sites that aren’t what they imagine based on a glance at the domain name or search engine summary”), *with id.* at 1185 (Fernandez, J., concurring) (“I simply cannot concur in essentially factual statements whose provenance is our musings rather than the record and determinations by trier of fact.”).

the veneer of formalism may unduly influence a contextual inquiry. The Third Circuit's encounter with nominative fair use is a case in point.¹⁸³ While electing to treat nominative use as a "true" defense (that is, allowing conduct to be excused even if it causes a likelihood of confusion), the panel required the initial inquiry to pass through the filter of the multifactor test.¹⁸⁴ The court acknowledged, however, that the traditional test is a poor fit for the nominative fair use situation.¹⁸⁵ If a defendant is using the plaintiff's mark to refer to the plaintiff, then factors like similarity of the marks become meaningless.¹⁸⁶

The court nonetheless refused to jettison the basic framework of its likelihood-of-confusion inquiry. Instead, the panel filtered out what it perceived as unhelpful factors, leaving a four-factor rump analysis as the focus.¹⁸⁷ A streamlined test creates the risk that a plaintiff might make her case based on what would normally be a partial showing.¹⁸⁸ It also leaves trial courts with little guidance on when to shift the burden to the defendant to establish the defense. The defense, moreover, invokes the confusion issue in part by having as an element the question whether "the defendant's conduct or language reflect the true and accurate relationship between plaintiff and defendant's products or ser-

¹⁸³ See *Century 21 Real Estate Corp. v. Lendingtree, Inc.*, 425 F.3d 211 (3d Cir. 2005). In trademark law a "classic" fair use is one in which a trademarked term is used in its original (i.e., non-trademark) sense to describe goods not belonging to the trademark owner. So if TASTY became a trademarked term for hamburgers, a competitor could still advertise its own burgers as being "tasty." See 15 U.S.C. § 1115(b)(4) (2006). A nominative fair use, by contrast, uses the mark to refer to the mark holder. So a competitor to TASTY burgers might advertise, "TASTY burgers aren't made with real meat!" See *Cairns v. Franklin Mint Co.*, 292 F.3d 1139, 1150–52 (9th Cir. 2002).

¹⁸⁴ See *Century 21*, 425 F.3d at 222–28.

¹⁸⁵ See *id.* at 222.

¹⁸⁶ See *id.* at 224–25.

¹⁸⁷ The modified test would consider:

- (1) the price of the goods and other factors indicative of the care and attention expected of consumers when making a purchase; (2) the length of time the defendant has used the mark without evidence of actual confusion; (3) the intent of the defendant in adopting the mark; and (4) the evidence of actual confusion.

Id. at 226–27. The court clarified that intent should be considered as intent to confuse, rather than intent to use the plaintiff's mark. *Id.* at 227. The majority conceded that other factors could be employed in nominative use cases depending on the circumstances. *Id.* at 225; see also *id.* at 239 n.18 (Fisher, J., concurring in part and dissenting in part).

¹⁸⁸ *Id.* at 232 (Fisher, J., concurring in part and dissenting in part) ("Moreover, to the extent the majority places any burden on plaintiffs at all, it is so watered-down that plaintiffs might prove likely confusion on one *Lapp* factor alone. The majority's bifurcated test is also judicially unmanageable because it requires courts to address identical factors on both sides of the equation.").

vices.”¹⁸⁹ With so vague a standard, the burden of proof matters, placing defendants at a disadvantage in the Third Circuit.¹⁹⁰

Courts sometimes respond to specialized fact patterns by increasing the generality of the confusion inquiry, thus avoiding the accountability issue at the potential expense of transparency in the fact finding process. The U.S. Court of Appeals for the Ninth Circuit’s nominative fair use test, for example, replaces the multifactor test by asking “whether (1) the product was readily identifiable without use of the mark; (2) defendant used more of the mark than necessary; or (3) defendant falsely suggested he was sponsored or endorsed by the trademark holder.”¹⁹¹ The third factor is just a restatement of the likelihood-of-confusion inquiry, albeit at a higher level of generality than that offered by the multifactor test.¹⁹² So it is with efforts to accommodate expressive trademark uses,¹⁹³ or address the legality of keyword advertising.¹⁹⁴ Looking to trademark’s non-substantive goals may therefore not necessarily resolve contentious issues like those raised by nominative uses, but it does identify considerations that should be consciously engaged.

¹⁸⁹ *Id.* at 228. The dissent accordingly took the majority to task for creating a defense that effectively shifts the burden on the confusion inquiry to the defendant. *Id.* at 238 (Fisher, J., concurring in part and dissenting in part) (“The majority’s approach whittles down this Court’s ten-factor *Lapp* test beyond recognition, permitting plaintiffs to show likely confusion on as little as one factor. The effect of this is to shift to defendant the burden of negating confusion.”); *id.* at 239–40 (arguing that many retained factors have little clarifying ability as applied to a factual inquiry). Judge Fisher did agree, however, that a modified multifactor test was appropriate for a nominative use situation. *Id.* at 248–49 (outlining a proposed modified test).

¹⁹⁰ By contrast, see *Toyota Motor Sales*, 610 F.3d at 1183–84 (9th Cir. 2010) (clarifying that the nominative fair use test leaves the burden with plaintiff).

¹⁹¹ *Id.* at 1175–76 (internal quotation omitted).

¹⁹² As others have noted as well. McGeeveran, *supra* note 36, at 96.

What actions by trademark users could carry such forbidden suggestions of sponsorship or endorsement? Why, those that consumers are likely to find confusing in this regard, of course. . . . [T]he nominative fair use doctrine degenerates into a substitute likelihood of confusion metric that offers even less guidance and predictability than the multifactor test.

Id. (footnote omitted).

¹⁹³ See *Rogers v. Grimaldi*, 875 F.2d 994, 999 (2d Cir. 1989) (adopting balancing test that asks whether the use of a trademark as the title of an expressive work is artistically relevant to the underlying work and, if so, whether “the title explicitly misleads as to the source or the content of the work”).

¹⁹⁴ See *Network Automation, Inc. v. Advanced Sys. Concepts, Inc.*, 638 F.3d 1137, 1154 (9th Cir. 2011) (remanding an initial interest confusion claim based on keyword advertising and directing consideration of “the labeling and appearance of the advertisements and the surrounding context on the screen displaying the results page”).

