

THE NORMATIVE FOUNDATIONS OF TRADEMARK LAW

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INTRODUCTION

Trademark law has come unhinged from its traditional consumer protection moorings. That is the clear message of modern scholarship.¹ Doctrinal innovations like dilution and initial interest confusion are illegitimate, many commentators suggest, because they reflect a property-based conception of trademarks that is inconsistent with trademark law's core policies of protecting consumers and improving the quality of information in the marketplace.

These critics are only half right. Trademark law unquestionably covers much more ground now than it did at the beginning of the twentieth century, and many of its more recent developments are fundamentally inconsistent with the normative goals of traditional trademark protection.² But the critics have mischaracterized traditional trademark law and therefore misunderstand the nature of trademark law's normative reorientation. As this Article demonstrates, trade-

1 See *infra* Part IV.

2 This Article uses "traditional trademark law" to refer to the body of trademark law developed by courts in the nineteenth and early twentieth centuries. This law is traditional in that these were the rules American courts originally developed to address imitation of another's distinguishing mark.

mark 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. Courts did focus on consumer deception in these cases, but only because deception distinguished actionable unfair competition from mere competition, which was encouraged. In fact, courts denied relief in many early trademark cases despite clear evidence that consumers were likely to be confused by the defendant's use. Invariably they did so because the plaintiff could not show that the defendant's actions were likely to divert customers who otherwise would have gone to the plaintiff.

Moreover, American courts protected producers from illegitimately diverted trade by recognizing property rights. This property-based system of trademark protection was largely derived from the natural rights theory of property that predominately influenced courts during the time American trademark law developed in the nineteenth century. Significantly, this approach did not generate broad and absolute rights in a trademark. Instead, courts traditionally protected the exclusive right to use a trademark only within a particular field of trade and as against direct competitors.

Revisiting traditional trademark principles is important because it calls into question much of the dominant account of modern trademark law. Specifically, reading traditional trademark decisions in their proper historical and philosophical context shows that trademark law was never focused primarily on consumer interests. Consequently, this Article steals the normative force of many commentators' criticisms of modern trademark law, which focus on the law's deviation from its supposed foundational (and sole) purpose of improving the quality of information in the marketplace. While modern trademark law deserves sustained scrutiny, any criticisms leveled against it must fairly confront modern policy goals. These criticisms cannot draw their normative force by contrasting modern doctrines with "traditional" principles that did not exist.

This lesson hints at a broader methodological flaw in some applications of the law and economics approach. Law and economics scholars gained prominence in trademark discourse, as they did in many other contexts, by claiming that economic analysis explained various legal doctrines. Underneath the formal doctrinal means through which courts reached their results, they argued, many legal rules were best understood as attempts to promote economic effi-

ciency.³ Courts simply lacked the necessary sophistication to articulate the true bases of their decisions.⁴ The law and economics scholars then relied on this descriptive account to lend legitimacy to their normative conclusions; economic analysis not only explained legal doctrines, but efficiency was the right goal for the law to pursue.⁵

This form of intellectual bootstrapping cannot be sustained, however, when the foundational descriptive claims prove erroneous. And at least in the trademark context, courts were not pursuing economic efficiency when they developed doctrine. They sometimes reach outcomes in trademark cases that improved the quality of information in the marketplace.⁶ But they also tolerated substantial confusion in many cases. Rather than forcing square pegs into the round holes of economic efficiency, advocates of the efficiency approach should acknowledge that courts traditionally operated under a different theoretical framework and be upfront about their own normative agenda.

3 See RICHARD A. POSNER, *ECONOMIC ANALYSIS OF LAW* 6 (1973) (“[W]e shall see in subsequent chapters that many areas of the law, especially but not only the great common law fields of property, torts, crimes, and contracts, bear the stamp of economic reasoning. Granted, few judicial opinions contain explicit references to economic concepts. But often *the true grounds of legal decision* are concealed rather than illuminated by the characteristic rhetoric of opinions.”) (emphasis added)); William M. Landes & Richard A. Posner, *Trademark Law: An Economic Perspective*, 30 J.L. & ECON. 265, 265–66 (1987) (“Our overall conclusion is that trademark law, like tort law in general (trademark law is part of the branch of tort law known as unfair competition), can best be explained on the hypothesis that the law is trying to promote economic efficiency.”).

4 RICHARD A. POSNER, *ECONOMIC ANALYSIS OF LAW* 25 (6th ed. 2003) (“It would not be surprising to find that many legal doctrines rest on inarticulate gropings toward efficiency. Many legal doctrines date back to the nineteenth-century, when a laissez-faire ideology based on classical economics was the dominant ideology of the educated classes.”). Without assessing the accuracy of Posner’s general statement about the ideology of the nineteenth-century educated classes, his claim is demonstrably inaccurate with respect to nineteenth-century property law and theory. See *infra* notes 156–65 and accompanying text.

5 Cf. Mario J. Rizzo, *The Mirage of Efficiency*, 8 HOFSTRA L. REV. 641, 641–43 (1980) (discussing the folly of conflating normative and positive economic accounts of the law).

6 Posner, then, might view those results as “efficient.” One might doubt the significance of that conclusion, however, since modern law and economics scholars tend to operate under an artificially constrained definition of efficiency. See *id.* at 644–48 (criticizing Posner, among others, for restricting the notion of efficiency in their positive analysis). And even if they defined efficiency more broadly it would not be clear that efficiency is the appropriate goal to pursue in particular areas since that leads, at best, to partial inefficiencies and we cannot determine “with any reasonable degree of accuracy when an overall efficiency improvement has occurred.” *Id.* at 642.

The second lesson that emerges from this reframing of traditional trademark law is that the doctrinal expansions critics widely decry were more consequences of increased acceptance of the information transmission than deviations from that model. Trademark law traditionally was intended only to prevent competitors from dishonestly diverting customers who otherwise would have gone to the senior user of a mark. As a result, trademark rights in the nineteenth century were quite limited. Courts in the twentieth century rejected the traditional framework in favor of one that viewed the possibility of consumer confusion as an evil in itself. This essentially eliminated any real limitation on the scope of trademark rights, as producers found consumer-focused arguments for broader protection readily available.

The real shift in modern trademark law then was not one from consumer focus to producer focus, or from consumer protection to property. Instead, modern trademark law differs fundamentally from its traditional counterpart in its understanding of what a trademark does and how it adds value. Courts traditionally saw a trademark as little more than a vehicle through which consumers could match products with their producers. Marks were important to producers because customers who were satisfied with a producer's products could use that producer's mark to find its products again in the market. But, on this view, the mark was only an instrumentality of the producer's business, which was the ultimate object of protection. Modern law, by contrast, sees a trademark as a repository for value and meaning, which may be deployed across a wide range of products and services. In other words, twenty-first century trademark law amounts to little more than industrial policy intended to increase brand value.⁷

This Article proceeds in four parts. First, it sets out modern trademark scholars' common objection that trademark law has recently lost its consumer focus. Second, the Article looks closely at early American trademark precedent and identifies trade diversion as courts' ultimate concern. Third, the Article situates this traditional protection against trade diversion within the natural property rights tradition in which nineteenth-century judges predominantly operated. Fourth, and finally, it describes a number of modern doctrinal

7 Because Frank Schechter was the first to articulate a view of trademarks as valuable themselves and not merely as instrumentalities of a producer's business, he probably influenced twentieth-century trademark law and theory more than any other person, even though the dilution claim he proposed has developed in fits and starts. See Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813, 816–18 (1927). As we will see, however, modern law in many ways goes much further than even Schechter imagined.

developments and identifies more accurately trademark law's fundamental shift from customer-centered to mark-centered protection. It argues that these doctrinal expansions deserve sustained analysis, but that any criticisms leveled against them must stand on their own merits and accept that the information transmission model enabled much of trademark law's modern doctrinal growth.

I. THE CONVENTIONAL WISDOM ABOUT TRADEMARK LAW

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. Trademarks, the conventional wisdom holds, are means by which consumers organize information about products or services. By preserving the integrity of these symbols, trademark law benefits consumers in both a narrow sense (by protecting them from being deceived into buying products they do not want) and a broad sense (by allowing consumers to rely on source indicators generally and thereby reducing the costs of searching for products in the market).⁸

According to Glynn Lunney, trademark

[o]wnership was assigned to the person who adopted the mark for her trade, not because she had created it or its favorable associations, but because such person was conveniently placed and strongly motivated to vindicate the broader public interest in a mark's ability to identify accurately the source of the goods to which it was attached.⁹

Trademark protection enhances marketplace efficiency, Lunney argues, because

by enabling consumers to connect information to precise product[s] more accurately, trademarks help consumers express more accurately their preferences and tastes for the varying mix of product features, quality, and prices each finds desirable. Trademarks can, therefore, help ensure that the pricing signals received by producers from the market (or “expressed demand”) more accurately reflect consumers' actual tastes and preferences (or “actual demand”).¹⁰

Stacey Dogan and Mark Lemley similarly argue that trademark law was designed to reduce consumers' search costs and give firms

8 See WILLIAM M. LANDES & RICHARD A. POSNER, *THE ECONOMIC STRUCTURE OF INTELLECTUAL PROPERTY LAW* 166–68 (2003).

9 Glynn S. Lunney, Jr., *Trademark Monopolies*, 48 EMORY L.J. 367, 417 (1999).

10 *Id.* at 432.

incentive to invest in quality products and services. “Trademark law . . . aims to promote more competitive markets by improving the quality of information in those markets.”¹¹ Dogan and Lemley even go so far as to argue that “[s]ince consumers are the ultimate intended beneficiaries of trademark protection, one could argue that it [makes] more sense to vest [the right to control the use of trademarks] in consumers, not producers.”¹² This view of trademark law’s normative goals, often associated with the Chicago School of law and economics, is rampant in the literature,¹³ and widely embraced by

11 Stacey L. Dogan & Mark A. Lemley, *The Merchandising Right: Fragile Theory or Fait Accompli?*, 54 EMORY L.J. 461, 467 (2005). The authors also describe concerns about the effect of particular rights on consumers and competitors, and on the competitiveness of the marketplace as a whole, as the “core values of trademark law.” *Id.* at 475.

12 *Id.* at 479 n.74. Dogan and Lemley make this argument about control over trademarks particularly in the context of merchandising. If they are right about trademark law’s goals, however, the point is generalizable.

13 See 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 2:3, at 2-3 to -4 (4th ed. 1996) (quoting William N. Landes and Richard A. Posner, *The Economics of Trademark Law*, 78 TRADEMARK REP. 267, 267 (1988), for the proposition that trademark law is best understood as “trying to promote economic efficiency”); John F. Coverdale, *Trademarks and Generic Words: An Effect-on-Competition Test*, 51 U. CHI. L. REV. 868, 869–70 (1984) (arguing that, unlike patent and copyright laws, trademark protection is intended to promote competition by facilitating a consumer’s effort to distinguish among the goods of competing producers); Stacey L. Dogan & Mark A. Lemley, *Trademarks and Consumer Search Costs on the Internet*, 41 HOUS. L. REV. 777, 778 (2004) (arguing that the historical normative goal of trademark law is to foster the flow of information in markets, thereby reducing search costs for consumers); Nicholas S. Economides, *The Economics of Trademarks*, 78 TRADEMARK REP. 523, 525–27 (1988) (suggesting that trademarks primarily exist to enhance consumer decisions and to create incentives for firms to produce desirable products); Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 YALE L.J. 1687, 1695–96 (1999) (stating that the single purpose of trademark law is “to enable the public to identify easily a particular product from a particular source”); Clarisa Long, *Dilution*, 106 COLUM. L. REV. 1029, 1033–34 (2006) (contrasting dilution protection with traditional trademark protection and arguing that the former is producer-centered while the latter is consumer-centered); I.P.L. Png & David Reitman, *Why Are Some Products Branded and Others Not?*, 38 J.L. & ECON. 207, 208–11 (1995) (presenting empirical evidence in support of search cost rationale); Diego Puig, Note, *To God What is God’s and to Caesar What is Caesar’s: Aesthetic Functionality as a Value Between Trademark Rights and Religious Freedoms*, 9 J. TECH. L. & POL’Y 81, 91 (2004) (describing the first policy reason behind trademark protection as consumer protection by “mak[ing] sure that the public is not confused about the source” of the product and thereby reducing transaction costs). Some commentators have described as a second purpose of trademark law protection of producers’ goodwill, though they describe that goal in market efficiency terms, arguing that trademark law seeks to protect producer goodwill in order to encourage investment in product quality. See

courts.¹⁴ As Barton Beebe recently wrote, “[t]he Chicago School of law and economics has long offered a totalizing and, for many, quite definitive theory of American trademark law. . . . The influence of this analysis is now nearly total. . . . No alternative account of trademark doctrine currently exists.”¹⁵

Working from the premise that trademark law was designed to reduce consumer search costs, commentators have criticized a variety of modern doctrinal innovations on the ground they do not seem motivated by concern for consumers. Dilution is the most popular target,¹⁶ but expansions of trade dress protection and recognition of new forms of actionable confusion have also raised the ire of trademark scholars.¹⁷ These critics almost universally characterize modern

LANDES & POSNER, *supra* note 8, at 166–68; Eric Goldman, *Deregulating Relevancy in Internet Trademark Law*, 54 EMORY L.J. 507, 554–55 (2005).

14 Courts mention more frequently than commentators the additional goal of protecting producers’ goodwill, though they too generally describe that goal in market efficiency terms. See *Qualitex Co. v. Jacobsen Prods. Co.*, 514 U.S. 159, 163–64 (1995) (stating that trademark law “‘reduce[s] the customer’s costs of shopping and making purchasing decisions,’ and helps assure a producer that it (and not an imitating competitor) will reap the financial, reputation-related rewards associated with a desirable product” (quoting McCARTHY, *supra* note 13, § 2:3, at 2-3)); *Union Nat’l Bank of Tex., Laredo, Tex. v. Union Nat’l Bank of Tex., Austin, Tex.*, 909 F.2d 839, 844 (5th Cir. 1990) (“The idea is that trademarks are ‘distinguishing’ features which lower consumer search costs and encourage higher quality production by discouraging free-riders.”).

15 Barton Beebe, *The Semiotic Analysis of Trademark Law*, 51 UCLA L. REV. 621, 623–24 (2004). Beebe suggests that trademark law can be understood in large part as a system of rules designed, without apparent reliance on semiotic theory, to protect sign value and the integrity of a sign’s meaning. See *id.* at 669–83. Beebe’s account is excellent and highly instructive, but it is mostly intended as a descriptive account. Beebe takes no position on whether trademark law *should* protect sign value at the possible expense of other values.

16 See, e.g., Wendy J. Gordon, *Introduction, Ralph Sharp Brown, Intellectual Property, and the Public Interest*, 108 YALE L.J. 1611, 1614 n.19, 1615 (1999) (calling dilution a “disaster”); Lemley, *supra* note 13, at 1698 (arguing that “dilution laws represent a fundamental shift in the nature of trademark protection”).

17 See, e.g., Goldman, *supra* note 13, at 565–70 (criticizing the initial interest confusion doctrine); Lunney, *supra* note 9, at 391–410 (criticizing expansion of trade dress protection); Jennifer E. Rothman, *Initial Interest Confusion: Standing at the Crossroads of Trademark Law*, 27 CARDOZO L. REV. 105, 121–59 (2005) (criticizing the initial interest confusion doctrine). Interestingly, there are other trademark doctrines that are inconsistent with the information transmission model but which have largely escaped the attention of scholars. For example, the concept of inherent distinctiveness—which allows for immediate protection of some marks protection without any evidence that consumers actually associate the mark with a particular source—seems incompatible with a system designed to track consumer expectations. Indeed, most justifications of inherent distinctiveness resemble the incentive/reward arguments

doctrines as indicative of a shift in trademark law away from confusion-based protection and towards a property-based regime that is focused only superficially on consumers.¹⁸

This characterization of modern law is important to critics for two reasons. First, it situates the debate about trademark expansion within a larger rhetorical debate about the “propertyization” of intellectual property law.¹⁹ Second, and more importantly for this Article, the characterization of trademark law as having shifted towards a property-based regime pits modern doctrinal innovations against the normative premises of trademark law. It suggests that, not only do expanded trademark rights impose costs on competitors and the public, those rights cannot be justified on their own terms. Most criticisms of trademark law, in other words, tend not to engage in a balancing of producer and consumer interests but instead claim that improving the quality of information in the marketplace is the only legitimate goal and that deviations from that goal are unjustified.²⁰

typically advanced in favor of patent and copyright protection. See *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 770–71 (1992) (accepting the Fifth Circuit’s reasoning that “[w]hile the necessarily imperfect (and often prohibitively difficult) methods for assessing secondary meaning address the empirical question of current consumer association, the legal recognition of an inherently distinctive trademark or trade dress acknowledges the owner’s legitimate proprietary interest in its unique and valuable informational device, regardless of whether substantial consumer association yet bestows the additional empirical protection of secondary meaning”).

18 See, e.g., Mark A. Lemley, *Romantic Authorship and the Rhetoric of Property*, 75 TEX. L. REV. 873, 900 (1997) (book review) (arguing that trademark owners “are well on their way to owning the exclusive right to pun”); Lunney, *supra* note 9, at 371–72 (describing the “radical and ongoing expansion of trademark protection” as a shift from “deception-based trademark,” which focused on a trademark’s value merely as a device for conveying otherwise indiscernible information about a product, to “property-based trademark,” which regards a trademark as a valuable product in itself); Margaret Jane Radin & R. Polk Wagner, *The Myth of Private Ordering: Rediscovering Legal Realism in Cyberspace*, 73 CHI.-KENT L. REV. 1295, 1305 n.29 (1998) (“Modern trademark law is moving . . . towards a . . . property rights regime.”). Lemley says, on this basis, that trademark law reflects “the death of common sense.” Lemley, *supra* note 13, at 1688 (arguing that the changes in trademark doctrine “loosed trademark law from its traditional economic moorings and have offered little of substance to replace them”).

19 For some discussion of this debate, see Richard A. Epstein, *Liberty Versus Property? Cracks in the Foundation of Copyright Law*, 42 SAN DIEGO L. REV. 1, 20–28 (2005); Mark A. Lemley, *Property, Intellectual Property, and Free Riding*, 83 TEX. L. REV. 1031, 1037–39 (2005); Adam Mossoff, *Is Copyright Property?*, 42 SAN DIEGO L. REV. 29, 36–42 (2005).

20 Even Robert Bone, who has studied trademark law’s historical development, suffers from this law and economics myopia. Bone recognizes that a focus on producer goodwill fits uneasily with the information transmission model. Nevertheless,

Such a view, however, is premised on a “falsely imagined past.”²¹ In reality, “traditional” American trademark law was unapologetically producer-oriented. Trademark law, indeed all of unfair competition law, was designed to promote commercial morality and protect producers from illegitimate attempts to divert their trade. Consumer confusion was relevant to the traditional determination of infringement not for its own sake, but because deceiving consumers was a particularly effective way of stealing a competitor’s trade. To put it another way, if Bork was right that antitrust laws were intended only to promote consumer welfare and not to protect competitors,²² then traditional trademark law was its conceptual mirror image. Trademark law primarily sought to regulate the relationship between competitors; any benefits to consumers were secondary.

Moreover, American courts from the very beginning protected producers from illegitimate diversions of their trade by recognizing property rights. Because those property rights were grounded in the natural rights theory of property accepted by most judges in the nineteenth century, however, traditional trademark rights were considerably narrower than those recognized today. Specifically, a trademark owner was entitled to relief only against competitors that dishonestly marked their products and passed them off as those of the mark owner.

This understanding of traditional trademark law poses serious problems for most criticisms of modern trademark law. If “traditional” trademark law was primarily intended to protect producers and not consumers, then the fact that modern trademark law seems producer-oriented is not particularly damning. More importantly, close study of traditional trademark principles suggests that critics delude themselves when they seek to limit trademark law by tying protection to consumer expectations. Virtually all of trademark law’s modern doctrines are more difficult to square with the natural prop-

he criticizes courts for departing from the information transmission model on which trademark law supposedly was based even in the very cases that originally developed trademark law. See Robert G. Bone, *Hunting Goodwill: A History of the Concept of Goodwill in Trademark Law*, 86 B.U. L. REV. 547, 583–92 (2006). As I demonstrate below, the growth of trademark law was not a result of courts’ focus on goodwill, which has a much longer pedigree than does the information transmission model. Instead, expansion required courts to define goodwill much more broadly, which they were willing to do. See *infra* Parts III & IV.

21 ROBERT H. BORK, *THE ANTITRUST PARADOX* 15 (2d ed. 1993) (“One of the uses of history is to free us of a falsely imagined past. The less we know of how ideas actually took root and grew, the more apt we are to accept them unquestioningly, as inevitable features of the world in which we move.”).

22 *Id.* at 51.

erty rights approach nineteenth-century judges applied than with the economic efficiency theory currently in vogue. To take an extreme example, there is a reasonable argument that information clarity would be promoted, not hindered, if trademark law prevented *all* conflicting uses of a mark, regardless of the contexts in which that mark was used. After all, a market with only one party using APPLE or FORD is the easiest one for consumers to navigate.

The following Part revisits traditional American trademark law in greater detail and demonstrates courts' focus on illegitimate trade diversion.

II. A SECOND LOOK AT EARLY TRADEMARK PROTECTION

Use of markings to identify and distinguish one's property dates to antiquity, and regulations regarding use of those marks almost as long. Much of the history of trademarks has been investigated thoroughly, and I do not intend to offer a complete historical account here.²³ This Article focuses on the traditional normative premises of American trademark law in particular. Because nineteenth-century American courts explicitly drew on English law, however, a full account necessarily begins in England.

A. *Medieval Marks as Liabilities*

Scholars have identified a number of ways in which individuals and producers historically used distinguishing marks. Most basically, merchants used marks to demonstrate ownership of physical goods, much in the way that ranchers use cattle brands to identify their cattle.²⁴ Use of marks to indicate ownership of goods was particularly important for owners whose goods moved in transit, as those marks often allowed owners to claim goods that were lost. Producers relied on identifying marks, for example, to demonstrate ownership of goods recovered at sea.²⁵

23 For historical accounts reaching further back in time, see FRANK I. SCHECHTER, *THE HISTORICAL FOUNDATIONS OF THE LAW RELATING TO TRADE-MARKS* (1925); Sidney A. Diamond, *The Historical Development of Trademarks*, 65 TRADEMARK REP. 265 (1975); Daniel M. McClure, *Trademarks and Unfair Competition: A Critical History of Legal Thought*, 69 TRADEMARK REP. 305 (1979); Benjamin G. Paster, *Trademarks—Their Early History*, 59 TRADEMARK REP. 551 (1969); Edward S. Rogers, *Some Historical Matter Concerning Trade-Marks*, 9 MICH. L. REV. 29 (1911).