Last, there are discouraging signs that courts might implement the new “likelihood-of-dilution” standard without proper regard to traditional litigation’s burden-of-proof allocations. Congress recently amended the federal dilution statute to provide that a plaintiff need not prove “actual” dilution, but only a likelihood that the defendant’s conduct will “blur” or “tarnish” the trademark in question.¹⁹⁵ Even this inquiry is difficult, for many purportedly diluting activities may actually enhance a mark’s strength.¹⁹⁶ Rather than put plaintiffs to their burden, several courts have elected instead to simplify the inquiry further by presuming dilution based on simpler proxies like mark similarity.¹⁹⁷

These examples illustrate the dangers of pretending that adjudication is more transparent and rule-oriented than it is. The multifactor tests offer a potential virtue in forcing factual analysis to be visible. If the tools employed by the courts reflect the actual decision-making process—if they correspond to the heuristics used by a fact finder to determine whether a likelihood of confusion exists—they promote the stability of trademark law.¹⁹⁸ But the adjudicative function is not served by false exercises in formalism. Summing favored factors in order to reach legal conclusions of likelihood of confusion or dilution inde-

¹⁹⁵ Trademark Dilution Revision Act of 2006, Pub. L. 109-312, 120 Stat. 1730 (codified as amended in scattered sections of 15 U.S.C.).

¹⁹⁶ See discussion *supra* note 99.

¹⁹⁷ See, e.g., *Visa Int’l Serv. Ass’n v. JSL Corp.*, 610 F.3d 1088, 1090–91 (9th Cir. 2010) (upholding summary judgment of likely dilution based on mark similarity and the strength of plaintiff’s mark). The Sixth Circuit used Congress’s intent to make life easier for dilution plaintiffs to shift the burden in tarnishment cases directly to defendants:

It is important to note also that the Committee Report quoted above seeks to reduce the “burden” of evidentiary production on the trademark holder. The burden-of-proof problem, the developing case law, and the Restatement (Third) of Trademarks in § 25 (particularly subsection g) should now be interpreted, we think, to create a kind of rebuttable presumption, or at least a very strong inference, that a new mark used to sell sex-related products is likely to tarnish a famous mark if there is a clear semantic association between the two. This *res ipsa loquitur*-like effect is not conclusive but places on the owner of the new mark the burden of coming forward with evidence that there is no likelihood or probability of tarnishment. The evidence could be in the form of expert testimony or surveys or polls or customer testimony.

V Secret Catalogue, Inc. v. Moseley, 605 F.3d 382, 388 (6th Cir. 2010). *But see id.* at 395 (Moore, J., dissenting) (noting that the plaintiff presented no probative evidence of likely tarnishment and that “the majority sanctions an almost non-existent evidentiary standard and, in the process, essentially eliminates the requirement that a plaintiff provide some semblance of proof”).

¹⁹⁸ See *supra* note 97 and accompanying text.

pendent of the consumer experience allows judges to engage in stealth lawmaking.¹⁹⁹

C. Who Updates Trademark Law and How?

Courts must interpret the Lanham Act in light of changing practices and technologies. For example, the Internet's global reach may lead courts to recognize broader geographic rights for unregistered marks.²⁰⁰ In many respects, this is merely adjudication that takes account of evolving factual circumstances. Trademarks once had little meaning outside their geographic market. The rise of mass media changed that, but that fact does not require a significant change to doctrine.²⁰¹

Changing contexts create the risk that accommodation may be a pretext for altering trademark's traditional scope.²⁰² The Ninth Circuit's

¹⁹⁹ This view is supported by Professor Beebe's analysis of the importance of the good faith factor in judicial application of the multifactor tests. Beebe, *supra* note 95, at 1608, 1628–29. On the possibility of “moral” heuristics as guiding trademark litigation, see Grynberg, *supra* note 17, at 69–72.

²⁰⁰ *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 101 (1918) (holding that priority is irrelevant where users of identical marks operate in good faith in geographically remote markets). See generally 5 MCCARTHY, *supra* note 95, § 26:1–30 (discussing common law use rights).

²⁰¹ That is to say, a strong Internet presence may lead to fame for the mark outside its brick-and-mortar market as a matter of fact, justifying priority for the user under the terms of traditional doctrine. This is not a far cry from existing precedent applying common law geographic rights. See *Stork Restaurant v. Sahati*, 166 F.2d 348, 358 (9th Cir. 1948).

In these days of chain restaurants, one would not have to be uncommonly naive to assume that even a “humble” cafe at Turk and Hyde Streets, San Francisco, might be an unpretentious branch of a glittering New York night spot. A branch unit is usually less elaborate and impressive than the “mother house.”

Id.

One of the benefits of registering a mark, of course, is obtaining nationwide priority irrespective of common law doctrine. 15 U.S.C. § 1072 (2006) (providing that mark registration “shall be constructive notice of the registrant's claim of ownership thereof”). Here, too, changing times may lead to doctrinal alterations. Under the traditional “*Dawn Donut* rule,” the holder of a registered mark may not evict a junior user from a local market until the senior user is likely to enter the junior user's market. *Dawn Donut Co. v. Hart's Food Stores, Inc.*, 267 F.2d 358, 364–65 (2d Cir. 1959). Some courts now question the rule's wisdom in light of the effect of Internet marketing. *Circuit City Stores, Inc. v. CarMax, Inc.*, 165 F.3d 1047, 1057 (6th Cir. 1999) (Jones, J., concurring) (noting that the opinion rejects the *Dawn Donut* rule and observing that a more mobile society and “recent technological innovations such as the Internet [that] increasingly deconstruct[] geographical barriers for marketing purposes” suggest that the rule “has outlived its usefulness”).