24 SCHECHTER, *supra* note 23, at 20–21; Diamond, *supra* note 23, at 273.

25 See SCHECHTER, *supra* note 23, at 26–31. Owners also carved identifying marks into the beaks of swans they were allowed to own by royal privilege. See *id.* at 35–37.

Marks also were quite important to the operation of the guild system in medieval England. Local guilds often developed reputations for the quality of their products. When they did, the names of the towns or regions in which those guilds operated became repositories of goodwill. To maintain that goodwill, guilds needed to be able to restrict membership and identify and punish members who produced defective products. Guilds therefore required their members to affix distinguishing marks to their products so they could police their ranks effectively.²⁶

Importantly, guilds required members to display their marks for the purpose of developing and maintaining the collective goodwill of the guild; marks were *not* used for the purpose of establishing individual producer goodwill. Indeed, intraguild competition was strictly forbidden.²⁷ Moreover, guild regulations were not motivated primarily by a concern for consumers. Even in the cutlers' trade, where marks seem to have been viewed most analogously to modern trademarks,²⁸ regulation was intended not for the protection of purchasers, but for "guidance of those exercising control or working in rivalry."²⁹ In fact, though it is not clear how often mark owners sought enforcement of their marks during this period, whatever enforcement mark owners did pursue seems to have been motivated by their concern about being held responsible for products they did not make.³⁰

B. *English Trademark Cases*

Commentators often cite the 1618 case of *Southern v. How*³¹ as the first English case dealing with replication of another's identifying mark.³² According to Popham's report of that case,

26 *See id.* at 38–63. Not coincidentally, these mandatory marks also made it possible for the Crown to regulate conduct, particularly in the printing industry, where the Crown policed heresy and piracy. *See id.* at 63–77; *see also* PAUL GOLDSTEIN, *COPYRIGHT'S HIGHWAY* 33 (rev. ed., Stanford Univ. Press 2003) (discussing the crown's use of copyright to censor).

27 *See* SCHECHTER, *supra* note 23, at 42–47 (describing guild efforts to prevent members from establishing individual goodwill).

28 There are some examples in the cutlers' trade of the government treating marks as property that could be passed by will and of owners advertising to suppress piracy. *See id.* at 119–20.

29 *Id.* at 120 (quoting ROBERT EADON LEADER, *HISTORY OF THE CUTLERS OF HALAMSHIRE* 110 (1906)).

30 *See id.* at 55.

31 (1618) Pop. 143, 79 Eng. Rep. 1243 (K.B.).

32 *See* JAMES LOVE HOPKINS, *THE LAW OF TRADEMARKS, TRADENAMES AND UNFAIR COMPETITION* § 4, at 12–13 (2d ed. 1905); FRANCIS H. UPTON, *A TREATISE ON THE LAW OF TRADE MARKS* 11–12 (Albany, W.C. Little 1860).

an action upon the case was brought in the Common Pleas by a clothier, that whereas he had gained great reputation for his making of his cloth, by reason whereof he had great utterance to his great benefit and profit, and that he used to set his mark to his cloth, whereby it should be known to be his cloth: and another clothier perceiving it, used the same mark to his ill-made cloth on purpose to deceive him, and it was resolved that the action did well lie.³³

There are, however, good reasons to doubt the reliability of Popham's report, as Frank Schechter ably demonstrated in his seminal work *The Historical Foundations of the Law Relating to Trade-Marks*.³⁴ Popham's is only one of five known reports of the case,³⁵ and the other reports do not corroborate Popham's account of the clothier's case. Some of the reports contain no reference at all to the clothier's case,³⁶ and at least one of the reports suggests that it was the deceived customer who brought the action rather than the merchant.³⁷ Nevertheless, much to the detriment of trademark law's conceptual development, Popham's characterization of *Southern* played a prominent role in early English law. In fact, several English judges deciding trademark cases in the eighteenth and nineteenth centuries relied on Popham's report of the case for the proposition that cases based on use of another's mark could be brought as actions on the case, sounding in deceit.³⁸

33 *Southern*, (1618) Pop. at 144, 79 Eng. Rep. at 1244.

34 See SCHECHTER, *supra* note 23, at 6–11.

35 The other reports were (1659) Bridg.J. 125, 123 Eng. Rep. 1248 (C.P.); (1659) Cro. Jac. 468, 79 Eng. Rep. 400 (K.B.); (1676) 2 Rolle 5, 81 Eng. Rep. 621 (K.B.); and (1676) 2 Rolle 26 (K.B.), 81 Eng. Rep. 635. The report attributed to Popham, moreover, was not even reported by Popham himself but was included in the section of his collection titled "Some Remarkable Cases Reported by other Learned Pens since his death." (1682) Pop. 1, 1, 79 Eng. Rep. 1125, 1125.

36 See (1659) Bridg.J. at 125–28, 123 Eng. Rep. at 1248–50; 2 Rolle at 5–6, 81 Eng. Rep. at 621–23.

37 Croke's Report stated: "Dodderidge cited a case to be adjudged 33 Eliz. in the Common Pleas: a clothier of Gloucestershire sold very good cloth, so that in London if they saw any cloth of his mark, they would buy it without searching thereof; and another who made ill cloths put his mark upon it without his privity; and an action upon the case was brought *by him who bought the cloth*, for this deceit; and adjudged maintainable." (1659) Cro. Jac. at 471, 79 Eng. Rep. at 402 (emphasis added). The second of Rolle's Reports, 2 Rolle 28, 81 Eng. Rep. at 637, is somewhat ambiguous, but that report also suggests it may have been the purchaser who brought the case.

38 See, e.g., *Hirst v. Denham*, (1872) 14 L.R. Eq. 542, 549; *Burgess v. Burgess*, (1853) 3 De G.M. & G. 896, 902, 43 Eng. Rep. 351, 353 (Ch.); *Crawshay v. Thompson*, (1842) 4 Man. & G. 357, 385–86, 134 Eng. Rep. 146, 157–58 (C.P.) (citing Popham's and Croke's reports); *Blanchard v. Hill*, (1742) 2 Atk. 484, 485, 26 Eng. Rep. 692 (Ch.).

1. Trademarks in Courts of Law and Equity

The first reported English decision clearly involving a claim based on use of a party's trademark was the court of equity's 1742 decision in *Blanchard v. Hill*.³⁹ The plaintiff in that case, a maker of playing cards, sought an injunction

to restrain the defendant from making use of the Great *Mogul* as a stamp upon his cards, to the prejudice of the plaintiff, upon a suggestion, that the plaintiff had the sole right to this stamp, having appropriated it to himself, conformable to the charter granted to the cardmakers' company by King *Charles* the First.⁴⁰

The factual context of *Blanchard* is particularly noteworthy; the plaintiff was seeking protection of a mark for playing cards pursuant to a royal charter, and charters granting exclusive rights to cardmakers had been at the center of a long political struggle between Parliament and the Crown.⁴¹ Marks played an important role in the contested charter scheme because cardmakers were required to use their seals so that exclusivity could be enforced,⁴² a fact that clearly colored the court's view of the case. Lord Hardwicke noted that he believed that "the intention of the charter [under which the plaintiff claimed rights] [was] illegal,"⁴³ and said the court would "never establish a right of this kind, claimed under a charter only from the crown, unless there ha[d] been an action to try the right at law."⁴⁴

The *Blanchard* decision, however, should not be read as a categorical condemnation of claims based on use of a competitor's mark. Rather, Lord Hardwicke was focused on cases in which the plaintiff's claim of exclusive rights emanated from a monopoly granted by royal charter. In fact, his decision in *Blanchard* specifically distinguished the plaintiff's claim in that case from the clothier's claim referenced in Popham's report of *Southern*. Unlike the plaintiff in *Blanchard*, who claimed the exclusive right to use his *Mogul* mark without qualification, the clothier in *Southern* based his case on the defendant's "fraudulent design, to put off bad cloths by this means, or to draw away

39 (1742) 2 Atk. 484 (Ch.), 26 Eng. Rep. 692.

40 *Id.* at 484, 26 Eng. Rep. at 692–93.

41 For a discussion of the struggle between Parliament and the Crown over who would be able to grant exclusive privileges, see Thomas B. Nachbar, *Monopoly, Mercantilism, and the Politics of Regulation*, 91 VA. L. REV. 1313, 1333–40 (2005).

42 See *The Case of Monopolies*, (1603) 11 Co. Rep. 84b, 88b, 77 Eng. Rep. 1260, 1266 (K.B.) (calling the playing card monopoly granted by Queen Elizabeth under her royal prerogative an "odious monopoly").

43 *Blanchard*, 2 Atk. at 485, 26 Eng. Rep. at 693.

44 *Id.*

customers from the other clothier.”⁴⁵ When the defendant intended to pass off its goods as those of the plaintiff, Lord Hardwicke implied, an injunction might well be appropriate.

Despite the initial reluctance of courts of equity to recognize exclusive rights in trademarks and Lord Hardwicke’s clear suggestion that claimants pursue such claims at law, the first reported trademark decision by an English common law court was the 1824 decision in *Sykes v. Sykes*.⁴⁶ In that case, the court upheld a verdict for the plaintiff against defendants who marked their shot-belts and powder-flasks with the words “Sykes Patent” in imitation of the plaintiff’s use of the same mark for its shot-belts and powder-flasks.⁴⁷ After specifically noting that the plaintiff’s sales had decreased after the defendants began selling their identically labeled products, the court concluded that the defendants had violated the plaintiff’s rights by marking their goods so as “to denote that they were of the genuine manufacture of the plaintiff” and “[selling] them to retail dealers, for the express purpose of being resold, as goods of the plaintiff’s manufacture.”⁴⁸

A number of common law cases following the *Sykes* decision recognized claims in similar circumstances, imposing liability when a producer sought to pass off its goods as those of a competitor.⁴⁹ Those cases generally were brought as actions on the case, in the nature of deceit.⁵⁰ Yet one must be careful not to read those cases through modern lenses—despite the form of action, courts in these early cases invariably described the defendant as having practiced fraud *against the plaintiff*.⁵¹

45 *Id.*

46 (1824) 3 B. & C. 541, 107 Eng. Rep. 834 (K.B.). There are some accounts of an earlier decision in a case called *Cabrier v. Anderson*, apparently tried before Lord Mansfield in 1777, in which the court awarded the plaintiff damages of £100 under a statute of William III when the defendant put plaintiff’s name on defendant’s watches. See SCHECHTER, *supra* note 23, at 137–38. There are no published reports of the case, though contemporary press accounts claimed that the case was “‘remarkable . . . and the first of its kind.’” *Id.* at 137 (quoting ST. JAMES CHRONICLE, Dec. 4, 1777).

47 *Sykes*, 3 B. & C. at 543, 107 Eng. Rep. at 835.

48 *Id.*

49 *See, e.g.,* *Blofeld v. Payne*, (1833) 4 B. & Ad. 410, 411–12, 110 Eng. Rep. 509, 510 (K.B.).

50 *See, e.g.,* *Edelsten v. Edelsten*, (1863) 1 De. G.J. & S. 185, 199, 46 Eng. Rep. 72, 78 (Ch.) (stating that in actions for trademark infringement “[a]t law the proper remedy is by an action on the case for deceit: and proof of fraud on the part of the Defendant is of the essence of the action”).

51 *See Blofeld*, 4 B. & Ad. at 412, 110 Eng. Rep. at 510 (upholding the verdict for the plaintiff and holding that the defendant’s use of envelopes resembling those of plaintiff’s, and containing the same words, was a “fraud against the plaintiff”); Jamie-

Like their counterparts in courts of law, courts of equity became more solicitous of trademark claims in the first part of the nineteenth century. Of particular significance, courts very early on concluded that, where a claimant could demonstrate an exclusive right to use a particular mark, equity would intervene to protect a property interest and evidence of fraudulent intent was not necessary. Despite limited reported decisions following *Blanchard*,⁵² for example, Lord Cottingham confidently held in *Millington v. Fox*⁵³ that equity could be invoked to protect the plaintiff's title to his marks, even absent evidence that the defendant knew of the plaintiff's marks or intended to defraud him.⁵⁴ Likewise in *Hall v. Barrows*,⁵⁵ the court noted that the "jurisdiction of the Court in the protection of trade marks rests upon property, and that fraud in the Defendant is not necessary for the exercise of that jurisdiction."⁵⁶

As Lord Westbury said in *Leather Cloth Co. v. American Leather Cloth Co.*⁵⁷ rejecting any contention that courts of equity based their jurisdiction on fraud,⁵⁸

The true principle, therefore, would seem to be, that the jurisdiction of the Court in the protection given to trade marks rests upon property, and that the Court interferes by injunction, because that is the only mode by which property of this description can be effectually protected.⁵⁹

Significantly, Lord Westbury reached this conclusion after noting that, even when a party held out his goods as those of another, the other

son & Co. v. Jamieson, (1898) 15 R.P.C. 169. The court in *Jamieson & Co.* held that the case was not based on "a breach of any right of property in the Plaintiffs. It is merely the exercise by the Plaintiff of a right that he has that he should not be injured by the fraud of the Defendant in pretending that the goods manufactured by him, the Defendant, are of the Plaintiff's manufacture." *Id.* at 191.

52 A prior instance of an injunction restraining trademark infringement was noted, with no elaboration, in ROBERT HENLEY EDEN, A TREATISE ON THE LAW OF INJUNCTIONS 314 (London, J. Butterworth, 1821) (citing *Day v. Day* (1816)). Further information about this case is unknown.

53 (1838) 3 Myl. & Cr. 338 (Ch.), 40 Eng. Rep. 956. In that case, the court said that it would interfere *to protect the plaintiff* if ordinary or unwary purchasers are likely to be misled to mistake the defendant's goods for the plaintiff's. *Id.*; see also *Singer Mfg. Co. v. Wilson*, (1876) 2 Ch.D. 434, 447-48 (C.A.) (finding that the plaintiff would not be harmed because ordinary purchasers would not be confused).

54 *Millington*, 3 Myl. & Cr. at 352, 40 Eng. Rep. at 961; see also SCHECHTER, *supra* note 23, at 138-39.

55 (1863) 4 De G.J. & S. 150, 46 Eng. Rep. 873 (Ch.).

56 *Id.* at 156, 46 Eng. Rep. at 876.

57 (1863) 4 De G.J. & S. 137, 141, 46 Eng. Rep. 868 (Ch.).

58 *Id.* at 141, 46 Eng. Rep. at 870.

59 *Id.* at 142, 46 Eng. Rep. at 870.

had no right to complain unless the act caused him some pecuniary loss or damage.⁶⁰ “Imposition on the public, occasioned by one man selling his goods as the goods of another, cannot be the ground of private right of action or suit.”⁶¹ The court in *Levy v. Walker*⁶² was even more explicit that the protection of trademarks was intended to protect producers and not primarily for the benefit of consumers: “The Court interferes solely for the purpose of protecting the owner of a trade or business from a fraudulent invasion of that business by somebody else. It does not interfere to prevent the world outside from being misled into anything.”⁶³

2. Reconciling Law and Equity Approaches

Because actions at law were denominated as actions on the case in the nature of deceit while courts of equity claimed their jurisdiction was based on property, some commentators have concluded that law and equity developed incompatible theories of trademark protection.⁶⁴ That reading is understandable, since many early courts were not particularly clear about the relationship between actions at law and in equity. In the *Leather Cloth* case, for example, Lord Westbury thought it evident that, at law,

the remedy for the piracy of a trade mark is by an action on the case in the nature of a writ of deceit. This remedy is founded on fraud, and originally it seems that an action was given not only to the trader whose mark had been pirated, but also to the buyer in the market, if he had been induced by the fraud to buy goods of an inferior quality.⁶⁵

Notwithstanding this characterization of legal claims as claims based on fraud, Lord Westbury believed that equity intervened to protect a property interest that courts of law could not adequately protect. “In equity, the right to give relief to the trader whose trade has been injured by the piracy appears to have been originally assumed by reason of the inadequacy of the remedy at law, and the necessity of protecting *property of this description* by injunction.”⁶⁶

60 *Id.* at 140, 46 Eng. Rep. at 870.

61 *Id.* at 141, 46 Eng. Rep. at 870.

62 (1878) 10 Ch.D. 436.

63 *Id.* at 448.

64 See Bone, *supra* note 20, at 560.

65 *Leather Cloth*, (1863) 4 De G.J. & S. at 139, 46 Eng. Rep. at 869. Here it is clear that the various reports of *Southern* created some confusion as to whether the action on the case was brought by the clothier, the purchaser, or both.

66 *Id.* at 139–40, 46 Eng. Rep. at 869 (emphasis added).

To make matters more confusing, courts often discussed the same precedents and spoke in the same terms regardless of the form of action. As a result, in many cases it is difficult to tell whether the action was brought in equity or at law based solely on the court's description of the wrong. In *Croft v. Day*,⁶⁷ for example, an equity action, the court enjoined the defendant's use after describing the harm in terms of fraud:

[T]he principal, in these cases, is . . . that no man has a right to dress himself in colours, or adopt and bear symbols, to which he has no peculiar or exclusive right, and thereby personate another person, for the purpose of inducing the public to suppose either that he is that other person, or that he is connected with and selling the manufacture of such other person, while he is really selling his own. It is perfectly manifest, that to do these things is to commit a fraud, and a very gross fraud.⁶⁸

Likewise in *Hogg v. Kirby*,⁶⁹ the Chancery Court intervened because it considered the publication by the defendant of what appeared to be a continuation of plaintiff's magazine a fraud upon the goodwill of the plaintiff's periodical.⁷⁰

This apparent ambiguity regarding the real basis of trademark law ultimately was more semantic than substantive. The availability of equity in these cases turned on the plaintiff's ability to establish title to a mark by showing substantially exclusive use of the mark.⁷¹ Where a plaintiff could make such a showing, the defendant had no legitimate reason to use the same mark. If, on the other hand, the plaintiff could not demonstrate substantially exclusive use, then the court could not be sure that another's use of the same mark was necessarily illegitimate, and the court would declare that the plaintiff lacked exclusive rights. In such a case, the plaintiff was forced to prove its right to relief at law before it could earn the right to an injunction.⁷²

67 (1843) 7 Beav. 84, 49 Eng. Rep. 994 (Rolls Ct.).

68 *Id.* at 88, 49 Eng. Rep. at 996.

69 (1803) 8 Ves. Jun 215, 32 Eng. Rep. 336 (Ch.).

70 *Id.* at 215–16, 32 Eng. Rep. at 340; *see also* *Hall v. Barrows*, (1863) 4 De G. J. & S. 150, 159, 46 Eng. Rep. 873, 877 (Ch.) (“Imposition on the public is indeed necessary for the Plaintiff's title, but in this way only, that it is the test of the invasion by the Defendant of the Plaintiff's right of property; for there is no injury if the mark used by the Defendant is not such as is mistaken, or is likely to be mistaken, by the public for the mark of the plaintiff; but the true ground of this Court's jurisdiction is property, and the necessity of interfering to protect it by reason of the inadequacy of the legal remedy.”).

71 *Id.* at 218–19, 32 Eng. Rep. at 338.

72 *See* *Farina v. Silverlock*, (1856) 6 De G. M. & G. 214, 217–22, 43 Eng. Rep. 1214, 1216–18 (Ch.) (holding that, where plaintiff's mark consisted of a label in a

A plaintiff proved its right at law by showing that, despite its lack of exclusive rights, the evidence in that particular case showed that the defendant sought to deceive the plaintiff's customers.⁷³

This distinction between exclusive rights and rights against particular uses explains why actions litigated in courts of law were denominated actions on the case sounding in deceit. At law, parties could bring two different claims to recover for injuries to their interests: trespass and case. To oversimplify, a party brought a trespass action when her injury was direct; she brought an action on the case to remedy indirect injuries.⁷⁴ Because the trademark cases litigated in courts of law were cases where the defendant's use was not considered categorically illegitimate but only illegitimate to the extent it was intended to deceive and divert customers,⁷⁵ the mark owner's injury in those cases would have been considered indirect.

The important point is that plaintiffs in these actions at law were not vindicating the rights of consumers—they were making claims based on injuries to their own interests that resulted indirectly from deception of consumers.⁷⁶ Courts intermingled talk of fraud and property, not because they were unclear about the basis of protection, but because in all these cases their real concern was that the defen-

certain form and there was evidence that labels the same or similar to it might be sold for a legitimate purpose, and where there was no proof of actual fraud, the court would refrain from entering an injunction until plaintiff established his case at law); *see also Croft*, 7 Beav. at 87, 49 Eng. Rep. at 995–96 (identifying cases in which the injunction is granted at once and those in which the injunction is refused until the plaintiff has established his right at law); 1 EDMUND ROBERT DANIELL, *THE PRACTICE OF THE HIGH COURT OF CHANCERY* 1516 (London, V. & R. Stevens & G. S. Norton 2d ed. 1845) (“[I]f the legal right is disputed, the Court does not, except in a strong case, interfere in the first instance by injunction, but it puts the party upon establishing his right at Law before it confers the equitable remedy.”).

⁷³ *See, e.g., Farina*, 6 De G. M. & G. at 216–17, 43 Eng. Rep. at 1215 (noting that an intent to deceive plaintiff's customers is an “essential ingredient” of the legal right).

⁷⁴ *See Reynolds v. Clarke*, (1725) 1 Str. 634, 636, 93 Eng. Rep. 747, 748 (K.B.) (“[I]f a man throws a log into the highway, and in the act it hits me, I may maintain trespass, because it is an immediate wrong; but if as it lies there I tumble over it, and receive an injury, I must bring an action upon the case; because it is only prejudicial in consequence, for which originally I could have no action at all.”). For a very brief general discussion of the difficulty of distinguishing trespass and case, see RICHARD A. EPSTEIN, *CASES AND MATERIALS ON TORTS* 90–99 (8th ed. 2004).

⁷⁵ *See infra* Part II.C.3.

⁷⁶ *Cf. Rice v. Manley*, 66 N.Y. 82, 82 (1876) (holding the suit actionable despite the lack of an enforceable contract because defendant fraudulently notified a third party that plaintiff no longer wanted the cheese it had ordered so that the defendant could purchase the cheese).

dant improperly diverted the plaintiff's trade.⁷⁷ The defendant's fraud or deception was what made some attempts to divert improper.

One further point deserves emphasis here. Contrary to some suggestions,⁷⁸ trademarks were not protected as property solely to gain the jurisdiction of courts of equity. Injuries to property interests were remediable at law through trespass actions and actions on the case (depending on whether the injury was direct or indirect), and courts of equity would enter injunctions even in the absence of a right in a particular name or mark if there was evidence that the defendant sought to sell his own goods as those of another.⁷⁹

C. *Early American Trademark Jurisprudence*

1. Trademark Law Targets Dishonest Trade Diversion

As noted above,⁸⁰ I read the decisions of the English common law courts and courts of equity as reflecting the same fundamental concern. In both types of cases, courts were singularly focused on the harm to a producer from improper diversion of its trade, and they worked with existing forms of action to remedy that harm.⁸¹ Ameri-

⁷⁷ See, e.g., *Perry v. Truefitt*, (1842) 6 Beav. 66, 67–68, 49 Eng. Rep. 749, 756 (Rolls Ct.). Bone argues that “[b]ecause trademark protection was originally based on fraud and the fraud in question was perpetrated on the public at large (not directly on the trademark owner), it was not clear what basis the trademark owner had to invoke the jurisdiction of a court of equity to grant injunctive relief.” Bone, *supra* note 20, at 561 (citation omitted). These cases solve the riddle, demonstrating that the mark owner’s interest, both at law and in equity, was in its returning customers.

⁷⁸ See Bone, *supra* note 20, at 561–62.

⁷⁹ See, e.g., *Croft v. Day*, (1843) 7 Beav. 84, 89–90, 49 Eng. Rep. 994, 996–97 (Rolls Ct.) (noting that the decision to enjoin the defendant was not dependent on “any peculiar or exclusive right [of] the Plaintiffs” but on the fact that the defendant was using the mark “in a manner calculated to mislead the public, and to enable the Defendant to obtain, at the expense of [the Plaintiff], a benefit for himself, to which he [was] not, in fair and honest dealing, entitled”). As the court said in *Farina v. Silverlock*, (1856) 6 De G. M. & G. 214, 43 Eng. Rep. 1214 (Ch.), a plaintiff’s right to “equity is founded on the jurisdiction of [courts of equity] to give relief in the shape of preventive justice in order to make more effectual a legal right, the legal right [in trademark cases] being a right to have a particular trade-mark to designate a commodity.” *Id.* at 217, 43 Eng. Rep. at 1216.

⁸⁰ See *supra* Part II.B.

⁸¹ In *Rodgers v. Nowill*, (1847) 5 C.B. 109, 136 Eng. Rep. 816 (C.P.), for example, the court recognized the awkwardness of being forced to deal with the case within one of the recognized forms. *Id.* at 126, 136 Eng. Rep. at 822. In that case, counsel responded to the judge’s question, “Is this an action on the case for a deceit?”, by noting that “there is no other title under which such an action can be classed.” *Id.* at 116, 136 Eng. Rep. at 819.

can courts had the same focus when they began deciding trademark cases, and they repeatedly made clear that the purpose of trademark law was to protect a party from illegitimate attempts to divert its trade.⁸²

In *Coats v. Holbrook*,⁸³ for example, the court said that a person is not allowed to imitate the product of another and “thereby attract to himself the patronage that without such deceptive use of such names . . . would have inured to the benefit of that other person.”⁸⁴ Likewise, in *Partridge v. Menck*,⁸⁵ the court

proceed[ed] upon the ground that the complainant ha[d] a valuable interest in the goodwill of his trade or business; and that having appropriated to himself a particular label, or sign, or trademark, . . . he [was] entitled to protection against any other person who attempt[ed] to pirate upon the goodwill of the complainant’s friends or customers, or of the patrons of his trade or business, by sailing under his flag without his authority or consent.⁸⁶

Francis Upton recognized this foundational principle when he wrote at the beginning of his 1860 treatise that the whole purpose of adopting a trademark was to “enable [the merchant] to secure such profits as result from a reputation for superior skill, industry or enterprise.”⁸⁷

82 Like its English predecessor, American trademark law was predominantly a product of judicial decision. Prior to the Act of July 8, 1870, ch. 230, 16 Stat. 198, 210, statutory protection, to the extent it existed, was at the state level and highly trade-specific. Massachusetts, for example, specifically regulated the use of marks on sailcloth. See SCHECHTER, *supra* note 23, at 130–32. The Supreme Court declared the first two attempts at federal trademark legislation unconstitutional. See *The Trademark Cases*, 100 U.S. 82, 99 (1879) (invalidating the trademark legislation of 1870 and the Act of Aug. 14, 1876, ch. 274, 19 Stat. 141 (which imposed criminal sanctions against one who fraudulently used, sold or counterfeited trademarks)). Even after Congress began legislating again in this area, however, trademark law remained fundamentally a creature of common law. Indeed, the Lanham Act, ch. 540, 60 Stat. 427 (1946), is widely noted to have generally codified common law. See, e.g., Robert C. Denicola, *Some Thoughts on the Dynamics of Federal Trademark Legislation and the Trademark Dilution Act of 1995*, LAW & CONTEMP. PROBS., Spring 1996, at 79, 80 (“Putting aside statutory innovations directly linked to the public notice provided by the Act’s registration system, the Lanham Act codifies the basic common law principles governing both the subject matter and scope of protection.”); Kenneth L. Port, *The Illegitimacy of Trademark Incontestability*, 26 IND. L. REV. 519, 520 (1993) (“[T]he Lanham Act’s primary, express purpose was to codify the existing common law of trademarks and not to create any new trademark rights.”).

83 7 N.Y. Ch. Ann. 713 (1845).

84 *Id.* at 717.

85 5 N.Y. Ch. Ann. 572 (1847).

86 *Id.* at 574.

87 UPTON, *supra* note 32, at 2.

In *Canal Co. v. Clark*,⁸⁸ Justice Strong stated the traditional understanding of trademark law with certainty:

[I]n all cases where rights to the exclusive use of a trade-mark are invaded, it is invariably held that the essence of the wrong consists in the sale of the goods of one manufacturer or vendor as those of another; and that it is only when this false representation is directly or indirectly made that the party who appeals to the court of equity can have relief. This is the doctrine of all the authorities.⁸⁹

Thus, the goal of traditional American trademark law was clear—it sought to protect a producer from illegitimate trade diversion. Moreover, as further elaborated below,⁹⁰ American courts concluded very early on that this protection in many cases was based on a property right,⁹¹ following essentially the approach of English courts of equity.⁹²

2. Trademarks and Unfair Competition

Because the purpose of trademark protection traditionally was to prevent trade diversion by competitors, it has long been regarded as a species of the broader law of unfair competition,⁹³ and even more broadly, as part of the law governing other fraudulent (and unfair) business practices.⁹⁴ This view of trademark protection as a species of

88 80 U.S. 311 (1871).

89 *Id.* at 322–23.

90 *See infra* Parts II.C.2–3.

91 *See, e.g.*, *The Trade-Mark Cases*, 100 U.S. 82, 92 (1879); *Blackwell v. Armistead*, 3 F. Cas. 546, 548 (C.C.W.D. Va. 1872) (No. 1474); *Derringer v. Plate*, 29 Cal. 292, 294–95 (1865); *Avery & Sons v. Meikle & Co.*, 4 Ky. L. Rptr. 759, 764–65 (1883); *see also* HOPKINS, *supra* note 32, § 9, at 16 n.27 (citing cases); SCHECHTER, *supra* note 23, at 141–44, 150–53, 154 n.1. (surveying early American cases and noting their preference for property-based approach to trademark law); Adam Mossoff, *What is Property? Putting the Pieces Back Together*, 45 ARIZ. L. REV. 371, 419–21 (2003) (“When the U.S. law and equity courts were first allied in the nineteenth century to protect an owner’s trademark, they responded by defining and protecting trademarks as property entitlements.”).

92 Thus, even if English law and equity decisions did reflect a deeper disagreement about the basis of trademark protection, decisions of American courts reveal no similar disagreement.

93 *See* Oliver R. Mitchell, *Unfair Competition*, 10 HARV. L. REV. 275, 275 (1896) (“Logically speaking, the fact is that Unfair Competition is properly a generic title, of which trade mark is a specific division.”).

94 “The entire substantive law of trade-marks . . . is a branch of the broader law of unfair competition. The ultimate offense always is that defendant has passed off his goods as and for those of the complainant.” *G. & C. Merriam Co. v. Saalfield*, 198 F. 369, 373 (6th Cir. 1912); *see also* *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 428 (2003) (“Traditional trademark infringement law is part of the broader law of unfair

unfair competition was not, as some have suggested,⁹⁵ a post hoc conflation of two branches of the law. From the very beginning, trademark cases and those only “analogous” to trademark cases were grounded in the same fundamental principle—that no person has the right to pass off his goods as those of another. Herbert Spencer put deceptive use of trademarks squarely within the realm of commercial morality when he wrote, in his 1859 essay *The Morals of Trade*,

It is not true, as many suppose, that only the lower classes of the commercial world are guilty of fraudulent dealing. Those above them are [to] a great extent blameworthy. On the average, men who deal in bales and tons differ but little in morality from men who deal in yards and pounds. Illicit practices of every form and shade, from venial deception up to all but direct theft, may be brought home to the higher grades of our commercial world. Tricks innumerable, lies acted or uttered, elaborately-devised frauds, are prevalent; many of them established as “customs of the trade”; nay, not only established, but defended

. . . .

. . . [W]e cannot here enlarge on the not uncommon trick of using false trademarks, or of imitation another maker’s wrappers.⁹⁶

James Love Hopkins described unfair competition in almost exactly the same language courts had been using in trademark cases when he wrote that “[u]nfair competition consists in passing off one’s goods as the goods of another, or in otherwise *securing patronage that should go to another*, by false representations that lead the patron to believe that he is patronizing the other person.”⁹⁷ Trademark infringement was a form of unfair competition, as was apparent to Hopkins, because copying a producer’s marks was the simplest means of depriving that producer of the trade it had built up through its

competition . . . that has its sources in English common law”); *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 412–13 (1916) (“The essence of the wrong consists in the sale of the goods of one manufacturer or vendor for those of another. . . . This essential element is the same in trade-mark cases as in cases of unfair competition unaccompanied with trademark infringement. In fact, the common law of trademarks is but a part of the broader law of unfair competition.”).

95 See, e.g., Bone, *supra* note 20, at 572 (arguing that courts’ shift to recognizing goodwill as the relevant property interest helped “to unify, at the level of general principle, the distinct but closely related torts of trademark infringement and unfair competition”).

96 HERBERT SPENCER, *The Morals of Trade*, in *ESSAYS* 324, 338 (New York, D. Appleton & Co. 1865).

97 HOPKINS, *supra* note 32, § 1, at 1 (emphasis added). According to Hopkins, the right of those engaged in commerce to be subjected to none but fair competition was “closely allied” to recognized property rights in patents and copyrights. *Id.*

labors. "This is the easiest method of stealing his trade, and most universal because of the general use of marks or brands upon personal property."⁹⁸ This language regarding improper diversion of trade runs throughout trademark and unfair competition cases as the "true principle" upon which all of the cases depend.

At some point in the late nineteenth century, American courts began to use the term "unfair competition" slightly differently. Those courts divided the universe of distinguishing marks into "technical trademarks," which were protected in actions for trademark infringement, and "trade names," which could only be protected in actions for unfair competition. Arbitrary or fanciful terms applied to particular products were considered technical trademarks,⁹⁹ while surnames, geographic terms, descriptive terms were considered trade names.¹⁰⁰ This distinction was a more formal version of a distinction some English courts made between cases where the plaintiff could prove exclusive title to a mark (in which case equity would act to enjoin others' use of the mark immediately and without evidence of fraud) and those cases in which the plaintiff could not demonstrate title (in which case equity would not act until the plaintiff had established at law that the defendant nevertheless acted to divert his trade).¹⁰¹ The analogy is not perfect, however, because the English cases did not speak in terms of technical trademarks and trade names, even when the marks in question consisted of surnames, which later cases would have considered trade names.

In practice, cases of trademark infringement and those of unfair competition differed primarily in terms of what the plaintiff had to prove. Use of another's technical trademark was unlikely to have a legitimate explanation and could be condemned categorically. Trademark infringement plaintiffs therefore did not have to prove intent. Use of another's trade name, on the other hand, may have had an innocent purpose, such as description of the product's characteristics or its geographic origin. As a result, in contrast to trademark infringement plaintiffs, unfair competition claimants had to prove that the defendant intended to pass off its products as those of the plaintiff.¹⁰²

98 *Id.* § 1, at 2.

99 See RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 9 (1995); see also MCCARTHY, *supra* note 13, § 4:4, 4-4 (defining technical trademarks as marks that were "fanciful, arbitrary, distinctive, non-descriptive in any sense and not a personal name").

100 Trade names then cumulatively can be thought to comprise what we now think of as indicators which lack inherent distinctiveness and are protectable only with evidence of secondary meaning.

101 See *supra* Part II.B.2.

102 See SCHECHTER, *supra* note 23, at 161.

Whether the American cases were based on trademark infringement or unfair competition, however, the underlying concern, just as it was in English cases, was trade diversion.¹⁰³ Indeed, many of the same doctrinal limitations applied in both types of cases,¹⁰⁴ and courts often made explicit reference to the close conceptual relationship between trademark infringement cases and other cases of unfair competition.¹⁰⁵ It therefore was clear to commentators in the nineteenth century that trademark infringement and unfair competition were aimed at the same wrong.¹⁰⁶

3. Benefits to Consumers an Added Bonus

Though both English and American trademark and unfair competition law traditionally focused on protecting producers, the benefits of this protection to consumers were not entirely lost on courts. In fact, some courts even said that one of the reasons for protecting trademarks was to prevent fraud on the public. In *Amoskeag Manufacturing Co. v. Spear*,¹⁰⁷ for example, Justice Duer wrote, “consider[ing] the nature of the wrong that is committed when the right property in a trade-mark is invaded,”¹⁰⁸ that

[h]e who affixes to his own goods an imitation of an original trade-mark, by which those of another are distinguished and known,

103 See *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 413 (1916) (“Th[e] essential element is the same in trade-mark cases as in cases of unfair competition unaccompanied with trade-mark infringement.”); HOPKINS, *supra* note 32, § 3, at 9 (“The principles involved in trademark cases and tradename cases have been substantially identical.”).

104 “The qualified right in the tradename [or trademark]—a right to prevent a defendant from passing off his goods as those of the plaintiff by the use of it—exists only with regard to goods of the kind for which the plaintiff uses it, and to which the connection with his business suggested by the use of the name extends.” HOPKINS, *supra* note 32, § 3, at 12 (quoting DUNCAN M. KERLY, *THE LAW OF TRADE-MARKS, TRADE-NAME, AND MERCHANDISE MARKS* 475 (2d ed. 1901)).

105 See, e.g., *Marsh v. Billings*, 61 Mass. (1 Cush.) 322, 330 (1851).

106 HOPKINS, *supra* note 32, § 1, at 2 (“It is true, as well, that the development of the law of the technical trademark tended to encourage the buccaneers of commerce to invent new and subtler means of stealing another’s trade without trespassing upon his trademark rights. But the law, steadily though slowly, extended its bulwark of protection about the legitimate trader, until at length he was afforded legal redress in some form, not always adequate or complete, against the fraudulent diversion of his trade, in whatever form it might appear.”); see also Mitchell, *supra* note 93, at 284 (“In every unfair competition case the defendant’s attempt is to appropriate to himself some part of the good will, or the entire good will, of the plaintiff’s business.”).

107 2 Sand. 599 (N.Y. Super. Ct. 1849).

108 *Id.* at 605. Note that, although he would elaborate on the harm, Justice Duer framed the issue in terms of the rights of the trademark owner.

seeks, by deceiving the public, to divert and appropriate to his own use, the profits to which the superior skill and enterprise of the other had given him a prior and exclusive title. He *endeavors*, by a false representation, to effect a dishonest purpose; he commits a fraud upon the public and upon the true owner of the trade-mark. The purchaser has imposed upon him an article that he never meant to buy, and the owner is robbed of the fruits of the reputation that he had successfully labored to earn.¹⁰⁹

Upton similarly claimed that the right of property in trademarks was of “immense and incalculable value to the manufacturer—the merchant—and the public.”¹¹⁰ Indeed, even in 1860 it was

well established doctrine, that the exclusive property of the manufacturer, or merchant, in his trade marks, is of that nature and character, that its adequate security and protection, by the exercise of the highest power of the courts, is an imperative duty, as well as for the safety of the interests of the public, as for the promotion of individual justice.¹¹¹

When courts or commentators mentioned the interest of the public, however, Upton’s formulation was typical—protection of the public was a secondary goal. As the court explained in *Boardman v. Meriden Britannia Co.*¹¹²:

The object or purpose of the law in protecting trademarks is twofold: First, to secure to him who has been instrumental in bringing into market a superior article of merchandise, the fruit of his industry and skill; second to protect the community from imposition, and furnish some guaranty that an article purchased as the manufacture of one who has appropriated to his own use a certain name, symbol

109 *Id.* at 605–06 *see also* *Goldwyn Pictures Corp. v. Goldwyn*, 296 F. 391, 401–02 (2d Cir. 1924) (noting that, in unfair competition cases, fraud is the basis of the complaint and the court acts to promote honesty and fair dealing, and because no one has a right to sell his own goods as the goods of another, the court seeks to protect the purchasing public from deception and also the property rights of the complainant); *Alff v. Radam*, 14 S.W. 164, 165 (Tex. 1890) (holding that the plaintiff was entitled to protection against deception not because of his trademark, but because of fraud and deception practiced by the defendant upon the plaintiff and the public).

110 UPTON, *supra* note 32, at 15–16. Foreshadowing contemporary economic justifications of trademark protection, Upton noted that a trademark is “the means, and in many instances, the only means, by which [the manufacturers] are enabled to inspire and retain public confidence in the quality and integrity of the things made and sold—and thereby secure for them a permanent and reliable demand—which is the life of manufacturing and mercantile operations. And it is also . . . the only means, by which the public is protected against the frauds and impositions of the crafty and designing . . .” *Id.* at 16.

111 *Id.* at 13.

112 35 Conn. 402 (1868).

or device as a trademark is genuine. Consequently, the violation of property in trademarks works a twofold injury; the appropriator suffers, in failing to receive that remuneration to which he is justly entitled, and the public in being deceived and induced to purchase articles made by one man, under the belief that they are the production of another.¹¹³

Importantly, this formulation did not depend on whether the case involved a claim of trademark infringement or unfair competition. In both types of cases, courts primarily focused on a producer's diverted trade, sometimes mentioning the public's interest as well.¹¹⁴ It was

113 *Id.* at 404; *see also* Taylor v. Carpenter, 2 Sand. Ch. 600, 604 (N.Y. Ch. 1846) ("It is a fraud upon both the trademark owner and the public to allow another to deceive purchasers and . . . to deprive the owners thereof of the profits of their skill and enterprise."); 1 WILLIAM D. SHOEMAKER, TRADE-MARKS 4 (1931) ("This protection is afforded, not only as a matter of justice to him, but to prevent imposition upon the public.").

114 One commentator did claim that "[t]he interference of courts of equity, instead of being founded upon the theory of protection to the owner of trademarks, is now supported mainly to prevent frauds upon the public." CHARLES E. CODDINGTON, A DIGEST OF THE LAW OF TRADEMARKS § 36, at 15 (1878). The authorities Coddington cites, however, do not support his conclusion. In fact, each of the cases he cites fairly clearly seeks to protect the mark owner from trade diversion. In *Lee v. Haley*, (1869) 5 Ch. App. 155, for example, the court held that, while the plaintiff had no exclusive right in the name Guinea Coal Company, "the principle upon which the cases on this subject proceed is, not that there is a property in the word, but that it is a *fraud on a person who has established a trade*, and carries in on under a given name, that some other person should assume the same name, or the same name with a slight alteration, in such a way as to induce persons to deal with him in the belief that they are dealing with the person who has given a reputation to the name." *Id.* at 161 (emphasis added). In *Wotherspoon v. Currie*, (1872) 5 L.R.E. & I. App. 508 (H.L.), the court noted that use by another person of a name that has become a trade denomination and as such the property of the particular person who first gave it to a particular article of manufacture "for the purpose of describing an imitation of that article, is an invasion of the right of the original manufacturer, who is entitled to protection by injunction." *Id.* at 508; *see also id.* at 521–22 (Westbury, L.J.) (referring to the "Glenfield" mark as plaintiff's property). *Newman v. Alvord*, 51 N.Y. 189 (1877), is the only one of the cases cited by Coddington that even mentions a benefit to consumers, and it makes consumer benefit a secondary value. *See id.* at 189, 195 (stating, in the summary preceding the decision that "the principle upon which relief is granted is that defendant shall not be permitted by the adoption of a trade-mark which is untrue and deceptive, to sell his own goods as those of plaintiff, thus injuring the latter and defrauding the public" and noting several times that the defendant "injured the plaintiff and defrauded the public"). Given Coddington's inability to find cases supporting his claim, it is probably no surprise that his was a rather isolated opinion. *See* HOPKINS, *supra* note 32, § 17, at 35 n.4 (arguing that Coddington "erred in ascribing [fraud on the public] as the only reason [for trademark protection]. The prevention of fraud upon the person whose goods are pirated is equally important and cogent.").

not until the early to middle part of the twentieth century that courts began to invert these policy goals in their discussions.¹¹⁵

Yet because trademark infringement and unfair competition cases traditionally involved instances of passing off by competitors, the relative weight given to producer and consumer interests was not particularly important. Courts were likely to reach the same results in these cases regardless of whose interests they prioritized. As a result, the true principles animating traditional trademark and unfair competition law are most evident in cases where there was some conflict between producer and consumer interests. And in those cases, courts emphasized producer interests and made clear that trademark protection was not, in fact, intended primarily for consumers' benefit.

a. Evidence of Confusion Was Not Sufficient

If trademark and unfair competition law traditionally had prioritized consumer interests, we could expect to find cases in which courts enjoined uses that caused confusion even if it was not clear that the confusion would cost the particular plaintiff sales. In fact we find just the opposite: Courts sometimes denied relief even when they believed confusion was likely because the plaintiff could not prove that the confusion would result in diversion of *its* customers. Deception of the public was not sufficient to give a party a claim for relief unless it could tie the confusion to its own particularized economic loss.