²⁰² Some argue that courts should be able to update the substance of statutes as they update adjudicative practice. *Hayden v. Pataki*, 449 F.3d 305, 367 (2d Cir. 2006) (Calabresi, J., dissenting) (observing potential benefit if “in certain circumstances, courts were per-

early effort to adapt its likelihood-of-confusion standard to the Internet is a good example. One panel determined that the low cost of navigating online justified weakening the threshold for finding likelihood of confusion. It reasoned that the number of consumers who experience confusion due to inattention will increase because “[n]avigating amongst web sites involves practically no effort whatsoever, and arguments that Web users exercise a great deal of care before clicking on hyperlinks are unconvincing.”²⁰³ This adjudicative conclusion was premature if not flat-out mistaken.²⁰⁴ It also had a substantive effect on the law insofar as it made confusion findings *more* likely in a context in which such confusion was *less* likely to be material to consumers (insofar as the ease of back-clicking reduces the impact of any confusion upon consumer search costs). The court’s reasoning paralleled the logic of contemporaneous cases that expanded the initial interest confusion doctrine in applying it to the Internet.²⁰⁵

The “merchandising” right is an example from the brick-and-mortar world. The modern value of trademarks extends beyond their use as a brand to encompass value as a product in and of itself.²⁰⁶ The Boston Red Sox “B” logo has value when attached to a baseball cap because people want to buy Boston Red Sox baseball caps (not caps made by the Boston Red Sox). The maturation of merchandising markets raised the question whether courts would permit markholders to use

mitted to read the law according to what they perceived to be the will of the current Congress, rather than that of a long-gone-by one” but agreeing that “whatever the merits of such an arrangement in the abstract, it is simply not a part of our legal system”).

²⁰³ *GoTo.com, Inc. v. Walt Disney Co.*, 202 F.3d 1199, 1209 (9th Cir. 2000). The court concluded that “[i]n the context of the Web in particular, the three most important *Sleekcraft* factors are (1) the similarity of the marks, (2) the relatedness of the goods or services, and (3) the simultaneous use of the Web as a marketing channel.” *Id.* at 1205 (citations omitted) (internal quotation marks omitted).

²⁰⁴ *Cf. Toyota Motor Sales*, 610 F.3d at 1179 (“[Internet consumers] skip from site to site, ready to hit the back button whenever they’re not satisfied with a site’s contents. They fully expect to find some sites that aren’t what they imagine based on a glance at the domain name or search engine summary.”); *Bihari v. Gross*, 119 F. Supp. 2d 309, 320 n.15 (S.D.N.Y. 2000) (“[O]n the information superhighway, . . . [w]ith one click of the mouse and a few seconds delay, a viewer can return to the search engine’s results and resume searching for the original website.”).

²⁰⁵ See generally Michael Grynberg, *The Road Not Taken: Initial Interest Confusion, Consumer Search Costs, and the Challenge of the Internet*, 28 SEATTLE UNIV. L. REV. 97 (2004).

²⁰⁶ This created a problem for would-be merchandisers who had a history of not trying to control the use of their marks. See *Univ. Book Store v. Univ. of Wis. Bd. of Regents*, 33 U.S.P.Q.2d 1385, 1394 (T.T.A.B. 1994) (rejecting abandonment arguments of registration opponents of WISCONSIN BADGER word mark and “Bucky Badger” logo).

the Lanham Act to capture and control them.²⁰⁷ At the substantive level, the choice appeared to pit seller and consumer interests against one another.²⁰⁸ Giving trademark owners control of merchandising markets allows the extraction of monopoly rents from consumers. On the other hand, trademark holders could argue that such rents will incentivize the creation of desirable marks, although incentive stories of this sort are outside the traditional trademark story.²⁰⁹ Markholders also appeal to theories of desert, contending that they are the ones who imbued the mark with value (potentially ignoring the role played by the fan purchasers).²¹⁰

Regardless of the substantive merits of a merchandising right, establishing it required an update to trademark law. Traditional doctrine focuses on a mark's source-identifying function, and the pre-1988 Lanham Act did not provide obvious openings for a merchandising right, especially for unregistered marks.²¹¹ Rather than wait for Congress to amend the statute, courts conformed the trademark cause of action to a contestable view of what it should protect, shoehorning a new definition of "confusion" to confer a merchandising monopoly.²¹²

Trademark adjudication may need to account for the particular challenges of the online world or changed business practices. But a fine

²⁰⁷ Copyright law may not work if the logo in question is insufficiently original. See 37 C.F.R. § 202.1(a) (2010) (excluding from copyright registration "[w]ords and short phrases such as names, titles, and slogans; familiar symbols or designs; mere variations of typographic ornamentation, lettering or coloring; mere listing of ingredients or contents"); § 202.1(e) (excluding "typeface as typeface").

²⁰⁸ See *Boston Prof'l Hockey Ass'n v. Dallas Cap & Emblem Mfg.*, 510 F.2d 1004, 1011 (5th Cir. 1975) (acknowledging that merchandising claim "tilt[s] the trademark laws from the purpose of protecting the public to the protection of the business interests of plaintiffs").

²⁰⁹ See *infra* notes 246–252 and accompanying text.

²¹⁰ See, e.g., *Boston Prof'l Hockey*, 510 F.2d at 1011 ("[T]he major commercial value of the emblems is derived from the efforts of plaintiffs.").

²¹¹ Today, there is at least a colorable claim that post-1988 amendment section 43(a)'s reference to a mark holder's "approval" or "sponsorship" creates the basis for a merchandising claim. 15 U.S.C. § 1125(a) (2006). The argument relies in part on circular reasoning. Robert C. Denicola, *Freedom to Copy*, 108 YALE L.J. 1661, 1668 (1999) ("If trademark owners win enough high-profile cases or brag loudly enough about licensing revenues from ornamental use, consumers will naturally think that the products they see must be licensed, which in turn will help insure that a license is indeed required.").

²¹² See *Boston Prof'l Hockey*, 510 F.2d at 1012 ("The confusion or deceit requirement is met by the fact that the defendant duplicated the protected trademarks and sold them to the public knowing that the public would identify them as being the teams' trademarks."); Stacey L. Dogan & Mark A. Lemley, *The Merchandising Right: Fragile Theory or Fait Accompli?*, 54 EMORY L.J. 461, 472–78 (2005) (discussing cases addressing merchandising right theory). Again, this move (while still problematic) is arguably more supportable under today's statutory language. See discussion *supra* note 211.

line separates adapting adjudication practices to accommodate changing facts from updating substantive law to accommodate changing business models.²¹³ Finding and respecting the line is harder when the statute leaves so much up for grabs, a fault that rests with Congress.

D. Legislative Abdication

Trademark's system goals provide a perspective for critiquing the Lanham Act itself. Although the statute's legislative history welcomes the common law development of trademark,²¹⁴ responding to the invitation creates significant accountability issues. Recent Supreme Court trademark precedents, moreover, balk at placing much weight on legislative history,²¹⁵ and the Lanham Act is not a sufficiently delegating statute for general common lawmaking.²¹⁶ Although the question of whether courts are coloring within their lines is meaningful, we should also ask if Congress has provided visible lines. If not, courts should be more circumspect with trademark's cause of action until Congress catches up.