This principle goes all the way back to English trademark decisions like *Leather Cloth*. In that case, Lord Westbury explained that it was a prerequisite to relief, even in cases where the defendant held out his goods as those of the plaintiff, that the plaintiff "sustain[ed], or [wa]s likely to sustain, from the wrongful act some pecuniary loss or damage."¹¹⁶ The right to a trademark, according to Lord Westbury, was a right in property, and

the mistake of buyers in the market under which they in fact take the Defendant's goods as the goods of the Plaintiff, that is to say,

115 See, e.g., *Norwich Pharmacal Co. v. Sterling Drug, Inc.*, 271 F.2d 569, 570–71 (2d Cir. 1959) ("Distaste for sharp or unethical business practices has often caused the courts to lose sight of the fundamental consideration in the law of unfair competition—protection of the public."); *Zippo Mfg. Co. v. Rogers Imps., Inc.*, 216 F. Supp. 670, 694–95 (S.D.N.Y. 1963) ("[T]he law of unfair competition has traditionally been a battleground for competing policies. The interest of the public in not being deceived has been called the basic policy. Moreover, a plaintiff's interest in not having the fruit of his labor misappropriated should not be disregarded. But there is also the policy of encouraging competition from which the public benefits.").

116 *Leather Cloth Co. v. American Leather Cloth Co.*, (1863) 4 De G.J. & S. 136, 140, 46 Eng. Rep. 868, 870 (Ch.).

imposition on the public, becomes the test of the property in the trade mark having been invaded and injured, and not the ground on which the Court rests its jurisdiction.¹¹⁷

The same view is evident in a number of American cases. In *New York & Rosendale Cement Co. v. Coplay Cement Co.*,¹¹⁸ for example, the court refused to enjoin the defendant's use of "Rosendale" to designate its cement, even though it was not, as plaintiff was, one of the fifteen to twenty cement manufacturers that were located in Rosendale, New York.¹¹⁹ The court denied relief despite its belief that consumers were likely to be deceived and that the defendant's deception was to be condemned.¹²⁰ The court said that "no doubt the sale of spurious goods, or holding them out to be different from what they are, is a great evil, and an immoral, if not illegal, act."¹²¹ Yet because the plaintiff was not the only manufacturer of cement made in Rosendale, the court could not say that the defendant intended to pass its products off as those of the plaintiff specifically, as opposed to one of the other manufacturers that made its cement in Rosendale.¹²² "[I]f a person seeks to restrain others from using a particular trademark, trade-name, or style of goods, he must show that he has an

117 *Id.* at 141, 46 Eng. Rep. at 870.

118 44 F. 277 (C.C.E.D. Pa. 1890).

119 *Id.* at 278.

120 *Id.* at 278–79.

121 *Id.*

122 Where, as in *Rosendale Cement*, a plaintiff sought relief based on use of a geographic designation to which it did not have exclusive rights, it was forced to demonstrate that the defendant intended to sell its products as those of the plaintiff. *See* S. White Lead Co. v. Cary, 25 F. 125, 126–27 (N.D. Ill. 1885) (holding plaintiff entitled to an injunction where defendants stamped their kegs "Southwestern, St. Louis" in the same form as plaintiff stamped its kegs "Southern Company, St. Louis," and where there was evidence that defendants' kegs could be and were sold as the plaintiff's); Anheuser-Busch Brewing Ass'n v. Piza, 24 F. 149, 149–50 (S.D.N.Y. 1885) (holding that Anheuser-Busch (AB) had no exclusive right to "St. Louis Lager Beer," but granting an injunction since AB was the only party exporting beer under that name, and the defendant, who was not from St. Louis, sought to divert AB's trade by misleading customers); Newman v. Alvord, 51 N.Y. 189, 193–95 (1872) (finding for plaintiff, which had no exclusive right to designate its cement as originating from "Akron," on the ground that the plaintiff was the sole manufacturer of cement from stone near Akron at the time of the suit and the defendant sought to sell its goods as those of the plaintiff); Lea v. Wolf, 13 Abb. Pr., Abb. Pr. (n.s.) 389, 390–91 (N.Y. Sup. Ct. 1872) (holding that plaintiff had no exclusive right to designate its product "Worcestershire sauce," since that mark consisted of the name of the place the sauce was manufactured and the descriptive name of the article, but granting an injunction against defendant's use of labels and wrappers that so resembled plaintiff's that defendant's intent to divert plaintiff's customers was clear).

exclusive ownership or property therein. To show that he has a mere right, in common with others, to use it, is insufficient.”¹²³

Similarly the Supreme Court held in *Canal Co.* that the plaintiff had no exclusive right in the geographically descriptive term “Lackawanna” and therefore could not prevent the defendant from truthfully describing his coal as having originated from that place.¹²⁴ The plaintiff lacked a remedy even though the Court recognized “that the use by a second producer, in describing truthfully his product, of a name or a combination of words already in use by another, may have the effect of causing the public to mistake as to the origin or ownership of the product.”¹²⁵ It rejected the plaintiff’s claim despite this risk of consumer confusion because

if it is just as true in its application to his goods as it is to those of another who first applied it, and who therefore claims an exclusive right to use it, there is no legal or moral wrong done. Purchasers may be mistaken, but they are not deceived by false representations and equity will not enjoin against telling the truth.¹²⁶

123 *Rosendale Cement*, 44 F. at 279. *Pillsbury-Washburn Flour Mills Co. v. Eagle*, 86 F. 608 (7th Cir. 1898), provides an interesting comparison. In that case, the plaintiffs consisted of all the companies milling flour in Minneapolis, and the court granted them injunctive relief against the defendant, which was located in Chicago and sold flour milled in Milwaukee under the “Minnesota Patent” label. *Id.* at 609, 630. Joseph Bauer suggests that the case reflects a broader understanding of unfair competition law since the court rejected the “property right” prerequisite suggested by the *Rosendale Cement* and *American Washboard* cases when it said that “in cases where the question is simply one of unfair competition in trade it is not essential [that] there should be any exclusive or proprietary right in the words or labels used, in order to maintain the action.” Joseph P. Bauer, *A Federal Law of Unfair Competition: What Should Be the Reach of Section 43(a) of the Lanham Act?*, 31 UCLA L. Rev. 671, 676 (1984) (quoting *Pillsbury-Washburn*, 86 F. at 628). But, as we have seen, a proprietary right was never a prerequisite to unfair competition relief—the lack of such a proprietary right only meant that the plaintiff had to prove intent to pass off. In the *Pillsbury* case, unlike *Rosendale Cement*, the plaintiffs could allege that the defendants were diverting trade that otherwise would have gone to them since they collectively comprised all of the companies milling flour in Minneapolis.

124 *Canal Co. v. Clark*, 80 U.S. 311, 323 (1871).

125 *Id.* at 327.

126 *Id.* Commentators sometimes refer to the bar on claiming descriptive terms as trademarks as evidence of concern for consumers. *Canal Co.* does provide some support for that view, given its statement that “[n]o one can claim protection for the exclusive use of a trade-mark or trade-name which would practically give him a monopoly in the sale of any goods other than those produced or made by himself. If he could, the public would be injured rather than protected, for competition would be destroyed.” *Id.* at 323. But to read *Canal Co.* that way would be to take one statement out of context and ignore the rest of the decision, which focused on the legiti-

*American Washboard Co. v. Saginaw Manufacturing Co.*¹²⁷ reached a similar result. There, the plaintiff manufactured washboards with aluminum coated facings and sold the washboards under the “aluminum” trade name. The defendant also designated its washboards as “aluminum,” even though it actually made its products out of zinc. While there was little dispute that the defendant had in fact misrepresented the nature of its goods, the court denied injunctive relief.¹²⁸

Since “aluminum” was merely the descriptive title of a kind of washboard, no single producer could claim the term as its own. Without additional acts beyond use of the “aluminum” trade name, the plaintiff could not claim that the defendant was “passing off” its goods as those of the plaintiff. At most, the defendant was misrepresenting the *nature* of its goods.¹²⁹ The court noted that the plaintiff had “los[t] sight of the thoroughly established principle that the private right of action in [these] cases is not based upon fraud or imposition upon the public, but is maintained solely for the protection of the property rights of a complainant.”¹³⁰

These cases underscore the traditional producer-centered view of trademark law: Trademark law was not intended to protect consumers, but rather to protect producers from fraudulent diversion of their customers by competitors who passed off their goods. As the *American Washboard* court said, “[A producer] has a right to complaint when another adopts this symbol or manner of marking his goods so as to mislead the public into purchasing the same as and for the goods of complainant.”¹³¹ The mark owner “comes into a court of equity in such cases for the protection of his property rights. The private action

macy of the defendant’s use of the Rosendale designation even in the face of potential for consumer confusion. *Id.* at 287.

127 103 F. 281 (6th Cir. 1900).

128 *Id.* at 287.

129 Today, such a false description of the nature of one’s products would be actionable under § 43(a)(1)(B) of the Lanham Act. *See* 15 U.S.C. § 1125(a)(1)(B) (2000).

130 *Am. Washboard*, 103 F. at 285. Importantly, the court was only concerned about the defendant fraudulently stealing consumers by passing off its goods as those of the plaintiff. *Id.* at 284–85. One could easily describe the defendant as having fraudulently stolen American Washboard’s customers. There is no doubt that the defendant misrepresented to consumers that its product was made of aluminum. *Id.* at 285; *see also* Bauer, *supra* note 123, at 675 n.17. And since the plaintiff in that case was the only domestic manufacturer of aluminum washboards, the defendant’s sales clearly came at the plaintiff’s expense. But the plaintiff could not show that the defendant was diverting any customers by passing off its goods as the plaintiff’s. *Am. Washboard*, 103 F. at 284.

131 *Am. Washboard*, 103 F. at 284.

is given, *not for the benefit of the public*, although that may be its incidental effect, but because of the invasion by defendant of that which is the exclusive property of complainant.”¹³²

Perhaps the clearest expression of this understanding that trademark law protected a producer’s property interest came from the court in *Borden Ice Cream Co. v. Borden’s Condensed Milk Co.*¹³³ In that case, the court denied relief to the plaintiff, which sold milk and related products under the Borden name, against another’s use of the Borden name for ice cream.¹³⁴ The plaintiff had no claim, despite the potential for consumer confusion, because it could not show that the defendant’s use of the same mark for noncompetitive products would divert consumers who otherwise would have gone to the plaintiff. The court said, echoing Lord Westbury in *Leather Cloth*,

It has been said that the universal test question in cases of this class is whether the public is likely to be deceived as to the maker or seller of the goods. This, in our opinion, is not the fundamental question. The deception of the public naturally tends to injure the proprietor of a business by diverting his customers and depriving him of sales which otherwise he might have made. This, rather than the protection of the public against imposition, is the sound and true basis for the private remedy. That the public is deceived may be evidence of the fact that the original proprietor’s rights are being invaded. *If, however, the rights of the original proprietor are in no wise interfered with, the deception of the public is no concern of a court of chancery.*¹³⁵

Notably, in cases like *Rosendale Cement* and *American Washboard* where the interests of producers and consumers diverged, courts understood that their decisions would not protect consumers. In fact, in both cases the courts suggested that consumers’ interests would have to be vindicated through lawsuits filed by deceived members of

132 *Id.* (emphasis added); *see also* *Bates Mfg. Co. v. Bates Numbering Mach. Co.* 172 F. 895 (C.C.N.J. 1909) (finding defendant’s use of a similar mark to plaintiff’s was unfair competition); *Avery & Sons v. Meikle & Co.*, 4 Ky. L. Rptr. 759, 774–75 (1883) (holding that fraud upon the public is not sufficient to invoke jurisdiction unless probable or possible injury to plaintiff is shown).

133 201 F. 510 (7th Cir. 1912).

134 *Id.* at 515.

135 *Id.* at 513 (emphasis added). Very similar language appears in *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 413–15 (1916); *The Trade-Mark Cases*, 100 U.S. 82, 93–94 (1879); *Crescent Tool Co. v. Kilborn & Bishop Co.*, 247 F. 299, 300 (2d Cir. 1917); *Taylor v. Carpenter*, 23 F. Cas. 742 (C.C.D. Mass. 1844) (No. 13,784); and *Chadwick v. Covell*, 23 N.E. 1068, 1069 (Mass. 1890) (Holmes, J.).

the public or by the government.¹³⁶ The notion that consumers might have separate claims against deceptive sellers was not a new development—courts had for many years suggested that consumers might have their own claims for being deceived about the source of the products they purchased.¹³⁷ That courts viewed such relief as distinct from trademark infringement or unfair competition claims confirms that they understood those claims to be focused on producer harms.

b. The Cases Involving Expired Patents Are Consistent With the Trade Diversion Conception

Commentators also have pointed to the cases involving trademark rights in the post-patent period as evidence of trademark law's consumer focus.¹³⁸ I do not dispute that concerns about competition gave additional weight to the conclusions courts drew in such cases, but those decisions too can be seen as examples of trademark law's traditional focus on preventing producers from stealing their competitors' customers under false pretenses.

In *Singer Manufacturing Co. v. June Manufacturing Co.*,¹³⁹ the plaintiff sought to enforce rights in the Singer name and in the shape of its sewing machines, which was the subject of an expired patent. The Court rejected Singer's claims with respect to the shape of its machines because "[i]t follows, as a matter of course, that on the termination of the patent there passes to the public the right to make the machine in the form in which it was constructed during the patent."¹⁴⁰ The Court then also refused to enjoin the defendant's use of

136 *Am. Washboard*, 103 F. at 285 ("It is doubtless morally wrong and improper to impose upon the public by the sale of spurious goods, but this does not give rise to a private right of action unless the property rights of the plaintiff are thereby invaded. There are many wrongs which can only be righted through public prosecution, and for which the legislature, and not the courts, must provide a remedy."); *New York & Rosendale Cement Co. v. Coplay Cement Co.*, 44 F. 277, 279 (C.C.E.D. Pa. 1890).

137 *See, e.g., Levy v. Walker*, (1878) 10 Ch.D. 436, 448 ("If there is any misleading, that may be for the Criminal Courts of the country to take notice of, or for the Attorney-General to interfere with, but an individual Plaintiff can only proceed on the ground that, having established a business reputation under a particular name, he has a right to restrain any one else from injuring his business by using that name."). Depending on the accuracy of the various reports of *Southern*, a claim on behalf of the defrauded purchaser might well have been what the court was contemplating there. *See supra* notes 31–38 and accompanying text.

138 *See, e.g., David S. Welkowitz, The Supreme Court and Trademark Law in the New Millennium*, 30 WM. MITCHELL L. REV. 1659, 1664 (2004).

139 163 U.S. 169 (1896).

140 *Id.* at 185.

the Singer name; having acquired the right to make the machine, the public must also acquire the “designated name which was essentially necessary to vest the public with the full enjoyment of that which had become theirs by the disappearance of the monopoly.”¹⁴¹ Consequently, the defendant was entitled to make its machines in the same shape as Singer’s and to designate them “Singer” machines.¹⁴²

Although it rejected the plaintiff’s claims of exclusive rights, the Court ordered an accounting of the defendant’s wrongfully obtained profits.¹⁴³ The Court found the defendant’s conduct punishable because “[it] had not marked its machines with a sufficiently prominent disclosure of the actual source of manufacture, and . . . some of [the] defendant’s advertisements did not adequately disclose the true source of the goods.”¹⁴⁴

By distinguishing the defendant’s use of the Singer name and the product’s shape from additional marking requirements, the Court simply sought to prevent illegitimate trade diversion while allowing fair competition. If consumers had become accustomed to calling the machines “Singer” machines and expected those machines to be made in a particular shape, then the defendant’s use of the Singer name to sell its similarly shaped machines was not illegitimate. Certainly the defendant sought to capture some consumers who otherwise would have bought from Singer, which was the only manufacturer of those machines during the patent period. But that diversion was legitimate because it was precisely what the patent system anticipated after patent expiration.¹⁴⁵ The marking requirement was intended to prevent competitors from stealing Singer’s customers *by making them think they were buying a machine made by Singer*.

The compensatory nature of the relief also demonstrates that the Court was, contrary to some suggestions,¹⁴⁶ principally focused on producer concerns. The Court’s order requiring the defendant to make an accounting of its wrongfully obtained profits further reinforces this distinction. Rather than vindicating consumer interests,

141 *Id.*

142 *Id.* at 186.

143 *Singer Mfg.*, 163 U.S. at 204.

144 Welkowitz, *supra* note 138, at 1664; *see also Singer Mfg.*, 163 U.S. at 200–04 (discussing June’s improper use of the Singer name on its machines and in its advertisements).

145 As discussed below, courts and commentators of the nineteenth century were quite careful to make this distinction between legitimate and illegitimate attempts to steal competitors’ customers. *See infra* Part III.A.

146 *See* Welkowitz, *supra* note 138, at 1664 (suggesting that the relief was intended to protect consumers).

the award of compensation reflected the Court's belief that, but for the defendant's trickery, its profits would have been Singer's. That was why it deemed the defendant's profits *wrongfully* obtained. If the Court only was concerned only about consumers, injunctive relief would have been sufficient.

*Kellogg Co. v. National Biscuit Co.*¹⁴⁷ also fits squarely within this understanding. Just as it had in *Singer*, the Court in *Kellogg* refused to allow the owner of an expired patent to prevent competitors from making a product in the shape consumers expected or from calling that product by the name by which customers knew the product. Unlike the defendant in *Singer*, however, Kellogg took care to delineate clearly the source of its products by making its cereal biscuits in a different size than National Biscuit and prominently displaying the Kellogg name on its packaging.¹⁴⁸ By clearly marking its products, Kellogg showed that it was not trying to divert National Biscuit Company's consumers by making them believe they were getting a National Biscuit product. Kellogg was trying to capture some of National Biscuit's market to be sure, but not through deception.

III. TRADITIONAL TRADEMARK LAW'S NATURAL RIGHTS ORIGINS

Two clear conclusions emerge from this review of nineteenth and early twentieth-century trademark law. First, "traditional" American trademark law was primarily concerned with protecting producers' interests. In many cases, protecting those interests yielded an additional benefit to consumers, but that side benefit did not motivate decisions. Second, American courts protected producers' interests by recognizing property rights. Unfortunately, though courts widely agreed that they were protecting property rights in trademark cases, their decisions often were not clear about the nature of the property interest at stake. In some cases, courts referred to the trademark as property; in other cases they focused on the flow of a producer's customers. As a consequence of this inconsistency, there has been some confusion about the significance and role of "property" in the trademark discourse.

The simplest explanation of the classification of trademark rights as property rights is a formalist one—claimants wanted injunctions to prevent trade diversion, and courts of equity had the power to enjoin invasions of property rights.¹⁴⁹ But as I suggested above,¹⁵⁰ the for-

147 305 U.S. 111 (1938).

148 *Id.* at 120–22.

149 Bone essentially takes this position. See Bone, *supra* note 20, at 561–62.

150 See *supra* Part II.B.2.

malist explanation is *too* simplistic. First, parties could pursue claims based on invasions of property rights in courts of law even prior to the merger of law and equity.¹⁵¹ Thus, calling a right “property” was not dispositive of the type of court in which that right would be vindicated. Second, equity would take jurisdiction and courts would enter injunctions to protect trade reputation even in cases in which the plaintiff did not have exclusive property rights.¹⁵² The formalist explanation accounts for neither of these realities.

The formalist explanation also ignores the dominant natural rights property theory in which most judges of the traditional trademark law era operated.¹⁵³ While trademark cases themselves were not always explicit about their philosophical underpinnings,¹⁵⁴ by looking both at what courts said in deciding cases and at the contours of the doctrine they created we can find strong evidence that courts were relying on a natural rights theory of property. In this tradition, courts focused on protecting and encouraging productive labor. Though I believe these cases are best understood as protecting a property right in patronage, it may be that the cases lack rigorous description of the property they protected because it was not particularly important to courts that they identify the property precisely. Whether the claimant’s property was its underlying physical assets, the mark itself, or a producer’s returning customers, courts could have constructed sensible rules to protect productive labor.

In order to evaluate competing views regarding the nature of the property courts sought to protect, the following section briefly describes the natural rights property theory on which nineteenth-cen-

151 See *supra* notes 66–68 and accompanying text.

152 *McLean v. Fleming*, 96 U.S. 245, 254 (1877) (stating that the right to an injunction is not based on rights in a specific mark); *accord* *Avery & Sons v. Meikle & Co.*, 4 Ky. L. Rptr. 759, 770–89 (1883); *Perry v. Truefitt*, (1842) 6 Beav. 66, 75–76, 49 Eng. Rep. 749, 753 (Rolls Ct.); *Thomson v. Winchester*, 36 Mass. (1 Pick.) 214, 216–17 (1837); *Cook v. Starkweather*, 13 Abb. Pr. (n.s.) 392 (N.Y. Sup. Ct. 1872); *Amoskeag v. Spear*, 2 Sand. 599, 618–20 (N.Y. Super. Ct. 1849).

153 Other intellectual histories of trademark law that attempt to describe the relationship between the evolution of trademark law and contemporaneous thought about property law include Bone, *supra* note 20, at 561–67; McClure, *supra* note 23, at 306–10; and Kenneth J. Vandeveld, *The New Property of the Nineteenth Century: The Development of the Modern Concept of Property*, 29 BUFF. L. REV. 325, 341–48 (1980). All of those works make important contributions to the literature, but I believe that each misunderstands the development of trademark law in important respects.

154 Some commentators did link trademark law explicitly to the natural rights tradition. See WILLIAM HENRY BROWNE, A TREATISE ON THE LAW OF TRADEMARKS AND ANALOGOUS SUBJECTS § 86 (Boston, Little, Brown & Co. 2d ed., 1898) (describing property rights in trademarks as having their foundation in “immutable law”).

ture judges predominantly relied in creating property doctrines generally.¹⁵⁵

A. *Natural Rights Principles*

According to the natural rights theory generally applied by courts in the nineteenth century, property rights were intended to preserve for individuals a zone of free action and the ability to reap the benefits of their own labor or industry.¹⁵⁶ This focus on labor and industry is well known. Equally important, however, the natural rights theory recognized that one party's use of her property often affected the rights of others. Consequently, the positive law reflected courts' attempts to balance the rights of property owners with the rights of others to use their own property industriously.¹⁵⁷ Eric Claeys summarized the approach to property this way:

If one could ask nineteenth-century jurists to reduce the natural-right approach to a slogan, they might say that the object of all property regulation is to secure to every owner an 'equal share of freedom of action' over her own property. On this understanding, every owner is entitled to some zone of non-interference in which to use her possessions industriously, productively, and consistent with the health, safety, property, and moral needs of her neighbors.¹⁵⁸

155 There is an abundance of evidence that judges in this era were heavily influenced by natural law principles. Legal treatises, including Chancellor Kent's well-known *Commentaries*, cited and relied on natural rights philosophers. 1 JAMES KENT, *COMMENTARIES ON AMERICAN LAW* 16–18 (O.W. Holmes, Jr. ed., Boston, Little, Brown, & Co. 12th ed. 1873) (1826) (stating that “Grotius [is] . . . justly considered as the father of the law of nations,” and listing Puffendorf, Wolfius, Burlamaqui, and Rutherford, as “the disciples of Grotius”). Judges also considered the writings of natural rights philosophers legitimate sources of authority. See, e.g., *Pierson v. Post*, 3 Cai. R. 175 (N.Y. Sup. Ct. 1805); see also Mossoff, *supra* note 91, at 406 n.140 (listing nineteenth-century property decisions and noting the common practice of lawyers and judges of citing to and relying on natural rights philosophers and legal scholars).

156 This notion of labor giving rise to property is most often associated with John Locke. JOHN LOCKE, *TWO TREATISES OF GOVERNMENT* (Peter Laslett ed., Cambridge Univ. Press 1988) (1690). Locke argued that God gave the world “to the use of the Industrious and Rational,” and that one acquires property by mixing his labor with the common. *Id.* § 28, at 288–89, § 34, at 290. Thus, the proper object of the law is to promote “the honest industry of Mankind.” *Id.* at § 42, at 298.

157 Locke's concern for the rights of others manifested itself, in part, in the so-called Lockean proviso, which conditions acquisition of property on leaving “as much and as good” for others. *Id.* at 287–88, 291.

158 Eric R. Claeys, *Takings, Regulations, and Natural Property Rights*, 88 CORNELL L. REV. 1549, 1556 (2003). Several leading natural law commentators discussed this conception of property. Chancellor James Kent, for example, concluded that “[e]very individual has as much freedom in the acquisition, use, and disposition of his prop-

This notion of “equal and free action” with respect to property is often overlooked by critics of propertization, but it is important because it was the general normative principle that delineated the scope of natural property rights.

This principle was reflected in the “regulations” of property rights nineteenth-century judges accepted. The most common form of “regulation” was a “harm-prevention” law, which prevented property owners from interfering too much with other property owners’ use of their property.¹⁵⁹ Other regulations such as conveyancing laws, traffic laws, and the locality rules in nuisance “secured an average reciprocity of advantage,”¹⁶⁰ by applying government force to enlarge the rights of all affected.¹⁶¹

In the trademark context, natural rights theory called on courts to protect the fruits of a producer’s honest labor by preventing competitors from stealing its trade,¹⁶² but also to avoid interfering with the rights of others to develop their own trade. Courts therefore were forced to distinguish carefully between legitimate and illegitimate diversions of the mark owner’s trade.¹⁶³

erty, as is consistent with good order, and the reciprocal rights of others.” 2 JAMES KENT, COMMENTARIES ON AMERICAN LAW 319 (New York, O. Halsted, 2d ed. 1832). Similarly, James Madison wrote that “[i]n its larger and juster meaning, [property] embraces every thing to which a man may attach a value and have a right; and *which leaves to every one else the like advantage.*” JAMES MADISON, *Property*, Nat’l Gazette, Mar. 27, 1792, *reprinted in* 14 THE PAPERS OF JAMES MADISON 266, 266 (Robert A. Rutland et al. eds., 1983); *see also* ZEPHANIAH SWIFT, A SYSTEM OF THE LAWS OF THE STATE OF CONNECTICUT (1795); JAMES WILSON, *Of the Law of Nature*, in 1 THE WORKS OF JAMES WILSON 126, 126–47 (Robert Green McCloskey ed., 1967).

159 Claeys, *supra* note 158, at 1586–87.

160 Pa. Coal Co. v. Mahon, 260 U.S. 393, 415 (1922).

161 *See* Claeys, *supra* note 158, at 1587–89, 1599–1604.

162 *See, e.g.*, Lawrence Mfg. Co. v. Tenn. Mfg. Co., 138 U.S. 537, 546 (1891) (describing a mark owner’s interests as “the custom and advantages to which the enterprise and skill of the first appropriator had given him a just right,” which is infringed when it is “abstracted for another’s use . . . by deceiving the public, by inducing the public to purchase the goods and manufactures of one person supposing them to be those of another”); Wolfe v. Barnett, 24 La. Ann. 97, 99 (1872) (noting that the leading principle of the law is to secure to the “‘honest, skillful and industrious manufacturer or enterprising merchant . . . the first reward of his honesty, skill, industry or enterprise’” and protect him from deprivation at the hands of another who “‘appropriates and applies to his productions the same or a colorable imitation of the same name, mark, device or symbol, so that the public are, or may be, deceived or misled into purchase of the productions of the one, supposing them to be those of the other’” (quoting UPTON, *supra* note 32, at 97)).

163 *See* Avery & Sons v. Meikle & Co., 4 Ky. L. Rptr. 759, 762 (1883) (referring to that great generic rule which lies at the foundation of all law, “that a man must so use his own property as not to injury the property of another”).

*Keeble v. Hickeringill*¹⁶⁴ is one example of a court's attempt to walk this fine line. In *Keeble*, the court held that an action on the case did lie when Hickeringill fired his guns near Keeble's property with the purpose of frightening ducks away from the decoy pond Keeble had created.¹⁶⁵ The court recognized a right to make productive use of one's property for the purpose of establishing a "trade or livelihood." The court explained:

[E]very man that hath a property may employ it for his pleasure and profit, as for alluring and procuring decoy ducks to come to his pond. To learn the trade of seducing other ducks to come there in order to be taken is not prohibited either by the law of the land or the moral law; but it is as lawful to use art to seduce them, to catch them, and destroy them for the use of mankind, as to kill and destroy wildfowl or tame cattle. Then when a man useth his art or his skill to take them, to sell and dispose of for his profit; this is his trade; and he that hinders another in his trade or livelihood is liable to an action for so hindering him.¹⁶⁶

This right to make use of one's property was limited, however, in order to respect the right of others to make free productive use of their own property. As a result, only "violent or malicious" interferences with a man's livelihood were actionable: "Where a violent or malicious act is done to a man's occupation, profession, or way of getting a livelihood, there an action lies in all cases."¹⁶⁷

164 (1707) 11 Mod. 74, 88 Eng. Rep. 898 (K.B.). *Keeble* was later re-reported in a footnote in the case of *Carrington v. Taylor*, (1809) 11 East 574, 103 Eng. Rep. 1127 (K.B.), and most modern scholarship cites to that reporter. For the sake of consistency, subsequent citations to *Keeble* in this Article will refer to the more commonly used 1809 reporting.

165 See *Keeble*, 11 East at 574–75, 103 Eng. Rep. at 1127–28. A duck decoy provided an efficient system for capturing wild ducks on a commercial scale. A typical decoy consisted of a large pool of water from which radiated creeks, called pipes, that were roofed with netting. Ducks were attracted to the pool by the use of decoys; then a specially trained dog, a piper, would appear at the front of a pipe and lure them closer (ducks, like humans, are curious and aggressive animals). When the ducks were well into a pipe a decoy man, previously hidden by a screen, would appear behind them (but out of sight of the pool) and frighten them farther into the pipe, where they were trapped. This technique enabled the capture of very large numbers of ducks, but didn't work well if there were disturbances—such as guns going off.

JESSE DUKEMINIER ET AL., PROPERTY 30 (6th ed. 2006).

166 *Keeble*, 11 East at 575, 103 Eng. Rep. at 1128.

167 *Id.* at 576, 103 Eng. Rep. at 1128. Note that, just as in the case of common law actions for trademark infringement, these types of indirect interferences with property rights were vindicated through actions on the case.

The court drew out its distinction between “violent or malicious” interferences and those that merely resulted from another’s legitimate exercise of its rights through its discussion of the 1410 *Schoolmaster Case*.¹⁶⁸ In that case, “[O]ne schoolmaster sets up a new school to the damage of an antient school, and thereby the scholars [were] allured from the old school to come to his new.”¹⁶⁹ An action did not lie in the *Schoolmaster Case*, the *Keeble* court noted, because the new schoolmaster expended his own labor in a legitimate exercise of his liberty in relation to his own property.¹⁷⁰ If, by contrast, Mr. Hickeringill had gone to the school with his guns and frightened the boys from going to school, and their parents would not allow the children to go there, then the schoolmaster might have had an action for the loss of his scholars.¹⁷¹ In frightening the students away, Mr. Hickeringill would have “violently or maliciously” interfered with the older school’s trade; the ancient school’s loss of students would not have been the result of productive labor on Hickeringill’s part.

Applying the lessons of the *Schoolmaster Case* to the facts in *Keeble*, Chief Judge Holt concluded that Hickeringill had violated Keeble’s property rights by firing his guns near Keeble’s duck decoy. Keeble’s harm was not a result of Hickeringill’s productive use of his property.¹⁷² If Hickeringill had instead created his own decoy to compete with Keeble and ultimately diverted some of the ducks, Hickeringill’s labor would have been productive and he would not have violated Keeble’s rights. “[I]f a man doth him damage by using the same employment; as if Mr. Hickeringill had set up another decoy on his own ground near the plaintiff’s, and that had spoiled the custom of the plaintiff, no action would lie, because he had as much liberty to make and use a decoy as the plaintiff.”¹⁷³

Keeble was not a trademark case, but it drew the same distinction courts in trademark cases would draw between malicious acts (which were illegitimate) and those that were merely exercises of another party’s equal liberty of action with respect to its own property (with which courts would not interfere). In fact, nineteenth and early twentieth-century trademark cases routinely used very similar language to distinguish infringement from “mere competition.” In *Croft*, for example, Lord Langdale said of the defendant,

168 Y.B. 11 Hen. 4, pl. 21 (1410).

169 *Keeble*, 11 East at 576, 103 Eng. Rep. at 1128 (citing Y.B. 11 Hen. 4 (1410)).

170 *Id.*

171 *Id.*

172 *Id.*

173 *Id.*

He has a right to carry on the business of a blacking manufacturer honestly and fairly; he has a right to the use of his own name; I will not do anything to debar him from the use of that, or any other name calculated to benefit himself in an honest way; but I must prevent him from using it in such a way as to deceive and defraud the public, and obtain for himself, at the expense of the Plaintiffs, and undue and improper advantage.¹⁷⁴

Likewise Senator Spencer wrote in *Taylor v. Carpenter*¹⁷⁵ that protection of trademarks

does not at all trench upon the rights of others, by a course of conduct equally deserving and praiseworthy, to enter the lists of competition, and bear off the palm. But it will not allow them by falsehood, fraud, and forgery, to filch from another his good name, and share it in common with him, or destroy or impair it.¹⁷⁶

In *Mogul S.S. Co. v. McGregor, Gow & Co.*,¹⁷⁷ the court even spoke of this distinction between infringement and competition in terms of balancing the mark owner's rights and the like rights of others, noting that "the right of the plaintiffs to trade is not an absolute but a qualified right—a right conditioned by the like right in the defendants and all Her Majesty's subjects, and a right therefore to trade subject to competition."¹⁷⁸ The court continued,

Competition exists when two or more persons seek to possess or to enjoy this same thing; it follows that the success of one must be the failure of another, and no principle of law enables us to interfere with or to moderate that success or that failure so long as it is due to mere competition. I say mere competition, for I do not doubt that it is unlawful and actionable for one man to interfere with another's trade by fraud or misrepresentation, or by molesting his customers, or those who would be his customers, whether by physical obstruction or moral intimidation.¹⁷⁹

When courts acted to prevent trademark infringement, they did not interfere with mere competition because parties who deceived customers acted illegitimately—or "violently or maliciously." As the Court said in *Coats v. Merrick Thread Co.*,¹⁸⁰

Rival manufacturers may lawfully compete for the patronage of the public in the quality and price of their goods, in the beauty and

174 *Croft v. Day*, (1843) 7 Beav. 84, 90, 49 Eng. Rep. 994, 997 (Rolls Ct.).

175 2 Sand. Ch. 603 (N.Y. Ch. 1846).

176 *Id.* at 617.

177 (1889) 23 Q.B.D. 598 *aff'd* [1892] A.C. 25.

178 *Id.* at 625 (Fry, L.J.).

179 *Id.* at 626.

180 149 U.S. 562 (1893).

tastefulness of their inclosing packages, in the extent of their advertising, and in the employment of agents, but they have no right, by imitative devices, to beguile the public into buying their wares under the impression they are buying those of their rivals.¹⁸¹

This distinction between legitimate forms of competition and illegitimate deception was at work in a number of cases involving geographic terms, such as *Canal Co.* In that case, the Court refused to enjoin the defendant from using a geographically descriptive term, even if consumers were confused by the defendant's use, because any such confusion was not caused by *false* representations.¹⁸² For similar reasons, courts generally held that the right to use one's surname as a business name was qualified by the right of others of the same name to use it, so long as those others exercised their rights in a manner intended to avoid confusion.¹⁸³

Putting these cases in proper philosophical and historical context makes clear why trademark infringement was grouped with other forms of unfair competition as opposed to some type of information management policy.¹⁸⁴ Competition was critical, and courts gave content to the "unfair" component by distinguishing between honest and dishonest actions.¹⁸⁵

181 *Id.* at 566; *see also* *Hilton v. Hilton*, 104 A. 375, 376 (N.J. 1918) (quoting Vice Chancellor Wood's definition of goodwill in *Churton v. Douglas*, (1859) Johns. 174, 174, 70 Eng. Rep. 385, 385 (Ch.), as including every affirmative advantage acquired by a firm in carrying on its business, but not the negative advantage of competitors refraining from carrying on their business).

182 *Canal Co. v. Clark*, 80 U.S. 311, 327 (1871); *see also* *Avery & Sons. v. Meikle & Co.*, 4 Ky. L. Rptr. 759, 776 (1883) ("This limitation must be observed, that if the means used are such as are common to all, or not exclusively appropriated by another, and injury follows which is not the result of design and improper use of those means, no remedy exists. There may be a design in adopting lawful means to absorb another's trade reputation, yet, if those means are the common property of all and are used in a lawful manner, and damage ensue, it would be *damnum absque injuria*."); *Marsh v. Billings*, 61 Mass. (7 Cush.) 322, 331 (1851) (noting that the defendants had a perfect right to carry passengers from the station to the Revere House and to use the words "Revere House," provided they did not do so in circumstances likely to deceive).

183 *See, e.g.*, *Mitchell*, *supra* note 93, at 286–87.

184 Proponents of the information transmission model seem to assume that the title "unfair competition" was arbitrarily chosen to denominate claims that really seek to promote information flow. These proponents have never explained why confusion is so central to trademark law if the goal is merely better information. Consumer confusion obviously can interfere with consumer search, but so can a number of other things, including excess information. I am unaware of any claim for information overload.

185 This distinction between legitimate and unfair competition persists, at least superficially, in the *Restatement of Unfair Competition*. RESTATEMENT (THIRD) OF UNFAIR

B. *The Nature of the Property*

With some understanding of the natural rights property framework within which nineteenth-century judges created trademark law, we can now return to the question of what “property” the trademark cases sought to protect. There are at least three reasonable possibilities: (1) that the right to a mark was merely incidental to rights in physical property; (2) that trademarks themselves were protected as property; and (3) that trademarks merely symbolized underlying goodwill, which was the property. The following sections look more closely at each.

1. Trademarks as Incident to Physical Property Rights

A first possible reading of the cases is that trademark rights were simply incident to underlying property rights in physical assets. On this theory, courts protected the exclusive right to use a trademark to make meaningful one’s right to make full use of other property and to reap the economic benefits thereof. This is a plausible reading since some strains of nineteenth-century property theory were relatively physicalist—property rights were discussed in relation to some thing, a physical or reified intangible object.¹⁸⁶ Some of the trademark doctrines nineteenth-century courts developed also are consistent with this physicalist view, particularly courts’ initial refusal to allow assignment of a trademark without transfer of the underlying physical assets of the business.¹⁸⁷ Ultimately, however, this view does not sufficiently account for the fact that courts rarely mentioned physical assets when they articulated the harm of trademark infringement or unfair competition, instead focusing on mark owners’ patronage.¹⁸⁸ The view of trademark rights simply as incident to rights in physical assets also may not explain why courts traditionally restricted trademark rights to the particular trade in connection with which the mark owner used his mark.¹⁸⁹ A right intent on protecting free use of physical assets proba-

COMPETITION § 1 (1995). The Restatement insists that the freedom to compete, including the right to induce prospective customers to do business with the actor rather than the actor’s competitors, is a fundamental premise of the free enterprise system. *Id.* § 1, cmt. a. What normative principle now guides courts’ determinations of whether a particular form of competition is unfair is a mystery.

186 See Vandeveld, *supra* note 153, at 331–32 (claiming that Blackstone’s conception of property was “physicalist”).

187 *Id.* at 334–38. I discuss treatment of licensing *infra* Part IV.D.

188 See, e.g., *Taylor v. Carpenter*, 2 Sand. Ch. 603 (N.Y. Ch. 1846).

189 See HOPKINS, *supra* note 32, § 3, at 12 (quoting DUNCAN M. KERLY, *THE LAW OF TRADE-MARKS, TRADE-NAME, AND MERCHANDISE MARKS* 475 (2d ed. 1901)) (“The qualified right in the tradename [or a trademark], a right to prevent a defendant from

bly would not determine the range of uses to which the assets could be put.

2. Property Rights in a Trademark Itself

A second possible reading of the cases, one that at least some commentators have embraced,¹⁹⁰ is that courts sought to protect a property right in the trademark itself. That is also an understandable reading. To begin with, courts sometimes said that exclusive use of a mark made it the producer's property.¹⁹¹ Also, there is a natural tendency to relate property rights to an identifiable res, and clearly the mark was the locus of attention.

This view creates a puzzle for some commentators, however, because trademark rights traditionally were so limited.¹⁹² These limited rights stand in contrast, they suggest, to other property rights recognized in that era, which were "absolute" and impossible to limit or reduce.¹⁹³ I believe there is a better reading of the traditional trademark cases that makes better sense of the doctrinal rules courts created, but traditional trademark rights were not incoherent simply because they were limited.

The view of nineteenth-century property rights as absolute is a caricature of nineteenth-century property law and theory. While it is

passing off his goods as those of the plaintiff by the use of it—exists only with regard to goods of the kind for which the plaintiff uses it, and to which the connection with his business suggested by the use of the name extends.”).

190 See Bone, *supra* note 20, at 561–67; Mossoff, *supra* note 91, at 418–23; Vandevelde, *supra* note 153, at 341–48. Those who embrace this view presumably mean that courts treated the words or symbols that actually made up the mark as property. If, by saying that it protects “the mark itself” commentators mean something broader than that—the property being the meaning of the mark—that is closer to what trademark law has become today.

191 See, e.g., *Derringer v. Plate*, 29 Cal. 292, 294–95 (1865) (describing trademark rights as property which accrues without the aid of statute, “like the title to the good will of a trade, which it in some respects resembles”).

192 As we will see, a mark owner traditionally had only the exclusive right to use of the mark in connection with particular products and services. See *infra* Part III.C.1. A third party infringed a mark owner's rights only when it used the mark in connection with competitive products. See *infra* Part III.C.2. Trademark owners could not prevent others from using the mark for unrelated products, and they could not assign or license their marks independent of their underlying businesses. See *infra* Part III.C.6.

193 Bone, for example, argued that nineteenth-century courts sought to protect property rights in a trademark itself, but criticized that approach on the ground that the doctrinal rules courts applied in trademark cases were much less absolute than real “property” rights recognized in that era. Bone, *supra* note 20, at 562–66; see also Vandevelde, *supra* note 153, at 345 (“By creating limited property [in trademarks], the courts essentially robbed the term ‘property’ of its meaning.”).

true that judges and commentators in this era sometimes referred to property rights as absolute, in contrast to “relative” rights,¹⁹⁴ those terms generally had different meanings than they do today. “In pre-1900 legal parlance, ‘absolute’ and ‘relative’ had several contradictory meanings, among others the distinction between rights that inhered in citizens prior to civil society and rights that are necessarily created in civil society.”¹⁹⁵ Under that framework, “the rights to one’s body and conscience are absolute, the right to vote is relative, and property rights are a mixture of the two.”¹⁹⁶ Thus, while natural property rights might have been considered “absolute” in the sense that a general right to private property was pre-political, those rights were never “absolute” in the sense that they were not qualified for the rights of others or for the public.¹⁹⁷

The conception of trademark law protecting property in the trademark itself, then, is not objectionable simply because the rights courts recognized were highly qualified.¹⁹⁸ Nevertheless, I do not

194 See UPTON, *supra* note 32, at 10 (“[P]roperty in trade marks, exclusive and absolute, has existed and been recognized as a legal possession, which may be bought, and sold, and transmitted, from the earliest days of our recorded jurisprudence.”).

195 Eric R. Claeys, *Jefferson Meets Coase: Train Sparks, the Harm-Benefit Distinction, and Natural Property Rights* 15 (May 12, 2006) (unpublished manuscript, on file with the Notre Dame Law Review) (citing WILLIAM BLACKSTONE, 1 COMMENTARIES *121–24). This is not to say that a relative right was essentially discretionary, only that a relative right makes sense only in the context of civil society.

196 *Id.* In fact, this is the sense of “absolute” property rights that Bone described in his article *Normative Theory and Legal Doctrine in American Nuisance Law: 1850 to 1920*, 59 S. CAL. L. REV. 1101, 1118 (1985).