²¹³ Cf. *Hayden*, 449 F.3d at 367 (Calabresi, J., dissenting) (although "it might be a good idea if . . . courts were permitted to read the law according to what they perceived to be the will of the current Congress, rather than that of a long-gone-by one" that view "is simply not a part of our legal system").

²¹⁴ S. REP. NO. 100-515, at 40 (1988), *reprinted in* 1988 U.S.C.C.A.N. 5577, 5603 ("[The bill] revises Section 43(a) of the Act (15 U.S.C. 1125(a)) to codify the interpretation it has been given by the courts. Because Section 43(a) of the Act fills an important gap in federal unfair competition law, the committee expects the courts to continue to interpret the section."); *see also* Dinwoodie, *supra* note 10, at 333 ("[B]oth Congress and the Supreme Court appear content that the development of trademark and unfair competition law in the United States remain heavily dependent on common law law making by the courts.").

²¹⁵ Grynberg, *supra* note 7, at 933-45.

²¹⁶ Compare 15 U.S.C. §§ 1052 (establishing registration requirements), 1067 (providing for registration's effect on priority), 1114 (delineating secondary liability for certain contexts), 1115 (explaining the effect of registration on assessing right to use mark, defenses to incontestable marks), 1125(d) (establishing "cyberpiracy" rules), with § 1 (Sherman Act) ("Every contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce among the several States, or with foreign nations, is declared to be illegal."). One could argue that the core Lanham Act liability provisions are similarly open, but the Supreme Court has declined to view them as delegating similar power. Compare *State Oil Co. v. Khan*, 522 U.S. 3, 20 (1997) ("[T]he general presumption that legislative changes should be left to Congress has less force with respect to the Sherman Act in light of the accepted view that Congress 'expected the courts to give shape to the statute's broad mandate by drawing on common-law tradition.'") (quoting *Nat'l Soc. of Prof'l Eng'rs v. United States*, 435 U.S. 679, 688 (1978)), with *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 29 (2003) ("[B]ecause of its inherently limited wording, § 43(a) can never be a federal 'codification' of the overall law of 'unfair competition,' but can apply only to certain unfair trade practices prohibited by its text.") (citation omitted) (internal quotations omitted). *See also infra* notes 240-244 and accompanying text.

1. The Inkblot Standard

The Lanham Act's liability provision is vacuous. The likelihood-of-confusion standard is undefined in its temporal, quantitative, and qualitative dimensions. These substantive gaps invite extensive judicial lawmaking and its attendant issues.

Temporal. Section 32 of the Lanham Act initially called for liability when use of a registered mark created a likelihood of confusion of "purchasers," implying a focus on the point of sale.²¹⁷ Congress removed the purchaser language in 1962, suggesting to some courts an intent to open the door to confusion claims arising before or after the sale transaction.²¹⁸ Not all courts agree,²¹⁹ but the change gave cover to extensions of the trademark cause of action beyond traditional understandings. Congress did nothing to correct or confirm the interpretations in revising the statute in 1988.²²⁰

Quantitative. The likelihood-of-confusion standard does not specify the degree of likely confusion necessary to create liability. Taken to the extreme, policing confusion might require ruthlessly ferreting out any act that could foreseeably cause confusion to anyone within the Lanham Act's jurisdictional scope. But that would be nonsense. We live in a world of imperfect capacities for attention and high demands on that attention. Just about any trademark use is likely to confuse someone, somewhere, no matter how dissimilar the objects of comparison.²²¹

²¹⁷ Lanham Act § 32, 60 Stat. at 437 (current version at 15 U.S.C. § 1114 (2006)).

²¹⁸ Act of Oct. 9, 1962, Pub. L. No. 87-772, § 17, 76 Stat. 769, 773 (codified as amended 15 U.S.C. § 1114). For an example of broadening the temporal scope of the cause of action, see *Checkpoint Sys., Inc. v. Check Point Software Techs., Inc.*, 269 F.3d 270, 295 (3d Cir. 2001) ("We agree with the view that Congress's amendment of the Lanham Act in 1962 expanded trademark protection to include instances in which a mark creates initial interest confusion.").

²¹⁹ *Elec. Design & Sales, Inc. v. Elec. Data Sys. Corp.*, 954 F.2d 713, 716 (Fed. Cir. 1992) ("[W]e do not construe this deletion to suggest, much less compel, that purchaser confusion is no longer the primary focus of the inquiry."). One view of the amendment was that it was simply designed to clarify that the confused consumers need not have actually purchased the product in question. U.S. Trademark Ass'n Trademark Review Comm'n, *Report and Recommendations to USTA President and Board of Directors*, 77 TRADEMARK REP. 375, 378 (1987).

²²⁰ See Trademark Law Revision Act of 1988, Pub. L. No. 100-667, 102 Stat. 3935.

²²¹ See *S.S. Kresge Co. v. United Factory Outlet, Inc.*, 598 F.2d 694, 697-98 (1st Cir. 1979) (downplaying survey results that showed that 7.2 percent of respondents believed that THE MART and K MART had common ownership in light of the fact "that 5.7% of the same people reached the same conclusion as to 'The Mart' and King's Department Store, which are clearly unrelated. This led the expert who conducted the poll to conclude that 'similar sounding names do not add to the confusion that is generally present for all stores'").

Courts know this. They respond by invoking traditional legal understandings to ignore cases of negligible confusion²²² or by filtering out background noise when considering survey evidence.²²³ There still remains the problem of determining just how likely confusion must be and, in the case of survey evidence, just how much confusion in an artificial setting of test questions is needed to suggest likely confusion in the real world. Perhaps this inquiry is so inherently amorphous that we can do little better than delegate to courts the responsibility of constructing fact-finding frameworks. The resulting uncertainties are compounded, however, by the standard's other ambiguities.

Qualitative. The Lanham Act assumes Rorschach qualities with respect to the subject of consumer confusion. The cause of action for registered marks provides no textual guidance regarding the nature of the necessary consumer confusion.²²⁴ Section 43(a), which reaches unregistered marks, is little better. It targets likelihood of confusion "as to the origin, sponsorship, or approval of [defendant's] goods, services, or commercial activities by another person."²²⁵ "Approval" encompasses a wide range of possible meanings, from standing behind the quality of a product to giving permission for the trademark use in question.²²⁶

We might blame the courts for the resulting case law.²²⁷ Judges could have interpreted the statute more in keeping with traditional understandings and left to Congress the decision to expand trademark's scope. We might also argue that this open text should be restricted to the kind of confusion that would be material to a purchasing decision.

²²² Courts invoke the venerable principle of *de minimis non curat lex* (the law does not concern itself with trifles). See, e.g., *Int'l Ass'n of Machinists v. Winship Green Nursing Ctr.*, 103 F.3d 196, 201 (1st Cir. 1996) ("[A]n isolated instance of confusion does not prove probable confusion. To the contrary, the law has long demanded a showing that the allegedly infringing conduct carries with it a likelihood of confounding an appreciable number of reasonably prudent purchasers exercising ordinary care."); *Witco Chem. Co. v. Whitfield Chem. Co.*, 418 F.2d 1403, 1405 (C.C.P.A. 1969) ("We are not concerned with mere theoretical possibilities of confusion, deception, or mistake or with *de minimis* situations but with the practicalities of the commercial world, with which the trademark laws deal.").

²²³ See *supra* note 221 and accompanying text.

²²⁴ Section 32 of the Lanham Act provides liability for a use of a copy or imitation of a registered mark where "such use is likely to cause confusion, or to cause mistake, or to deceive." 15 U.S.C. § 1114 (2006).

²²⁵ *Id.* § 1125.

²²⁶ See, e.g., *Anheuser-Busch, Inc. v. Balducci Publ'ns*, 28 F.3d 769, 775 (8th Cir. 1994); *Mut. of Omaha Ins. Co. v. Novak*, 836 F.2d 397, 400 (8th Cir. 1987) (finding infringement based on a survey indicating ten percent of respondents believed trademark owner "goes along" with defendant's use).

²²⁷ See, e.g., Grynberg, *supra* note 7, at 903–13; *supra* notes 206–212 and accompanying text.

This gloss on the cause of action would harmonize it with traditional understandings of trademark and legal harm more generally.²²⁸ Though a restrictive reading may promote trademark's coherence, the current statutory text is amenable to broader constructions as well, and they seem to have been Congress's intent.²²⁹

While I would argue that the breadth of the likelihood-of-confusion standard as interpreted by the courts is unwise as a matter of trademark substance, that position is contestable as a policy prescription. Less contestable are the problems created by the standard's lack of textual clarity.²³⁰ Because so much is delegated to the courts, would-be litigants have difficulty predicting the potential scope of the action—to say nothing of the actual outcome of litigation. Threats to litigate matters that are outside traditional trademark concerns therefore have powerful *in terrorem* effects.²³¹ Whatever benefits are achieved by the current state of affairs, they come at the expense of trademark's administration and system goals.

2. Mind the Gaps

As discussed above, the Lanham Act complicates interpretation because it incompletely codifies trademark common law.²³² Courts

²²⁸ Grynberg, *supra* note 7, at 963–66.

²²⁹ See S. REP. NO. 100-515, at 40 (1988), *reprinted in* 1988 U.S.C.C.A.N. 5577, 5603.

²³⁰ Most notably, the absence in the statute of any language directing courts to focus on confusion that might: (a) cause actual harm to consumers, (b) concern a matter that would be material to a purchasing decision, or (c) cause harm that does not carry countervailing benefits for non-confused consumers.

²³¹ Trademark owners often object, for example, to the unauthorized depiction of their marks in films. These claims may not succeed. *Compare, e.g.,* Caterpillar Inc. v. Walt Disney Co., 287 F. Supp. 2d 913, 920 (C.D. Ill. 2003) (rejecting effort to enjoin filmed depiction of plaintiff's equipment in fictional film plot), *with* Am. Dairy Queen Corp. v. New Line Prods., Inc., 35 F. Supp. 2d 727, 735 (D. Minn. 1998) (enjoining use of "Dairy Queens" as a movie title). Filmmakers may decide, however, that compliance is the better part of valor. See Michael Cieply, *Sony's 'Moneyball' Is Back on Track, with Aaron Sorkin Doing a Rewrite*, N.Y. TIMES MEDIA DECODER BLOG (July 9, 2009, 6:36 PM), <http://mediadecoder.blogs.nytimes.com/2009/07/09/sonys-moneyball-is-back-on-track-with-aaron-sorkin-doing-a-rewrite/> (reporting that a draft script of a movie depicting professional baseball had "included changes requested by Major League Baseball, which examines scripts for authenticity before granting permission to use its trademarks in a film"). Such concessions carry an artistic cost. Grynberg, *supra* note 17, at 100–01.

²³² Trademark law, moreover, still has the ability to develop through operation of parallel state law regimes. In practice, however, the funneling of cases to federal court has led to a convergence of the law around federal standards. U.S. Trademark Ass'n Trademark Review Comm'n, *supra* note 219, at 377 ("[F]ederal courts now decide, under federal law, all but a few trademark disputes. State trademark law and state courts are less influential than ever.").

therefore must reconcile traditional trademark understandings and practices with the specifics of the federal statute. The task is an appropriate judicial function, particularly the effort to preserve traditional understandings of trademark and other intellectual property regimes.²³³

Problems arise when statutory text is facially inconsistent with common law understandings without explicitly negating them.²³⁴ Or, the common law may be insufficiently fixed to guide interpretation of the Lanham Act, fill its gaps, or establish background understandings against which the statute's effect may be measured. Courts are left without an effective way to fill gaps short of exercising pure lawmaking authority. The resulting tensions evoke contested visions of what it means to be faithful to statutory text in the face of seemingly overriding policy considerations.

The circuit split over the ability of foreign marks to establish priority in the United States is a good example. Trademark rights are traditionally territorial, but sometimes a foreign mark achieves domestic fame before its holder operates in the United States. These cases suggest a good policy argument for a "famous marks" exception to the territoriality rule in these cases. As the Ninth Circuit notes, without an exception, consumers may wrongly believe that the junior, domestic user is actually affiliated with the seller who made the mark famous.²³⁵ The contrary approach is to take a strict view of the Lanham Act, which reflects the territoriality principle.²³⁶ This was the Second Circuit's answer.²³⁷

Assuming *arguendo* that the Ninth Circuit has policy on its side, we have an unedifying circuit split on how textualist courts ought to be

²³³ See *supra* notes 118–164 and accompanying text.

²³⁴ See *supra* notes 140–147 and accompanying text.