197 Many who hold that nineteenth-century property rights were absolute in the modern sense cite as evidence Blackstone’s absolutist rhetoric, in particular his description of property as “that sole and despotic dominion which one man claims and exercises over the external things of the world.” WILLIAM BLACKSTONE, 2 COMMENTARIES *2; see also Vandevelde, *supra* note 153, at 332–33 (summarizing Blackstone’s absolutist conception of property). But careful reading of Blackstone’s discussion demonstrates that Blackstone did not view property rights as incapable of restriction. Instead, Blackstone specifically acknowledged that property could be taken through eminent domain and regulated in many ways by the civil law. See 1 BLACKSTONE, *supra*, at *134–35; 2 *id.* at *2–15; cf. Thomas W. Merrill & Henry E. Smith, *What Happened to Property in Law and Economics?*, 111 YALE L.J. 357, 361 (2001) (“Blackstone’s talk about property being a ‘sole and despotic dominion’ was clearly a bit of hyperbole and is inconsistent with the balance of his treatment of property, not to mention with the complexities of modern property law.”); Carol M. Rose, *Canons of Property Talk, or, Blackstone’s Anxiety*, 108 YALE L.J. 601, 604 (1998) (describing Blackstone’s talk of an exclusive right to property as “a rhetorical figure describing an extreme or ideal type rather than reality”).

198 Trade secrets also were protected with highly qualified property rights. See *Peabody v. Norfolk*, 98 Mass. 452, 457–58 (1868) (analogizing trade secrets to trade-

embrace this understanding. First, courts frequently referred to the value of the business as the relevant property, probably more frequently than they referred to the mark as property.¹⁹⁹ Second, some of the particular limitations courts placed on trademark owners, particularly those relating to assignment and licensing, demonstrate that courts did not view trademarks as separable from a producer's underlying business.²⁰⁰ Third, and probably most importantly, courts almost universally described the harm of trademark infringement in the same terms as the harms caused by other forms of unfair competition that did not involve use of the mark at all.²⁰¹

Consequently, it makes more sense, in my view, to focus on the interest courts uniformly referred to as central trademark law: the interest in avoiding illegitimate diversions of consumers who were habituated to patronizing the mark owner.²⁰² Thus, I would define the relevant property interest in these cases as the right to continue to enjoy the patronage of consumers attracted by labor, subject only to honest competition.

3. Property Rights in Patronage

As was clear in Upton's 1860 treatise, the property in trademarks has always been quite distinct from that protected by patent or copyright. Trademarks were

marks and calling both instances of courts protecting business goodwill as "property").

199 See *supra* notes 77–79 and accompanying text.

200 See *supra* Part III.B.1.

201 See, e.g., *Perry v. Truefitt*, (1842) 6 Beav. 66, 73, 49 Eng. Rep. 749, 752 (Rolls Ct.) (“[T]he principle on which both the courts of law and of equity proceed, in granting relief and protection in cases of this sort, is very well understood. A man is not to sell his own goods under the pretense that they are the goods of another man; he cannot be permitted to practise [sic] such a deception, nor to use the means which contribute to that end.”).

202 Courts frequently referred to this flow of customers seeking the mark owners' goods as “goodwill.” Courts that did so borrowed from a concept developed elsewhere in the law to describe a similar phenomenon. In *Crutwell v. Lye*, (1810) 17 Ves. Jun. 334, 34 Eng. Rep. 129 (Ch.), for example, the court considered whether a purchaser in bankruptcy could prevent the bankrupt from carrying on the same trade as the old established trade. *Id.* at 335–38, 34 Eng. Rep. at 129–31. The court defined “[t]he good-will, which ha[d] been the subject of sale,” as “nothing more than the probability, that the old customers will resort to the old place,” and held that, absent evidence that the bankrupt fraudulently diverted those who would return to the old place, it could not enjoin the bankrupt from carrying on his trade. *Id.* at 346–47, 34 Eng. Rep. at 134. As Robert Bone recently observed courts' conception of goodwill expanded dramatically over the course of the twentieth century. See Bone, *supra* note 20, at 567–70, 575–82.

a property, not in the words, letters, designs or symbols, as things—as signs of thought—as productions of mind—but, simply and solely, as a means of designating things—the things thus designated being productions of human skill, or industry, whether of the mind or the hands, or a combination of both: and this property has no existence apart from the thing designated—or separable from its actual use, in accomplishing the present and immediate purpose of its being.²⁰³

This is what the Court in *Hanover Star Milling Co. v. Metcalf*²⁰⁴ understood when it said that

[i]n the English courts it often has been said that there is no property whatever in a trade-mark, as such. But since in the same cases the courts recognized the right of the party to the exclusive use of marks adopted to indicate goods of his manufacture, upon the ground that “A man is not to sell his own goods under the pretense that they are the goods of another man; he cannot be permitted to practise such a deception, nor to use the means which contribute to that end. He cannot therefore be allowed to use names, marks, letters, or other *indicia*, by which he may induce purchasers to believe, that the goods which he is selling are the manufacture of another person”; it is plain that in denying the right of property in a trade-mark it was intended only to deny such property right except as appurtenant to an established business or trade in connection with which the mark is used.²⁰⁵

In other words, trademark rights were protected as property, but it was not the words or the symbols themselves that were protected; those were merely representations of the property.²⁰⁶ Property rights arose out of particular uses of words or symbols in connection with a business, which was the ultimate object of protection.²⁰⁷

203 UPTON, *supra* note 32, at 15. Upton further notes that even in 1860 it was recognized that “[a]n unlawful encroachment upon the *good will* of a business, is sometimes the essence of the wrong involved in the violation of a trade mark.” *Id.* at 59.

204 240 U.S. 403 (1916).

205 *Id.* at 413–14 (citations omitted) (quoting *Perry*, 6 Beav. at 73, 49 Eng. Rep. at 752); see also SCHECHTER, *supra* note 23, at 158 (describing trade reputation as the property at issue).

206 See *Hanover Star Milling*, 240 U.S. at 413 (“Common-law trade-marks, and the right to their exclusive use, are of course to be classed among property rights; but only in the sense that a man’s right to the continued enjoyment of his trade reputation and the good-will that flows from it, free from unwarranted interference by others, is a property right, for the protection of which a trade-mark is an instrumentality.” (internal citations omitted)).

207 *Hanover Star Milling Co. v. Allen & Wheeler Co.*, 208 F. 513, 516 (7th Cir. 1913) (“It is not the trade-mark, but the trade, the business reputation and good will,

When a plaintiff brought a trademark infringement claim, “[t]he gist of the complainant [sic] . . . [was] that the defendant, by placing the complainant’s trade-mark on goods not manufactured by the plaintiff, ha[d] induced persons to purchase them, relying on the trade-mark as proving them to be of plaintiff’s manufacture.”²⁰⁸ A trademark, as Shoemaker stated plainly, “merely distinguishes and designates the business in which it is used, and *it is the business which is to be protected, and not the trade-mark as a mere collection of words or symbols.*”²⁰⁹

Earlier cases did not always describe this right in one’s business as “goodwill” as courts would become accustomed to doing, since that terminology was just developing in the nineteenth century.²¹⁰ But the concept of rights in the flow of business dates back at least as far as the early eighteenth century, when the court in *Keeble*, citing a case from the early fifteenth century, protected the right to the fruits of one’s legitimate labor: “When a man useth his art or his skill to take [the ducks he has lured], to sell and dispose of for his profit; this is his trade; and he that hinders another in his trade or livelihood is liable to an action for so hindering him.”²¹¹

that is injured; and the property or right in the trade is protected from injury by preventing a fraud-doer from stealing the complainants trade by means of using the complainant’s ‘commercial signature.’”), *aff’d* 240 U.S. 403; *see also* *Chadwick v. Covell*, 23 N.E. 1068, 1069, (Mass. 1890) (“When the common law developed the doctrine of trade-marks and trade-names, it was not creating a property in advertisements more absolute than it would have allowed the author of *Paradise Lost*, but the meaning was to prevent one man from palming off his goods as another’s, from getting another’s business or injuring his reputation by unfair means, and, perhaps, from defrauding the public.”); *Peabody v. Norfolk*, 98 Mass. 452, 457 (1868) (“If a man establishes a business and makes it valuable by his skill and attention, the good will of that business is recognized by the law as property.”); *Perry*, 6 Beav. at 173, 49 Eng. Rep. at 752 (referring to a trademark simply as a means which contributes to the end of palming off one’s goods).

208 *Am. Washboard Co. v. Saginaw Mfg. Co.*, 103 F. 281, 284 (6th Cir. 1900) (quoting Lord Cranworth in *Leather Cloth Co. v. Am. Leather Cloth Co.*, (1865) 11 H.L.C. 521, 536, 11 Eng. Rep. 1435, 1441 (H.L.)).

209 SHOEMAKER, *supra* note 113, at 5 (emphasis added) (citing *Carrol v. McIlvaine & Baldwin*, 183 F. 22 (2d Cir. 1910)).

210 The notion of “goodwill” as a legal concept is often traced to *Cruttwell v. Lye*, (1810) 17 Ves. Jun. 334, 34 Eng. Rep. 129 (Ch.); *see also supra* note 202 (noting *Cruttwell*’s definition of “goodwill”).

211 *Keeble v. Hickeringill*, (1809) 11 East 574, 575, 103 Eng. Rep. 1127, 1128 (K.B.) (citing *Schoolmaster Case*, Y.B. 11 Hen. 4, fol. 1, Hil., pl 21 (1410)). *Peabody* similarly suggested that trade secret law protected a manifestation of goodwill. *See* 98 Mass. at 457–58. Thus, contrary to Bone’s reading of the nineteenth-century trademark cases, I do not accept the view that courts shifted from protecting the trademark itself to protecting the producer’s goodwill as property. Goodwill always was the

C. *The Natural Rights Theory Explains a Variety of Longstanding Doctrines*

While the natural rights approach to trademark rights may seem to modern readers a bit anachronistic, that approach had one significant virtue—it was capable of determining in most cases what should count as someone’s property and what should not. In fact, courts’ ability under the natural rights approach to identify the limits of legitimate trademark protection is demonstrated by a number of ancient doctrines that delineated the scope of protection but which seem an odd fit with the consumer protection rationale.

1. Trademark Rights Are a Function of Use

It is a matter of black letter law that trademark rights are a function of a party’s use of a mark in connection with particular products or services. One acquires rights through use of a mark, and priority as between competing users is determined by first use.²¹²

This focus on use is an obvious outgrowth of courts’ traditional focus on trade diversion. For one thing, a producer that has not made prior use of a mark cannot make a case that his competitor diverted customers who otherwise would have gone to him. Moreover, influenced as it was by the natural rights theory of property, traditional trademark law sought to encourage productive labor. Use of a mark served as a proxy for a party’s labor in building its business. Later use of a mark, even if by a party substantially larger and more visible than the senior user, interfered with the senior user’s established property right and with the incentives to labor industriously.

Notably, use need not have such pride of place in a system focused on consumer protection. Indeed, in a system focused on information transmission, use should serve only as circumstantial evidence of consumer associations, at most giving rise to a presumption that could be overcome by direct evidence. Thus, for example, assuming clear evidence on the point, the party with whom the majority of consumers associate a mark should take priority, regardless of the parties’ respective first use dates. To grant rights to a party unknown by

focus, but courts traditionally defined goodwill much more narrowly than they do now.

212 McCARTHY, *supra* note 13, § 2:9, at 2-16 to -18. The first use rule has historical pedigree. See *Am. Washboard*, 103 F. at 287 (“It is the party who uses [a designation] first as a brand for his goods, and builds up a business under it, who is entitled to protection, and not the one who first thought of using it on similar goods, but did not use it. The law deals with acts, not intentions.” (quoting *George v. Smith*, 52 F. 830, 832 (C.C.S.D.N.Y. 1892))).

consumers (or lesser known) simply because it made prior use of a mark is to dash the expectations of the greater number of consumers and create confusion rather than remedy it.²¹³

Courts applying traditional trademark principles found use dispositive because, unlike the consumer protection theory, the natural rights theory of property made no attempt to value the respective uses of labor.²¹⁴

2. Unfair Competition Requires Competition

Just as use of a mark was significant as a trigger for trademark rights, a party's use was crucial to defining the scope of its rights. Under traditional principles, a producer acquired rights in its mark only with respect to the particular line of trade in which that party operated. This rule was clear even as early as the decision in *Leather Cloth*, in which Lord Westbury stated that the "property in a trade mark is the right to an exclusive use of some mark, name or symbol in connection with a particular manufacture of vendible commodity."²¹⁵

213 One possible efficiency explanation for the first use rule is that it provides a predictable benchmark against which parties can plan. But if clarity and ease of administration is the goal, a first-to-file regime seems obviously preferable. The United States, of course, traditionally based all rights, and eligibility for registration, on actual use. Congress only amended the Lanham Act to allow for intent-based applications in 1988, and that limited provision augmented and did not supplant the traditional, use-based model. See Trademark Law Revision Act of 1988, Pub. L. No. 100-667, § 103, 102 Stat. 3935, 3935–36 (codified as amended at 15 U.S.C. § 1051 (2000)). Moreover, even if first use was the easiest benchmark against which to plan, its appeal is based on a different kind of efficiency than information transmission model advocates typically prioritize and may lead to results contrary to consumer expectations.

214 This discussion of use and priority raises a possible objection that the natural rights theory cannot explain the reverse confusion doctrine. See 4 McCARTHY, *supra* note 13, § 23:10, at 23-46 (describing reverse confusion as confusion regarding the source of the senior user's product rather than the junior user's). That doctrine did not exist during the nineteenth century, so it is possible that judges operating in the natural rights tradition would have refused the plaintiff a remedy in the reverse confusion fact scenario. Junior users who are larger and more visible than the senior user are not likely to divert many consumers who otherwise would have gone to the smaller senior user. But certainly the natural rights approach offers a better explanation of reverse confusion than does the information transmission model. If trademark law's goal is to enhance marketplace efficiency and recognize consumer expectations, then courts should award the rights to the party with which consumers predominantly associate the mark. Natural rights theory, on the other hand, might preference the senior user despite consumer understanding because the senior user was the first laborer and therefore staked out her rights.

215 *Leather Cloth Co. v. American Leather Cloth Co.*, (1863) 4 De G.J. & S. 137, 137, 46 Eng. Rep. 868, 868 (Ch.).

As the Court said in *Hanover Star Milling*, quoting Vice Chancellor Wood in *Ainsworth v. Walmsley*,²¹⁶ an 1866 English decision:

“This court has taken upon itself to protect a man in the use of a certain trade-mark as applied to a particular description of article. He has no property in that mark per se, any more than in any other fanciful denomination he may assume for his own private use, otherwise than with reference to his trade. If he does not carry on a trade in iron, but carries on a trade in linen, and stamps a lion on his linen, another person may stamp a lion on iron; but when he has appropriated a mark to a particular species of goods, and caused his goods to circulate with this mark upon them, the court has said that no one shall be at liberty to defraud that man by using that mark, and passing off goods of his manufacture as being the goods of the owner of that mark.”²¹⁷

Since natural property rights were concerned with protecting labor, courts sought to protect mark owners from illegitimate interferences in the markets in which they had actually labored to acquire customers. Other parties had the right, however, to use a mark in other markets in which the senior user had not labored. Infringement then was defined as an attempt by the defendant to steal a competitor’s *existing* customers.²¹⁸ As the court said in *Leather Cloth*,

It is indeed true that, unless the mark used by the Defendant be applied by him to the same kind of goods as the goods of the Plaintiff, and be in itself such, that it may be, and is, mistaken in the market for the trade mark of the Plaintiff, the Court will not interfere, because there is no invasion of the Plaintiff’s right²¹⁹

216 (1866) 1 L.R.Eq. 518, 524 (V.C.).

217 *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 414 (1916) (quoting *Ainsworth*, 1 L.R.Eq. at 524).

218 For similar reasons, trademark rights traditionally were restricted to the geographic markets in which the mark owner operated. *See, e.g.*, *Thomas J. Carroll & Son Co. v. McIlvaine & Baldwin*, 183 F. 22, 26–28 (2d Cir. 1910) (distinguishing between the Baltimore and New York markets for whiskey and denying the plaintiff, which had prior rights in Baltimore, the right to prevent use of the same mark in New York).

219 4 De G.J. & S. at 141, 46 Eng. Rep. at 870; *see also* HOPKINS, *supra* note 32, § 3, at 12 (“The qualified right in the tradename [or a trademark]—a right to prevent a defendant from passing off his goods as those of the plaintiff by the use of it—exists only with regard to goods of the kind for which the plaintiff uses it, and to which the connection with his business suggested by the use of the name extends.” (quoting DUNCAN M. KERLY, *THE LAW OF TRADE-MARKS, TRADE-NAME, AND MERCHANDISE MARKS* 475 (2d ed. 1901))).

3. Evidence of Fraud Not Required

Conceiving of the property right at issue in trademark cases as one in continued patronage also sheds light on the English rule, later adopted by American courts, that owners of exclusive rights did not need to prove fraud to earn the right to an injunction. For example, as noted in the reports of *Taylor*,

[w]here one intentionally uses or closely imitates another's trade marks, on merchandise or manufactures, the law presumes it to have been done for the fraudulent purposes of inducing the public, or those dealing in the article, to believe that the goods are those made or sold by the latter, and of supplanting him in the good will of his trade or business.²²⁰

Likewise in *Elgin National Watch Co. v. Illinois Watch Case Co.*,²²¹ the Court wrote that “[i]f a plaintiff has the absolute right to the use of a particular word or words as a trade mark, then if an infringement is shown, the wrongful or fraudulent intent is presumed.”²²²

These cases turn essentially on the presence or absence of legitimate reasons for a party to employ the same mark as its competitor. If a plaintiff had substantially exclusive use of a mark that was not descriptive, then consumers were very likely to associate that term with the senior user. In those circumstances, any use of the same mark by competitors was likely to divert customers who were trying to patronize the senior user, regardless of the junior user's subjective intent. And because in those circumstances the mark had no descriptive significance, competitors had no legitimate need to use the mark.²²³ It therefore made little sense to require evidence of intent in cases in which a party established exclusive rights in a mark.

4. Trademarks and Trade Names

American trademark law's rough proxy for the distinction English courts drew between cases where the mark owner could demonstrate title and those in which it could not was the distinction

220 *Taylor v. Carpenter*, 2 Sand. Ch. 603, 604–05 (N.Y. Ch. 1845).

221 179 U.S. 665 (1901).

222 *Id.* at 674; *see also* *Lawrence Mfg. Co. v. Tenn. Mfg. Co.*, 138 U.S. 537, 549 (1891) (“If the absolute right belonged to plaintiff, then if an infringement were clearly shown, the fraudulent intent would be inferred . . .”).

223 *See* *Wotherspoon v. Currie*, (1872) 5 L.R.E. & I. App. 508 (H.L.) (finding that the defendant had infringed the plaintiff's rights in “Glenfield” for starch and noting that the defendant's use of that term itself served as evidence of bad intent because the defendant had no need to use that term since it was not a location recognized on a map).

between “technical trademarks” and “trade names.” As previously noted, while courts protected trademarks in actions for trademark infringement, they protected trade names in actions for unfair competition only on a showing of secondary meaning.²²⁴ Though modern trademark law no longer makes any substantive distinction between technical trademarks and trade names,²²⁵ courts continue to require that parties asserting rights in surnames or descriptive terms demonstrate secondary meaning.²²⁶

There are several possible explanations for the requirement that parties demonstrate secondary meaning in order to protect certain terms. The rule makes sense from a search-cost perspective: If one producer could acquire rights to a term that accurately describes its product, consumers could be hurt because they could not use those terms to search the category.²²⁷ On the other hand, if such a descriptive term becomes associated in consumers’ minds with a particular producer, then consumers would not need to use the term to search for other producers of the product. The secondary meaning requirement might also encourage parties to adopt arbitrary or distinctive marks, which, “while hardly trenching at all upon common right, affords equal protection to the user.”²²⁸

224 See McCARTHY, *supra* note 13, § 4:5, at 4-4 to -6; 2 *id.* § 15:1, at 15-4 to -6. “To establish secondary meaning, a manufacturer must show that, in the minds of the public, the primary significance of a product feature or term is to identify the source of the product rather than the product itself.” *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 851 n.11 (1982). “Secondary meaning” is a term from the common law; the Lanham Act refers to marks that have acquired source significance as “ha[ving] become distinctive.” 15 U.S.C. § 1052(f) (2000); see also *In re Hehr Mfg. Co.*, 279 F.2d 526, 528 (C.C.P.A. 1980) (stating that “unless a design is inherently distinctive it is registrable only if sufficient evidence is presented to show it has acquired secondary meaning”).

225 Plaintiffs now do not need to show fraudulent intent even in cases involving trade names, though some courts have suggested that evidence of intent can obviate the need to demonstrate secondary meaning. See 4 McCARTHY, *supra* note 13, § 23:106, at 23-334 to -36 (“Modern Common Law Rule: Intent not Essential”); *cf.* *Upjohn Co. v. Schwartz*, 246 F.2d 254, 257–58 (2d Cir. 1957) (holding that a manufacturer’s intentional efforts to induce retailers to substitute his product for other products requested by buyers constituted intentional palming off and grounds for an injunction even absent proof of secondary meaning).

226 See *Zatarains, Inc. v. Oak Grove Smokehouse, Inc.*, 698 F.2d 786, 790–91 (5th Cir. 1983); see also 15 U.S.C. § 1052(e)–(f) (2000) (explaining how secondary meaning can be attained).

227 *Cf.* *Dogan & Lemley*, *supra* note 13, at 792–93 (making a similar argument regarding the rule that generic terms cannot serve as trademarks).

228 *Mitchell*, *supra* note 93, at 285.