²³⁵ See *Grupo Gigante SA De CV v. Dallo & Co., Inc.*, 391 F.3d 1088, 1094 (9th Cir. 2004) ("An absolute territoriality rule without a famous-mark exception would promote consumer confusion and fraud. . . . There can be no justification for using trademark law to fool immigrants into thinking that they are buying from the store they liked back home.").

²³⁶ The law has a provision allowing registration of foreign marks not currently used in commerce in the United States based on foreign registration. 15 U.S.C. § 1126 (2006).

²³⁷ *ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135, 165 (2d Cir. 2007) ("The fact that a doctrine may promote sound policy, however, is not a sufficient ground for its judicial recognition, particularly in an area regulated by statute."). Note, however, that the court's interpretation of the Lanham Act's meaning relied in part on background understandings, specifically, the "bedrock" principle of territoriality. *Id.* at 164 ("Before we construe the Lanham Act to include such a significant departure from the principle of territoriality, we will wait for Congress to express its intent more clearly.").

when faced with contrary policy considerations. Here, the common law backdrop is no help, for there is no firmly established famous marks exception for courts to weigh against the Lanham Act's silence.²³⁸ Courts cannot easily fill the policy gap without common lawmaking, notwithstanding recent Supreme Court skepticism of that approach.²³⁹ If courts act, the absence of bounds to their discretion raises accountability issues.

3. Delegation Mismatch

The problem of congressional abdication is particularly acute with trademark defenses. I have discussed this issue elsewhere, so I will not repeat the argument in great detail, except to note the nature of the problem.²⁴⁰ The Lanham Act contains both delegating and non-delegating provisions. Its liability-creating likelihood-of-confusion standard is open text. In contrast, the statute is stingy with respect to defenses or similar doctrines.

This would all be well and good if one takes the substantive view that the trademark cause of action should be as strong as possible. But excepting plaintiffs in the throes of briefing, nobody thinks that. Courts and commentators alike therefore grasp for ways to blunt the sharper edges of the Lanham Act. They may root these efforts in the cause of action itself,²⁴¹ their ingenuity,²⁴² a trademark use requirement,²⁴³ the

²³⁸ *Id.* at 159 (“[N]owhere . . . does the Trademark Board state [in earlier conflicting precedent] that its recognition of the famous marks doctrine derives from any provision of the Lanham Act or other federal law.”); *id.* at 165 (noting importance of “the comprehensive and frequently modified federal statutory scheme for trademark protection set forth in the Lanham Act”). Whether New York state law would recognize the doctrine was a separate issue, and the Second Circuit certified the question to the New York Court of Appeals. *ITC Ltd. v. Punchgini, Inc.*, 518 F.3d 159, 160 (2d Cir. 2008); *ITC Ltd. v. Punchgini, Inc.*, 880 N.E.2d 852 (N.Y. 2007).

²³⁹ Grynberg, *supra* note 7, at 933–37.

²⁴⁰ *See id.* at 945–61.

²⁴¹ The Ninth Circuit took this approach to nominative fair use. The court based protection for the right to use trademarks to refer to the trademark holder in the cause of action itself by defining such uses as inherently non-confusing. *New Kids on the Block v. News Am. Publ'g, Inc.*, 971 F.2d 302, 307–08 (9th Cir. 1992) (“[W]e may generalize a class of cases where the use of the trademark does not attempt to capitalize on consumer confusion or to appropriate the cachet of one product for a different one. Such *nominative* use of a mark . . . lies outside the strictures of trademark law.”); *see* Grynberg, *supra* note 7, at 955–61, 963–69 (describing defensive doctrines rooted in cause of action).

²⁴² *Century 21* concluded that nominative fair use is a “true” defense; that is, if there is a likelihood of confusion, establishment of the defense will negate liability. The court did not ground its holding in the Lanham Act's text, making the opinion one in the common law style. *See* Grynberg, *supra* note 7, at 960–61 (discussing *Century 21*).

First Amendment, or elsewhere. Congress has not provided guidance regarding defensive innovations or the considerations that should guide them.²⁴⁴

4. Excess Delegation

A plausible response to the Lanham Act's contrasting treatment of trademark rights and limitations is to ask: What else is new? Is it surprising that defenses would be narrower than the broader liability standard? One answer, noted above, is that the potential textual scope of the Lanham Act's cause of action outstrips both trademark law's traditional bounds and consensus perspectives on the outer limits of its appropriate substantive scope.²⁴⁵ It must be contained, if not by modifying text or interpretation, then by creating defensive doctrines. This position seems to be an argument against trademark reform, one skeptical of the ability of courts to do anything about trademark's expansion. To the contrary, a renewed focus on accountability issues calls much of trademark's expansion into question. The scope of the cause of action is too broad for courts to plausibly exercise while being true to trademark's system goals.

Trademark as Regulation. Intellectual property law inherently exacerbates the accountability issues presented by broad delegations of authority to the judiciary. Intellectual property gives functional property rights to the creators of intangible goods.²⁴⁶ Traditionally, trademark rights resemble property rights less than their patent and copyright counterparts because the underlying rationales differ. Copyrights and patents are designed to solve a public goods problem—how will we have “Progress in Science and the Useful Arts”²⁴⁷ if the marginal cost of copying intangible works is zero? Our traditional answer, notwithstand-

²⁴³ See generally Margreth Barrett, *Internet Trademark Suits and the Demise of “Trademark Use,”* 39 U.C. DAVIS L. REV. 371 (2006); Stacey L. Dogan & Mark A. Lemley, *Grounding Trademark Law Through Trademark Use*, 92 IOWA L. REV. 1669 (2007); Uli Widmaier, *Use, Liability, and the Structure of Trademark Law*, 33 HOFSTRA L. REV. 603 (2004).

²⁴⁴ Cf. Federal Trade Commission Act, 15 U.S.C. § 45(n) (2006) (prohibiting the Federal Trade Commission from declaring unlawful a commercial practice “unless the act or practice causes or is likely to cause substantial injury to consumers which is not reasonably avoidable by consumers themselves and not outweighed by countervailing benefits to consumers or to competition”).

²⁴⁵ See *supra* notes 224–231 and accompanying text.

²⁴⁶ See, e.g., 35 U.S.C. § 261 (2006) (“Subject to the provisions of this title, patents shall have the attributes of personal property.”).

²⁴⁷ U.S. CONST. art. I, § 8.

ing some doubts,²⁴⁸ is to grant property-like entitlements to these works to ensure that authors and inventors have incentives to create.²⁴⁹

Trademark has always been based on a different theory.²⁵⁰ Its dueling rationales of consumer and seller protection both aim at promoting competition, not creating an under-produced intellectual good.²⁵¹ Traditional doctrine therefore resists treating trademarks as property and restricts rights to a mark only to the extent it is used in conjunction with the sale of goods and services.²⁵² That said, trademarks still vest in their owners a limited right to exclude, at least with respect to uses that are likely to cause certain types of confusion. Trademark rights, moreover, look more like property than they used to.²⁵³ As the plausible scope of actionable confusion grows, so too does trademark's exclusionary power.

In some ways intellectual property is more powerful than traditional property. While any entitlement can be described as a check on the liberty of others, property rights generally have a present effect only

²⁴⁸ See, e.g., MICHELE BOLDRIN & DAVID K. LEVINE, AGAINST INTELLECTUAL MONOPOLY 7 (2008); Stephen Breyer, *The Uneasy Case for Copyright: A Study of Copyright in Books, Photographs, and Computer Programs*, 84 HARV. L. REV. 281, 284 (1970) ("Taken as a whole, the evidence now available suggests that, although we should hesitate to abolish copyright protection, we should equally hesitate to extend or strengthen it.")

²⁴⁹ U.S. CONST. art. I, § 8; Fox Film Corp. v. Doyal, 286 U.S. 123, 127–28 (1932) ("A copyright, like a patent, is 'at once the equivalent given by the public for benefits bestowed by the genius and meditations and skill of individuals and the incentive to further efforts for the same important objects.'" (quoting Kendall v. Winsor, 62 U.S. (21 How.) 322, 328 (1858))).

²⁵⁰ *In re Trade-Mark Cases*, 100 U.S. 82, 93–94 (1879) (holding that federal power to regulate trademark infringement could not be based in the Intellectual Property Clause).

²⁵¹ See *supra* notes 17–34 and accompanying text. This is the Supreme Court's view. *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 164 (1995). But see David W. Barnes, *A New Economics of Trademarks*, 5 NW. J. TECH. & INTELL. PROP. 22, 24 (2006) (arguing that trademarks have public good characteristics and that because "trademark owners contribute to the store of information available for all people to use, their efforts are more similar to the efforts of authors and inventors than is generally recognized").

²⁵² *United Drug Co.*, 248 U.S. at 97 ("There is no such thing as property in a trademark except as a right appurtenant to an established business or trade in connection with which the mark is employed."). Trademark law therefore limits the ability to assign marks independently of the underlying business or product line. 15 U.S.C. § 1060(a)(1) (2006); RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 34 (1995) (stating that assignment of ownership is only possible when "the assignee also acquires the line of business that is associated with the designation or otherwise maintains continuity in the use of the designation by continuing the line of business without substantial change").

²⁵³ The merchandising right is a popular example. See *supra* notes 206–212 and accompanying text; see also Lunney, *supra* note 5, at 372 (arguing that "many courts and commentators succumbed to 'property mania'—the belief that expanded trademark protection was necessarily desirable so long as the result could be characterized as 'property'").

on those in proximity to the land or chattel in question.²⁵⁴ IP rights, which apply to intangible matter, constrain everyone who might want to embody or otherwise use protected matter. In response, we may still call IP a property right like any other (and overlook not only the differences in its effect but also in its legal treatment).²⁵⁵ Or our definition of IP might accommodate the impact of IP on the property rights of others, by analogizing IP to a negative easement or a nuisance regulation.²⁵⁶ Another approach is to think of IP as a form of delegated regulatory power. Holders of IP entitlements are allowed to control the exercise of property rights of third parties in a manner normally reserved to the state.

Trademark and Nondelegation. Vesting regulatory power in private hands exacerbates trademark's accountability problems. A large body of administrative law exists to cabin and channel regulatory power when wielded by a government agency.²⁵⁷ This law not only constrains the regulator, but provides a principle for construing the scope of its delegated authority.²⁵⁸ The search for checks to judicial authority plays a similar role when it is courts who are wielding the delegated power.²⁵⁹ The accountability problems of judges setting or altering the substance of trademark law are hardly ameliorated by vesting such power in pri-

²⁵⁴ The law of nuisance spreads the power of property rights further, but through a doctrine in which courts balance competing interests rather than enforce absolute property rights as they do in trespass. See Michael Grynberg, *Property Is a Two-Way Street: Personal Copyright Use and Implied Authorization*, 79 *FORDHAM L. REV.* 435, 459–62 (2010); cf. Christopher M. Newman, *Patent Infringement as Nuisance*, 59 *CATH. U. L. REV.* 61, 95 (2009) (“Why do we differentiate between nuisance and trespass? . . . The concern raised by such a drastically enforced right to exclude is that landowners would be vested with tremendous veto power over a wide range of uses for any neighboring land.”).

²⁵⁵ See, e.g., Tom W. Bell, *Copyright as Intellectual Property Privilege*, 58 *SYRACUSE L. REV.* 523, 532–40 (2008) (listing ways IP differs from tangible property).

²⁵⁶ See Grynberg, *supra* note 254, at 465; Newman, *supra* note 254, at 106–07.

²⁵⁷ In addition to the protections and limitations of the Administrative Procedure Act, Pub. L. No. 89-554, 80 Stat. 381 (codified as amended in scattered sections of 5 U.S.C.), a range of doctrines seek to address separation of powers concerns raised by the administrative state. See, e.g., *Whitman v. Am. Trucking Ass'ns*, 531 U.S. 457, 472 (2001) (“[W]e repeatedly have said that when Congress confers decision-making authority upon agencies Congress must lay down by legislative act an intelligible principle to which the person or body authorized to [act] is directed to conform.”) (alteration in original) (internal quotation omitted).

²⁵⁸ *Mistretta v. United States*, 488 U.S. 361, 373 n.7 (1989) (“In recent years, our application of the nondelegation doctrine principally has been limited to the interpretation of statutory texts, and, more particularly, to giving narrow constructions to statutory delegations that might otherwise be thought to be unconstitutional.”) (citing *Industrial Union Dept. v. Am. Petroleum Inst.*, 448 U.S. 607, 646 (1980); *Nat'l Cable Television Ass'n. v. United States*, 415 U.S. 336, 342 (1974)).