These explanations provide additional support for treating descriptive terms and surnames differently than inherently distinctive marks, but courts traditionally treated them this way because of their focus on trade diversion. Surnames and descriptive terms have one thing in common—consumers are less likely to attach source significance to those terms than they are to coined or arbitrary terms. If consumers do not attach singular significance to a term, then a court cannot reliably conclude that consumers who purchase a junior user's products necessarily were seeking the senior user.²²⁹ In other words, competitors have legitimate reasons to use descriptive terms (as they do geographic terms and surnames), and use of these terms therefore cannot be condemned categorically. Thus, in cases involving descriptive terms, surnames, and geographic terms, a plaintiff seeking relief needed to produce additional evidence that the defendant's particular use was illegitimate because it was intended to deceive consumers and thereby divert the plaintiff's trade.²³⁰

The traditional requirement that, in order to infringe, the defendant use a term as a source designator (*as a trademark*) is a further application of this principle.²³¹ A party that uses a mark in a non-source designating manner cannot use that term to sell its goods as those of the mark owner. Consequently, under traditional trademark principles, use of a term in a nontrademark sense could not have infringed. Again, however, whatever laudable effect it might have, the trademark use requirement need not be a feature of a system

229 See *Lawrence Mfg. Co. v. Tenn. Mfg. Co.*, 138 U.S. 537, 546 (1891) (stating that a "trademark must either by itself, or by association, point distinctively to the origin or ownership of the article to which it is applied" because "unless it does, neither can he who first adopted it be injured by any appropriation or imitation of it by others, nor can the public be deceived").

230 See *Alff v. Radam*, 14 S.W. 164, 164–65 (Tex. 1890) (noting that a party has "no right to appropriate a sign or symbol which, from the nature of the fact it is used to signify, others may employ with equal truth, and therefore have an equal right to employ, for the same purpose" but allowing for the possibility that a plaintiff might nevertheless prevail in such a case if the defendants intentionally simulated the peculiar device or symbol employed by the plaintiff in order to deceive consumers); see also *Elgin Nat'l Watch Co. v. Ill. Watch Case Co.*, 179 U.S. 665, 674 (1901) (noting that competitors have good reasons to use terms in their primary sense, but cannot use terms to divert a producer's trade); *Thompson v. Montgomery*, (1889) 41 Ch.D. 35, 50 (holding that the plaintiffs had no exclusive right to the use of "Stone Ale" alone as against the world, or any right to prevent the defendant from selling his goods as having been made at Stone, but could prevail against a defendant who used the words fraudulently to pass off its goods).

231 See, e.g., *Avery & Sons v. Meikle & Co.*, 4 Ky. L. Rptr. 759, 763 (1883) (noting that the law allows use of terms that are common property for the ideas which those terms commonly express, so long as the use is not misleading).

intended to promote information transmission. Non-source designating uses also have the potential to interfere with information clarity.

5. Abandonment Rules Reflect Trade Diversion Theory

Given trademark law's traditional focus on use, it should come as no surprise that a trademark owner traditionally was deemed to have abandoned its rights in a mark the moment it ceased use of that mark and lacked intent to resume use.²³² This rule makes little sense viewed through a consumer protection lens because consumers may continue to associate a mark with a particular producer for some time after that producer has ceased use. Indeed, for precisely this reason, some modern courts have refused to find abandonment of a mark when there was evidence of persisting goodwill.²³³

Traditional trademark law, however, was concerned with consumer confusion not for its own sake, but only because a competitor could use such confusion to divert a mark owner's trade. With that focus, continuing goodwill is entirely immaterial. Absent intent to serve its former market, a party cannot claim its sales will be diverted by the defendant's use; the former mark owner has no sales (and will have no sales) to divert. Thus, even if consumers continued to associate a mark with one party, traditional trademark law would not have found a violation because the former owner's property was "in no wise interfered with."²³⁴

6. Limitations on Alienation Reflect Close Connection to Mark Owner's Trade

The restrictions courts placed on alienation of a mark are perhaps the clearest examples of traditional trademark law's focus on a producer's business rather than its trademark per se. Under tradi-

²³² For an articulation of the traditional rule of abandonment regardless of continuing goodwill, see *Exxon Corp. v. Humble Exploration Co.*, 695 F.2d 96, 99–100 (5th Cir. 1983).

²³³ See *Defiance Button Mach. Co. v. C & C Metal Prod. Corp.*, 759 F.2d 1053, 1060 (2d Cir. 1985); *Ferrari S.p.A. Esercizio Fabbriche Automobili e Corse v. McBurnie*, 11 U.S.P.Q.2d (BNA) 1843, 1849 (S.D. Cal. 1989) (finding no abandonment of "Daytona Spyder" mark when cars still driven extensively and Ferrari maintained residual goodwill); *Am. Motors Corp. v. Action-Age, Inc.*, 178 U.S.P.Q. (BNA) 377, 378 (T.T.A.B. 1973) (holding that the auto model mark "Rambler" was not abandoned four years after the mark owner ceased production in part because of "a considerable reservoir of goodwill in the mark 'Rambler' in this country that inures to [American Motors] as a consequence of the large number of 'Rambler' vehicles still on the road").

²³⁴ *Borden Ice Cream Co. v. Borden's Condensed Milk Co.*, 201 F. 510, 513 (7th Cir. 1912).

tional principles, a party could not assign or license a trademark unless it also transferred the related business.²³⁵ The court in *Macmahan Pharmacal Co. v. Denver Chemical Manufacturing Co.*,²³⁶ summarized the rule as follows:

A trade-mark cannot be assigned, or its use licensed, except as incidental to a transfer of the business or property in connection with which it has been used. An assignment or license without such a transfer is totally inconsistent with the theory upon which the value of a trade-mark depends and its appropriation by an individual is permitted. The essential value of a trade-mark is that it identifies to the trade the merchandise upon which it appears as of a certain origin, or as the property of a certain person. When its use has been extensive enough to accomplish that purpose, and not till then, it becomes property, and when it so becomes property it is valuable for two purposes: (1) as an attractive sign manual of the owner, facilitating his business by its use; (2) as a guaranty against deception of the public. . . . Disassociated from merchandise to which it properly appertains, it lacks the essential characteristics which alone give it value, and becomes a false and deceitful designation. It is not by itself such property as may be transferred.²³⁷

Refusal to accept disassociation of a trademark from a producer's underlying business follows from trademark law's traditional focus on trade diversion. Courts traditionally conceived of a trademark as an indication of the actual source or origin of a product, and they protected marks to prevent competitors from diverting a producer's trade.²³⁸ In this view, courts were not concerned with trademarks for their own sake, but only as instrumentalities of a producer's business. Consumers used trademarks to find the producers from which they wished to purchase, and if a mark was transferred apart from the owner's business, consumers looking for that producer would be misled. More importantly, because consumers who relied on the mark were actually searching for the old producer, the new owner of that mark could not claim that use of the mark by third parties would divert customers who otherwise would have come to the new owner.²³⁹

235 See RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 33 (1995); HARRY D. NIMS, *THE LAW OF UNFAIR COMPETITION AND TRADE-MARKS* 122-23 (4th ed. 1947).

236 113 F. 468 (8th Cir. 1901).

237 *Id.* at 474-75.

238 McCARTHY, *supra* note 13, § 31:129, at 31-210 to -13.

239 See, e.g., *Chadwick v. Covell*, 23 N.E. 1068, 1068-69 (Mass. 1890) (refusing plaintiff's attempt to enjoin a defendant from using the same name on the ground that, although plaintiff purportedly received a gift of one Dr. Spencer's recipes and trademarks for medicines, she made the medicine with her own ingredients, tools, plant, and contrivances and did not succeed to Dr. Spencer's manufactory or plant).

In short, separating a mark from the underlying business with which it was used destroyed the mark's significance.

These restrictions on alienation, while consistent with the trade diversion model outlined above,²⁴⁰ are good evidence that trademark law traditionally focused on the mark owner's business—the flow of its customers—rather than the mark itself. The right to dispose of one's property was one of the core features of property under the natural rights theory of property.²⁴¹ A property right in the trademark itself that so limited an owner's dispositional rights would have been an odd fit with the prevailing theory. Viewing the relevant property as the underlying business of the mark owner removes the disconnect—limitations on disposal focused on alienation of a mark *apart* from the underlying business.²⁴² Courts imposed no limitations on alienation of the business.²⁴³

Chadwick represents an era where courts equated goodwill with a physical location rather than simply ongoing business operations of the same type.

240 See *supra* Part II.

241 See Mossoff, *supra* note 91, at 390 (identifying acquisition, use, and disposal as the “central possessory rights” of property).

242 What aspects of a business had to be transferred depended to some extent on whether consumers viewed a mark primarily as an indication of the particular place of manufacture, of the skill of a particular manufacturer, or as a reference to a product made under patent. See, e.g., *Kidd v. Johnson*, 100 U.S. 617, 620 (1879) (“But when the trade-mark is affixed to articles manufactured at a particular establishment and acquires a special reputation in connection with the place of manufacture, and that establishment is transferred either by contract or operation of law to others, the right to the use of the trade-mark may be lawfully transferred with it.”); *Hoffman v. B. Kuppenheimer & Co.*, 183 F. 597, 598 (N.D. Ill. 1910) (holding that a party may license use of a trademark “incident to a license to manufacture and sell under a patent” when the “trade-mark or trade-name indicated . . . that the article was manufactured in accordance with the patent, rather than the skill and workmanship of the maker”); *Julian v. Hoosier Drill Co.*, 78 Ind. 408, 416 (1881) (“Nor was it necessary to the validity of the transfer of the trade-mark that the place of business or drills actually manufactured should be transferred. It was enough if the right to engage in the business was assigned; as incident to the assignment of this right, it was quite competent to assign the right to the trade-mark.”).

243 Some courts held that the right to use a particular mark transferred with sale of the business or manufacturing facilities, even if the parties made no specific mention of trademarks in their transaction. See, e.g., *Morgan v. Rogers*, 19 F. 596, 598 (D.R.I. 1884) (construing mortgage clause giving security interest in all assets of a business to allow creditor to take possession of business and make exclusive use of trademarks); *Wilmer v. Thomas*, 22 A. 403, 403–04 (Md. 1891) (holding that an insolvent company's assignment of “all its estate and property, of whatever kind and wherever situated” included transfer of trademarks, noting that “the fact that the good-will and trade-mark or brand were not mentioned *eo nomine* in the deed of assignment in no manner excludes the construction that they did pass to the trustee”); see also *UPTON*, *supra* note 32, at 53–54 (“There can be no doubt that a contract, by which a

IV. EXPANSION OF AMERICAN TRADEMARK LAW

Courts, with some help from Congress, significantly broadened trademark law during the twentieth century. On this score, the trademark critics indisputably are correct. But as the foregoing review of traditional trademark law makes abundantly clear, this expansion cannot be described as a shift from “consumer-centered” to “producer-centered” protection or from “confusion-based” protection to “property-based” protection. Traditional trademark law was predominantly producer-centered and protected property rights.

Modern doctrinal innovations, however, do reflect a fundamentally different view of the property trademark law seeks to protect. Early cases sought to protect producers from illegitimate diversions of customers they had worked to attract. Modern trademark law, by contrast, seeks to protect brands, construed broadly.

The reasons for this conceptual shift are many, and attempting to isolate particular causes risks serious oversimplification. Nevertheless, two factors stand out for their influence. First, traditional trademark law was built upon a conception of commerce in which producers operated primarily locally and sold a small number of closely related products. While that view may have accurately reflected nineteenth-century commerce, it became increasingly problematic as producers diversified their product offerings and broadened their geographic reach in the twentieth century. Producers in the early twentieth century therefore increasingly viewed a trademark law that allowed claims only against those in close competitive proximity as overly restrictive.²⁴⁴ As a result, courts in this era likely felt social and economic pressure to broaden their understanding of the goodwill embodied in a trademark.²⁴⁵

Second, and simultaneously, the legal realists began calling into question the institution of property as it had been understood in the natural rights tradition. Trademark law and the property rights it claimed to protect were not immune from attack on this front. In fact, Felix Cohen, one of the original realists, specifically cited protection of trademarks as an example of why the notion of property, as

manufacturer disposes absolutely of his business, and vests in another the right to manufacture the goods which he has before produced, and which have become known in the market by a distinguishing trade mark, though it were silent upon the subject of such trade mark, by necessary implication, vests in the purchaser the exclusive right to its use as it was before used.”).

244 See Sara Stadler Nelson, *The Wages of Ubiquity in Trademark Law*, 88 IOWA L. REV. 731, 776–78 (2003).

245 See Bone, *supra* note 20, at 575–82.

traditionally understood, was *transcendental nonsense*.²⁴⁶ During this time, critics gained new ground with their argument that property law generally, and trademark law specifically, protected a form of monopoly.²⁴⁷

This was not the first brush trademark law had with “monopoly-phobia”: At various points during its history, opponents of trademark protection had argued that granting one party the exclusive right to use a particular mark was tantamount to granting a monopoly.²⁴⁸ And in one sense, concern about the competitive consequences of trademark protection was eminently reasonable. Unfair competition law was intended to prevent competitors from stealing each other’s customers. Interpreted broadly, such claims would strike at the heart of a market economy; after all, attempting to steal a competitor’s customers is what competition is all about.

Courts applying traditional trademark principles recognized this potential conflict between trademark law and free competition, however, and they defended against it by distinguishing between honest competition, with which trademark law did not interfere, and dishonest infringement.²⁴⁹ At a doctrinal level, courts found infringement only when consumers were likely to be confused about the actual source of the defendant’s product.²⁵⁰ Courts following the natural rights tradition were interested, in other words, in preventing only a very specific type of trade diversion—that which resulted from tricking consumers into thinking they were getting something they were not. There were innumerable ways in which competitors could lure away customers that were not actionable as “unfair competition.”

This traditional distinction no longer satisfied critics in the early twentieth century in part because they were worried about a different sense in which protecting trademarks might create market power. These new critics were influenced by economist Edward Chamberlain and were concerned that trademark protection would encourage

246 Felix S. Cohen, *Transcendental Nonsense and the Functional Approach*, 35 COLUM. L. REV. 809, 814–17 (1935) (criticizing the “circularity of the legal reasoning in the whole field of unfair competition” which is “veiled by the ‘thingification’ of *property*”). To be fair, Cohen’s criticism was in substantial part a response to the emerging trend of granting relief in cases that did not implicate unfair competition’s traditional focus on trade diversion. *See id.* at 814.

247 *See id.* at 814–15.

248 When Parliament and the American Congress debated enacting trademark laws, lawmakers frequently raised concerns about fraudulent uses and sales of trademarks and about the monopolies that would result from recognition of trademarks as property. *See* SCHECHTER, *supra* note 23, at 140–41, 162–64.

249 *See infra* Part IV.A.

250 *See infra* Part IV.A–B.

wasteful advertising that was intended to differentiate a producer's products on the basis of irrational emotional responses rather than observable product qualities.²⁵¹ Supporters of trademark rights responded to these concerns about property and monopoly by focusing on the limited scope of trademark rights and arguing that, by preventing consumer confusion, the law actually enabled competition and benefited consumers.²⁵² These rearguard arguments apparently were so persuasive that they engendered a kind of selective amnesia whereby courts and commentators began to believe not only that trademark protection ultimately benefited consumers, but that consumers were the *intended* beneficiaries all along.²⁵³

Significantly, as courts and commentators began to embrace the consumer protection theory as a justification for claims by producers, courts stopped referring to separate actions by consumers for fraud or deceit. Thus, while courts traditionally distinguished conceptually between trademark claims and claims aimed at protecting consumers, the latter needing to be pursued by consumers themselves, courts in the twentieth century began to conflate the two interests.²⁵⁴

251 See Lunney, *supra* note 9, at 367–69 (describing the reemergence of the “trademarks as monopoly” argument and attributing it in large part to the work of Edward Chamberlain and his 1933 work *The Theory of Monopolistic Competition*). Chamberlain’s cause was advanced in the legal literature most notably by Ralph Brown. See Ralph S. Brown, Jr., *Advertising and the Public Interest: Legal Protection of Trade Symbols*, 57 YALE L.J. 1165, 1170–71 (1948). Chamberlain’s work also animated the Federal Trade Commission (FTC)’s opposition to broad trademark protection. See Lunney, *supra* note 9, at 368 n.8 (collecting congressional testimony and an article by a Department of Justice attorney).

252 See, e.g., Beverly W. Pattishall, *Trademarks and the Monopoly Phobia*, 50 MICH. L. REV. 967, 979–80 (1952). These counterarguments were made during the debates over the Lanham Act. See S. REP. NO. 79-1333, at 4 (1946), as reprinted in 1946 U.S.C.C.A.N. 1274, 1275 (“Trade-marks, indeed, are the essence of competition, because they make possible a choice between competing articles by enabling the buyer to distinguish one from the other.”). The line of argument was not altogether new, however. See *Dixon Crucible Co. v. Guggenheim*, 2 Brewst. 321, 327 (Pa. 1869) (noting historical concerns about creating monopolies in trade but concluding that the “more enlightened opinion” is that protection of marks is an encouragement to competition).

253 See, e.g., *Norwich Pharmacal Co. v. Sterling Drug, Inc.*, 271 F.2d 569, 570–71 (2d Cir. 1959) (“Distaste for sharp or unethical business practices has often caused the courts to lose sight of the fundamental consideration in the law of unfair competition—protection of the public.”).

254 Ironically, around the same time proponents shifted their focus more to the consumer protection rationale, Frank Schechter concluded consumer protection was no longer a necessary consideration in light of the development of commercial fraud courts and the FTC. See SCHECHTER, *supra* note 23, at 164–65.

Possibly because they accepted, contrary to the evidence, that trademark law always had been motivated by consumer protection concerns, courts retained most of the traditional doctrinal structure even as they made this significant conceptual shift. But stripped of the normative content that had always limited the scope of trademark rights, concepts that had been so central to traditional trademark law, such as “goodwill” and “likelihood of confusion,” became tools of expansion.

As the following subparts demonstrate, courts steadily expanded the scope of trademark law during the twentieth century, and Congress generally went along with them. This was, I suggest, somewhat inevitable. Loosed from its natural rights moorings and bounded only by consumer expectations, modern trademark law essentially instantiates a one-way ratchet to broader trademark rights. As courts in the early twentieth century broadened trademark owners’ rights, consumers grew to expect that trademark owners had increasingly broad control over their marks. Those changed consumer expectations then became the basis for even broader trademark rights, which then in turn created even greater expectations.²⁵⁵ And on it has spiraled, with the help of marketers, who specialize in influencing consumer expectations.

The following sections discuss some of the most significant doctrinal changes of the last century, each of which has contributed to the near total control mark owners now enjoy. This is not intended as an exhaustive catalog of trademark law’s twentieth-century expansion, but only seeks to highlight some of the most significant changes from a conceptual standpoint.

A. *Unfair Competition No Longer Presupposes Competition*

Traditional trademark protection, as I have characterized it above, focused on producers’ attempts to steal away customers from those in close competitive proximity. Producers’ property interests were defined with respect to the markets in which they operated because the “property” traditionally recognized was in the mark owner’s business and not in the mark itself. Consistent with this understanding of trademark law, courts defined trademark rights to give the mark owner the exclusive right to use a mark in a particular trade.

²⁵⁵ As James Gibson notes, consumer understanding of licensing practices also feeds back into the scope of trademark rights. See James Gibson, *Risk Aversion and Rights Accretion in Intellectual Property Law*, 116 YALE L.J. 882 (2007).

Courts in this tradition refused to find infringement, even for use of an identical mark, when the defendant did not use that mark to compete *directly* with the plaintiff. In *Borden Ice Cream*, for example, the court found that the defendant's use of "Borden" for ice cream did not infringe the plaintiff's rights in "Borden" for milk products (including malted milk ice cream specially adapted for use in hospitals).²⁵⁶ Because the purpose of unfair competition law was to protect a company from diversion of its trade, the court noted that "'unfair competition' presupposes competition of some sort."²⁵⁷ Without competition, in this case strictly construed, the plaintiff could not demonstrate that the defendant was using the mark to divert *its* customers.²⁵⁸

As the economy evolved into one in which producers entered a wider array of product markets, however, courts gradually stopped insisting on competition between the parties. This development was far from an orderly linear progression from the restrictive view to the modern, more expansive view. Nevertheless, it can be described generally as a marked expansion of the range of uses against which trademark owners can assert infringement claims.

The first step in that expansion was the Trade-Mark Act of 1905,²⁵⁹ which defined as infringing a party's use the same or a similar mark as the plaintiff on goods of "substantially the same descriptive properties."²⁶⁰ This slightly loosened the requirement of direct competition between the two parties, allowing claims against uses for goods that were descriptively similar, even if the proprietors did not directly compete with one another.²⁶¹ But this was only a modest

256 *Borden Ice Cream Co. v. Borden's Condensed Milk*, 201 F. 510, 514 (7th Cir. 1992).

257 *Id.*

258 *Id.* at 514-15.

259 Pub. L. No. 58-84, 33 Stat. 727 (1905), *repealed by* Lanham Act, Pub. L. No. 79-459, § 46(a), 60 Stat. 427, 444 (1946) (codified as amended in various sections of 15 U.S.C.).

260 *Id.* § 16, 33 Stat. at 728.

261 The rule of the 1905 Act was sometimes expressed as a requirement that the defendant's use be for goods of the "same descriptive class" as the plaintiff's goods. *See, e.g., Consumers Petroleum Co. v. Consumers Co. of Ill.*, 169 F.2d 153, 159 (7th Cir. 1948); *see also Cal. Fruit Growers Exch. v. Sunkist Baking Co.*, 166 F.2d 971, 973 (7th Cir. 1947) (referring to "same descriptive properties"); *Beech-Nut Packing Co. v. P. Lorillard Co.*, 7 F.2d 967, 969-70 (3d Cir. 1925) (same), *aff'd*, 273 U.S. 629 (1927).

expansion, and courts at first continued to reject claims against uses for goods that were only related to the plaintiffs.²⁶²

Some courts, however, soon began to allow claims against use of a mark on noncompetitive products, at least where the plaintiff was likely to enter into the defendant's market. In *Aunt Jemima Mills Co. v. Rigney & Co.*,²⁶³ the court allowed the owner of the AUNT JEMIMA'S mark for pancake batter to prevent the defendant's use of the same mark for pancake syrup. The court made little effort to come to terms with the governing language of the 1905 Act, finding that while "no one wanting syrup could possibly be made to take flour," the products were "so related as to fall within the mischief which equity should prevent."²⁶⁴ Because the public might believe the defendant's syrup was made by the plaintiff, the defendant held the plaintiff's reputation in its hands.²⁶⁵ If a customer was unsatisfied with AUNT JEMIMA'S syrup, she might impute that poor quality to AUNT JEMIMA'S pancake batter.