²⁵⁹ Lemos, *supra* note 67, at 448–50.

vate actors instead. Administrative law doctrines mediate the separation of powers between the executive and legislative branches, but what happens when non-accountable private actors effectively wield the power of the state? The addition of another, private, layer of regulators exacerbates an already difficult set of accountability issues.²⁶⁰

Focusing on accountability is therefore an argument for trademark reform rather than a barrier. It is not enough for Congress to “mean it” in inviting courts to use common law reasoning to provide content to the likelihood-of-confusion standard. There must be limits. If trademark doctrine cannot coalesce around principles that would control the trademark cause of action and provide predictable boundaries that allow the early disposition of meritless claims, that should be seen as a problem for holders of trademark rights, not those they would regulate.

CONCLUSION

Even without general common law authority, courts have room to develop trademark law. They set rules to supervise adjudication,²⁶¹ and they fill the Lanham Act’s numerous gaps while trying to maintain the coherence and integrity of trademark law.²⁶² When we evaluate the resulting precedents, it is of course fair to care more about substantive effects than more abstract considerations of the judicial role and the operation of the legal system. If, however, we are ignorant of a court’s view on questions of substance, we might agree that these issues are important. At the very least, they provide an alternative basis for considering the development and reform of trademark law, one that judges with a limited interest in trademark might find relevant.

Looking beyond trademark substance is consistent with the goal of trademark reform. Considering trademark’s expansion from the perspective of trademark’s system goals supports critiques of trademark law as overreaching. In recent years, the Supreme Court has consistently turned aside circuit precedents that sought to expand trademark’s scope without support from the Lanham Act’s text.²⁶³ There remain, however, many doctrines developing in the circuits that are the product

²⁶⁰ Recall that holders of trademark rights may push their limits without the aid of judges. *See supra* notes 86–88 and 231 and accompanying text. And the cases that judges see are not necessarily representative of trademark’s place in society. *See supra* notes 83–85 and accompanying text.

²⁶¹ *See supra* notes 91–105 and accompanying text.

²⁶² *See supra* notes 118–164 and accompanying text.

²⁶³ *See* Grynberg, *supra* note 7, at 933–45.

of judicial dabbling in common lawmaking without authorization.²⁶⁴ Reform efforts in the courts could focus on trademark's limits—on convincing judges of the accountability and transparency problems of ever-expanding trademark and advocating judicial modesty where Congress has not enacted limiting standards. The second option is to encourage courts to use the same creativity that expands trademark to develop doctrines that would curtail it. Given the body of precedent we have, and the relative lack of success of reformers seeking to change substantive judicial views about trademark, the first option merits a closer look.²⁶⁵ And even if there is no uniformly preferable approach, sensitivity to questions of judicial power could be helpful in selecting tactics for particular battles.

Advocating greater judicial constraints is not to suggest that courts hide from reality's messiness by making a fetish out of multifactor tests or any other formalist gloss on fact finding at the expense of the adjudicative function. "Clean" doctrinal frameworks that work only because they refrain from inquiring into the facts on the ground may be no more than a vehicle for concealing substantive lawmaking.²⁶⁶ To be sure, they may purchase some predictability, but at a cost to accountability.

This suggests reasons to advocate for greater Congressional involvement in trademark even if the results will not necessarily track our substantive preferences. This is not the first time evolving trademark law has outpaced its authorizing statute. In 1988, Congress ratified judicial expansion of trademark law by extending the scope of the cause of action in section 43(a).²⁶⁷ Congress should confront what has happened since (e.g., further growth of the pre- and post-sale confusion doctrines, stronger merchandising rights) and ratify (if happy) or curtail it (if not). Even if endorsement is Congress's intent, one would hope that it would leave fewer open questions than its Reagan-era effort. While Congress intended for courts to continue "developing" trademark law, it did so using language that left courts with little guidance for responding to the unforeseen challenges of the Internet or the mismatch between the Lanham Act's open-ended cause of action

²⁶⁴ See *supra* notes 165–260 and accompanying text.

²⁶⁵ Grynberg, *supra* note 7, at 963–69.

²⁶⁶ See *supra* notes 173–199 and accompanying text.

²⁶⁷ See Trademark Law Revision Act of 1988, Pub. L. No. 100-667, § 132, 102 Stat. 3935, 3946 (codified as amended at 15 U.S.C. 1125(a)).

and restrictive defensive doctrines.²⁶⁸ The resulting delegation to courts and trademark owners tilted the playing field in favor of trademark's expansion while destabilizing trademark law.²⁶⁹

Congress has options. It can create more safe harbors for acceptable uses of trademarks, as it did when it codified the dilution cause of action.²⁷⁰ If doing so creates the risk of further curtailing judicial creativity with respect to defenses, due to the *expressio unius* implications that courts might draw from such actions, Congress could broaden its delegation to the courts with statutory language that grants them the same flexibility to craft defenses that they now enjoy with respect to liability. The FTC Act offers an example of language that requires courts to more carefully balance claims of likely consumer confusion against the potential benefits to consumers of the challenged conduct.²⁷¹

Finally, Congress could revisit what trademark law is for. The issue extends beyond tweaking the Lanham Act to answer specific questions generated by the modern marketplace. Trademark's core policy ambiguities have been with us since the statute was first enacted: Do we care about the interests of trademark holders when they are at cross-purposes with the interests of consumers? Should we protect goodwill even when doing so comes at the expense of consumer welfare? How do we define consumer welfare anyway? The need to interpret the likelihood-of-confusion standard continually raises these issues. It is well past time to resolve them. In the meantime, if Congress is determined to remain silent, the cause of trademark reform may best be served by convincing the courts to keep quiet too.

²⁶⁸ Courts seem, moreover, to have been reluctant to run with existing openings. *See, e.g., Rescucom Corp. v. Google Inc.*, 562 F.3d 123, 130–31 (2d Cir. 2009) (limiting applicability of “trademark use” doctrine).

²⁶⁹ *See supra* notes 200–260 and accompanying text.

²⁷⁰ 15 U.S.C. § 1125(c) (2006); Trademark Dilution Revision Act of 2006, Pub. L. No. 109-312, 120 Stat. 1730 (codified as amended in scattered sections of 15 U.S.C.) (amending 15 U.S.C. § 1125(c) to make actionable acts causing a likelihood of dilution, but expanding the number of statutory exclusions to liability).

²⁷¹ *See* Federal Trade Commission Act, 15 U.S.C. § 45(n).