Similarly, in *Yale Electric Corp. v. Robertson*,²⁶⁶ the court refused to allow registration of YALE for flashlights and batteries in light of the plaintiff's prior use of the YALE mark for locks. Judge Learned Hand conceded that his decision "[did] some violence" to the language of the statute but he did not believe the statute could be as restrictive as its plain language suggested.²⁶⁷ The court echoed the decision in *Aunt Jemima* when it expressed concern that the trademark owner's reputation could be injured if its mark was used by another "whose quality no longer lies within his control."²⁶⁸ Turning the traditional rule on its head, Judge Hand claimed that "it ha[d] come to be recognized that, unless the borrower's use is so foreign to the owner's as to insure against any identification of the two, it is unlawful."²⁶⁹

Courts did not unanimously accept this "related goods" doctrine,²⁷⁰ but Congress ultimately embraced it when it passed the Lan-

262 See, e.g., *Kotabs, Inc. v. Kotex Co.* 50 F.2d 810 (3d Cir. 1931) (describing this evolution of trademark law, including courts' initial reluctance to expand the scope of actionable confusion).

263 247 F. 407 (2d Cir. 1917).

264 *Id.* at 409–10.

265 *Id.* at 410.

266 26 F.2d 972 (2d Cir. 1928).

267 *Id.* at 974.

268 *Id.*

269 *Id.*

270 See *Arrow Distilleries, Inc. v. Globe Brewing Co.*, 117 F.2d 347, 351 (4th Cir. 1941) (finding that beer and liqueur cordials were from different product classes and defendant's use of the "Arrow" mark therefore did not infringe plaintiff's use).

ham Act in 1946.²⁷¹ Under the new statute, a mark owner is not required to prove that a junior user competes with it directly.²⁷² Nor was the mark owner required to prove that the junior user's products were related in the sense that they were complimentary or sold in proximate markets. Instead, as courts interpreted the Lanham Act, any use that was likely to cause confusion as to a potential connection between the junior user and the mark owner constituted infringement.²⁷³ Specifically, actionable confusion includes not only confusion about the actual source of the junior user's products, but as to the mark owner's sponsorship of or affiliation with the junior user. In this system, the scope of a mark owner's rights is determined exclusively by reference to consumer beliefs about a possible, though ill-defined, relationship between the plaintiff and defendant.

This was a tremendously significant change in trademark law—a much more significant change than commentators generally recognize. It was not, as McCarthy suggests, “a mere historical accident that the label ‘unfair competition’ was adopted to denominate a certain area of the law.”²⁷⁴ Rather, the label “unfair competition” was particu-

271 Pub. L. No. 79-480, 60 Stat. 427 (1946) (codified as amended at 15 U.S.C. §§ 1051–1129 (2000)); accord 4 McCARTHY, *supra* note 13, § 24:4, at 24-12.

272 *Ball v. Am. Trial Lawyers Ass'n*, 92 Cal. Rptr. 228, 237 (Ct. App. 1971) (“Although the appellation ‘unfair competition’ is still used to denominate the equitable doctrine and rules operative in the field of disputes over tradenames, direct competition between the parties is not a prerequisite to relief. Emphasis is now placed upon the word ‘unfair’ rather than upon ‘competition.’”); see also *Pike v. Ruby Foo's Den, Inc.*, 232 F.2d 683, 686 n.2 (D.C. Cir. 1956) (calling the notion that there can be no unfair competition without competition “outmoded”).

273 See, e.g., *Stork Rest., Inc. v. Sahati*, 166 F.2d 348, 363–64 (9th Cir. 1948) (recognizing claim by New York night club against use of “Stork Club” for San Francisco bar); see also 4 McCARTHY, *supra* note 13, §§ 24:13–14, at 24-35 to -38 (explaining this approach and collecting cases). For more cases discussing how trademark claims were handled before the Lanham Act's passage, see *Standard Oil Co. of New Mexico v. Standard Oil Co. of California*, 56 F.2d 973, 978 (10th Cir. 1932), *Brooks Brothers v. Brooks Clothing of California, Ltd.*, 60 F. Supp. 442, 449–51 (S.D. Cal. 1945), *aff'd*, 158 F.2d 798 (9th Cir. 1947), and *Tiffany & Co. v. Tiffany Productions, Inc.*, 1264 N.Y.S. 459 (N.Y. Sup. Ct. 1932), *aff'd*, 260 N.Y.S. 821 (App. Div. 1932), *aff'd*, 188 N.E. 30 (N.Y. 1933).

274 4 McCARTHY, *supra* note 13, § 24:14, at 24-37 to -38 (arguing that there should be “no fetish about the word ‘competition,’” because focusing on competition “places semantics above legal and commercial reality” and is analogous to defending against a manslaughter charge on the ground that the person killed was a woman). McCarthy's analogy is a poor one because the normative foundation of manslaughter does not depend on the sex of the person killed. The traditional normative foundation of trademark law, on the other hand, was intimately bound up with competition. Moreover, since McCarthy is arguing precisely about what the legal reality should be, it is

larly apt because competition was at the theoretical and doctrinal cynosure of all of the claims in that constellation.²⁷⁵

A company unrelated to the Coca-Cola Company, for example, would have infringed Coca-Cola's rights in its COKE mark only if that party used COKE to sell soda, or at least some drink product, and consumers believed Coca-Cola actually made the product. The harm of passing off was that it diverted to a deceptive competitor customers whose patronage Coca-Cola had earned. Passing off is conceptually impossible if the mark owner does not sell the type of goods for which the defendant uses the mark.

Under the modern "related goods" theory, mark owners are protected against a much more speculative harm than trade diversion. Purchasers of the junior user's products, the argument goes, may be disappointed with their experience with the junior user's product and impute their disappointment to the senior mark owner, which they mistakenly believe stood behind the junior use. Its reputation having been sullied by the unrelated inferior use, the senior user might lose future sales in its market. Alternatively, unrestrained use outside of the senior user's market might limit the senior user's ability to enter related markets, or at least force the senior user to battle the potentially negative impressions created by the junior use.

These are plausible concerns, but allowing mark owners claims against noncompetitive uses reflected a fundamental shift in trademark theory. Traditional trademark law protected only a trademark owner's existing business in its own market, because natural property rights focused on labor and investments one had already made. A party makes no investment in markets in which it does not participate, nor can it show diversion of hypothetical future customers.²⁷⁶ Now freed from these limitations, however, modern law protects a trade-

hard to imagine how insisting on a longstanding legal tradition like the presence of competition could possibly ignore legal reality.

275 For another example of actionable unfair competition, see *Funk & Wagnalls Co. v. American Book Co.*, 16 F.2d 137, 140–42 (S.D.N.Y. 1926) (finding actionable defendant's substitution of its dictionary for the plaintiff's on lists of school books required by the district, to the effect that sales were diverted from the plaintiff), *modified*, 18 F.2d 739 (2d Cir. 1927).

276 See *Borden Ice Cream Co. v. Borden's Condensed Milk Co.*, 201 F. 510, 514–15 (7th Cir. 1912) (allowing the defendant to use the name "Borden" for any products the plaintiff had not already made and offered under that name, whether or not plaintiff intended some day to make those goods, because the party who "uses [a mark] first as a brand for his goods, and builds up a business under it, who is entitled to protection, and not the one who first thought of using it on similar goods, but did not use it" and because "[t]he law deals with acts and not intentions." (quoting *George v. Smith*, 52 F. 830, 832 (C.C.S.D.N.Y. 1892))).

mark owner's hypothetical future business in its market and other potential markets.

There is great irony here. Though natural rights theories often are derided for being overly protective of property, trademark law's great expansion in fact owes its existence to courts' rejection of the natural rights approach. Unfair competition law, when it targeted passing off, had relatively logical boundaries. Since courts have unplugged trademark and unfair competition law from the requirement of competition, they have no normative framework within which to judge if a particular practice is "unfair"²⁷⁷ and no obvious method to determine infringement. Indeed, it is no coincidence that courts only developed the unpredictable likelihood of confusion factors after jettisoning the requirement of competition.²⁷⁸ Nor is it surprising that the unpredictability of these factors generally has worked in mark owners' favor.²⁷⁹

B. Expansion of Actionable Forms of Confusion

By accepting as actionable confusion as to sponsorship or affiliation, courts in the twentieth century ceased demanding a strong link between consumer confusion and particular, identifiable purchasing decisions.²⁸⁰ No longer were courts focusing on the possibility that the defendant was diverting customers who were looking for the plaintiff. Instead, courts began to condemn a defendant's use on the basis of its possible effect on future purchasing decisions.²⁸¹ Courts recently have expanded the range of protection even further to

²⁷⁷ Supporters of more expansive trademark protection often quote approvingly the California Court of Appeals' statement that "emphasis is now placed on the word 'unfair' rather than on 'competition.'" See *Ball*, 92 Cal. Rptr. at 237.

²⁷⁸ The well-known *Polaroid* factors were developed explicitly to gauge the likelihood of confusion in the case of noncompeting products. See *Polaroid Corp. v. Polaroid Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961) ("Where the products are different, the prior owner's chance of success is a function of many variables: the strength of his mark, the degree of similarity between the two marks, the proximity of the products, the likelihood that the prior owner will bridge the gap, actual confusion, and the reciprocal of defendant's good faith in adopting its own mark, the quality of defendant's product, and the sophistication of the buyers."). Each of the courts of appeals has its own, nonexhaustive set of likelihood of confusion factors, though there is substantial overlap among them. See RESTATEMENT (THIRD) OF UNFAIR COMPETITION §§ 20–23 (1995) (identifying and cataloging eight foundational factors).

²⁷⁹ See *Gibson*, *supra* note 255, at 907–23 (describing unpredictability and risk aversion of potential defendants).

²⁸⁰ See *infra* Part IV.B.1.

²⁸¹ See *infra* Part IV.B.2.

address forms of confusion that have little, if anything, to do with identifiable purchasing decisions.²⁸²

1. Initial Interest Confusion

One way in which courts have expanded the range of actionable confusion is by allowing claims against uses of a trademark to gain the attention of consumers initially, even if any confusion about a possible relationship between the trademark owner and the other party is dispelled before purchase.²⁸³ This doctrine of “initial interest confusion” was judicially created a little over thirty years ago and, though originally developed in the offline world, has been used most often in cases involving uses of trademarks in the Internet context.²⁸⁴

The initial interest confusion doctrine often is described as an antidote to bait and switch schemes.²⁸⁵ It applies when a junior party uses a competitor’s mark to attract the attention of consumers who

282 In its original form, the Lanham Act prohibited only uses that were “likely to cause confusion or mistake or to deceive purchasers as to the source of origin of such goods or services.” Pub. L. No. 79-489, § 32(i)(a), 60 Stat. 427, 437 (1946) (codified as amended at 15 U.S.C. § 1114(1)(a) (2000)). Congress amended the provision in 1962 to remove reference to purchasers, prohibiting any use “likely to cause confusion, or to cause mistake, or to deceive.” Act of Oct. 9, 1962, Pub. L. No. 87-772, §17, 76 Stat. 769, 773 (1962) (codified at 15 U.S.C. § 1114(1)(a) (2000)). Several courts have suggested that Congress intended to expand protection to cover pre-sale and post-sale confusion when it amended the Lanham Act in 1962. See, e.g., *Checkpoint Sys., Inc. v. Check Point Software Techs., Inc.*, 269 F.3d 270, 295 (3d Cir. 2001); *Esercizio v. Roberts*, 944 F.2d 1235, 1245 (6th Cir. 1991). That interpretation of the 1962 amendment, however, is hardly inevitable. See *Elec. Design & Sales, Inc. v. Elec. Data Sys. Corp.*, 954 F.2d 713, 716 (Fed. Cir. 1992) (“The legislative history states that the word ‘purchasers’ was deleted because ‘the provision actually relates to potential purchasers as well as to actual purchasers.’ Therefore, we do not construe this deletion to suggest, much less compel, that purchaser confusion is no longer the primary focus of the inquiry. Instead, we believe that, at least in the case of goods and services that are sold, the inquiry generally will turn on whether actual or potential ‘purchasers’ are confused.” (quoting S. REP. NO. 87-2107, at 4 (1962))).

283 Jennifer E. Rothman, *Initial Interest Confusion: Standing at the Crossroads of Trademark Law*, 27 CARDOZO L. REV. 105, 108 (2005) (noting that “‘initial interest confusion’” is something of a misnomer because courts have based findings of trademark infringement on their conclusions that consumers might “initially be ‘interested,’ ‘attracted,’ or ‘distracted’” by the third party’s use of a trademark).

284 See *id.* at 109–10 (noting that there were relatively few published cases relying on the initial interest confusion doctrine before 1990 and many more between 1990 and 2005, and attributing the rise in large part to its use in the Internet context); see also Goldman, *supra* note 13, at 573–74 (explaining how the doctrine has been used in the Internet age).

285 See *Dorr-Oliver, Inc. v. Fluid Quip, Inc.*, 94 F.3d 376, 382 (7th Cir. 1996) (equating initial interest confusion with a bait-and-switch scheme).

otherwise likely would have avoided the junior user altogether. Having generated this interest, the junior user then dispels any confusion about the source of its products, hoping that the consumer will decide, for lack of time or interest or because she has been persuaded of the junior user's superior product, to purchase the substitute product rather than continue her search.²⁸⁶ A claim in this situation fits less neatly within trademark law's traditional framework, but could conceivably be justifiable in those cases involving real deception at the outset rather than mere attention-getting.

But most initial interest confusion cases involve no attempted bait and switch. In the worst of the initial interest confusion cases, courts have found liability based on the defendant's use of a mark to make available competitive information and where there was no likelihood of confusion at all. In *Brookfield Communications v. West Coast Entertainment Corp.*,²⁸⁷ for example, the court concluded that the defendant's use in the metatags for its website of "moviebuff"—the plaintiff's claimed mark—violated the plaintiff's rights because search engines used the metatags to generate search results in which the defendant's site appeared higher in the rankings than the plaintiff's.²⁸⁸ While the court conceded that confusion was unlikely, it believed that consumers, now presented with both websites in response to a search employing "moviebuff" as a search term, might choose the defendant's website rather than the plaintiff's.²⁸⁹

These types of cases treat a trademark itself as the exclusive property of a mark owner. They hold essentially that only the mark owner may reference the mark to generate business. Such cases lose sight of the fundamental distinction courts traditionally drew between attempts to divert trade (competition) and attempts to divert trade

286 *Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254 (2d Cir. 1987), is perhaps most susceptible of this characterization. In that case, Pegasus Petroleum was deemed to have infringed Mobil Oil's flying horse (a Pegasus) by adopting the name Pegasus Petroleum for its oil trading company. *Id.* at 260. The Second Circuit concluded, in characteristically speculative fashion, that an oil trader "might listen to a cold phone call from Pegasus Petroleum . . . when otherwise he might not, because of the possibility that Pegasus Petroleum is related to Mobil." *Id.* at 259. Importantly in that case, Mobil also had used the name Pegasus, in addition to its flying horse logo, in its own oil business. *See id.* at 256.

287 174 F.3d 1036 (9th Cir. 1999).

288 *Id.* at 1059. Notably, the court recognized that the defendant, West Coast Video, had actually used the term "moviebuff" in its slogan "The Movie Buff's Movie Store" and that "movie buff" has generic significance as a term for movie enthusiasts. *Id.* at 1065–66.

289 *See id.* at 1062–63. Notably, the defendant's site did not *displace* the plaintiff's in the search results; it only appeared higher in the rankings.

*through deception.*²⁹⁰ It also casts doubt on trademark proponents' assurances that trademark protection restricts competition only in a narrow class of cases: If traditional trademark law focused on instances of the junior user "stealing" the senior user's customers, initial interest confusion targets "stealing" in a much broader sense.²⁹¹

2. Post-sale Confusion

Whatever ill can be said of the initial interest confusion doctrine, it at least focuses on consumers who may have been looking for a particular purchaser before a junior user captured their attention. By contrast, the post-sale confusion doctrine, which makes actionable confusion of nonpurchasers based on their post-sale interaction with a product, requires rank speculation about viewers' future purchasing intentions.

In the earliest post-sale confusion case, *Mastercrafters Clock & Radio Co. v. Vacheron & Constantin-Le Coultre Watches, Inc.*,²⁹² the

²⁹⁰ To be fair, some courts recently have begun to express some skepticism about a broad application of the initial interest confusion doctrine. See, e.g., *Lamparello v. Falwell*, 420 F.3d 309, 315–18 (4th Cir. 2005) (noting that the Fourth Circuit had never explicitly accepted the initial interest confusion doctrine and refusing to apply it where the defendant's website made clear that the site was not sponsored by the plaintiff and the defendant did not use the domain name to derive financial benefit), *cert. denied*, 126 S. Ct. 1772 (2006). Nevertheless, initial interest confusion remains a viable theory of infringement in most circuits. See, e.g., *Checkpoint Sys., Inc. v. Check Point Software Techs., Inc.*, 269 F.3d 270, 294 (3d Cir. 2001) ("We join [other] circuits in holding that initial interest confusion is probative of a Lanham Act violation."); *Eli Lilly & Co. v. Natural Answers, Inc.*, 233 F.3d 456, 464 (7th Cir. 2000) ("[Initial interest] confusion, which is actionable under the Lanham Act, occurs when a consumer is lured to a product by its similarity to a known mark, even though the consumer realizes the true identity and origin of the product before consummating a purchase."); *Interstellar Starship Servs., Ltd. v. Epix Inc.*, 184 F.3d 1107, 1110 (9th Cir. 1999) ("We recognize a brand of confusion called 'initial interest' confusion, which permits a finding of a likelihood of confusion although the consumer quickly becomes aware of the source's actual identity and no purchase is made as a result of the confusion."); *Elvis Presley Enters., Inc. v. Capece*, 141 F.3d 188, 204 (5th Cir. 1998) (recognizing initial interest confusion doctrine and noting that "initial-interest confusion is beneficial to the Defendants because it brings patrons in the door" which "is even more significant because the Defendants' bar sometimes charges a cover charge for entry, which allows the Defendants to benefit from initial-interest confusion before it can be dissipated by entry into the bar").

²⁹¹ Only when initial diversions impose significant additional search costs, perhaps because it would be time-consuming for consumers to resume their initial search, does recognizing initial interest confusion do much to protect consumers. It is deeply ironic then, given the relative ease of navigating through the online world, that the Internet age drove expansion of the initial interest confusion doctrine.

²⁹² 221 F.2d 464 (2d Cir. 1955).

defendant copied the distinctive appearance of the plaintiff's expensive "Atmos" clock.²⁹³ Though it was clear that consumers would not be misled into purchasing the defendant's clock as that of the plaintiff, Judge Frank wrote that

at least . . . some customers would buy [the copier's] cheaper clock for the purpose of acquiring the prestige gained by displaying what many visitors at the customers' homes would regard as a prestigious article. [The copier's] wrong thus consisted of the fact that such a visitor would be likely to assume that the clock was an Atmos clock [T]he likelihood of such confusion suffices to render [the copier's] conduct actionable.²⁹⁴

Though described in terms of consumer confusion, the *Mastercrafters* court's concern actually was quite radically different than that of traditional trademark law. Rather than focusing on consumers actively searching for a particular producer, liability in *Mastercrafters* turned on the possibility of confusion among casual observers—individuals about whom we have no reliable information with respect to future purchasing potential.²⁹⁵ Thus, notwithstanding some attempts to characterize the post-sale confusion doctrine as a manifestation of the trade diversion rationale,²⁹⁶ cases like *Mastercrafters* clearly seek to ensure a mark owner that only it will reap the benefits of its desirable products. The real concern of these cases, as McCarthy notes, is that

293 *Id.* at 465–66.

294 *Id.* at 466.

295 *See id.*

296 McCarthy's characterization of the harm of post-sale confusion is typical. After admitting that the concern really is that consumers could purchase a cheaper substitute, he argues that "the senior user suffers a loss of sales diverted to the junior user, the same as if the actual buyer were confused," because "[e]ven though the knowledgeable buyer knew that it was getting an imitation, viewers would be confused." 4 MCCARTHY, *supra* note 13, § 23:7, at 23-37. This description of post-sale confusion in trade diversion terms makes sense only if one assumes (1) that purchasers buy imitation products knowing they will be able to pass them off to friends and acquaintances as the originals, and (2) these purchasers would have bought the originals if they knew they could not confuse viewers. This seems quite a dubious set of assumptions, however, both because imitations often are readily identifiable and because purchasers of imitation products often would not have purchased the originals. The only other way to characterize post-sale confusion in trade diversion terms is to focus on potential future sales to viewers of the product who might be turned off by the imitations and take out their disappointment on the original manufacturer. To hold, this theory also requires an assumption that imitations are not readily identifiable, as well as some reason to believe a significant number of viewers otherwise might buy the original.

“consumers could acquire the prestige value of the senior user’s product by buying the copier’s cheap imitation.”²⁹⁷

C. *Expansion of Trade Dress Protection*

Trademark law in the nineteenth century was predominantly concerned with word marks and, on occasion, with labels applied to goods. Courts were particularly reluctant to allow producers to use trademark or unfair competition law to protect the shape or design of products or packaging.²⁹⁸ These courts often were skeptical that products or their packaging signified source, and they also were reluctant to prevent others from competing on the basis of the goods themselves. Patent protection created special rights, but copying unpatented articles was “mere competition.” Moreover, any risk of confusion from copying trade dress could be dealt with by effective labeling, so there was rarely any trade diversion rationale for protecting secondary or tertiary indications of source.²⁹⁹ Even when courts later began allowing more protection of trade dress, they generally

297 *Id.*

298 *See, e.g.,* *Diamond Match Co. v. Saginaw Match Co.*, 142 F. 727, 729 (6th Cir. 1906) (rejecting plaintiff’s claim of exclusive right in tipped matches with partly red and partly blue heads on the ground that “[t]he two colors . . . serve not only a useful purpose but an essential function” and noting that, even though the plaintiff limited its claim to heads of two particular colors, the general rule was that color could not be monopolized to distinguish a product given the limited number of primary colors); *Davis v. Davis*, 27 F. 490, 492 (C.C.D. Mass. 1886) (rejecting plaintiff’s claim of rights in the arrangement of the colors in wrappers on bars of soap on the ground that the plaintiff seemed to be claiming “a patent for an idea, under the guise of the registration of a trade-mark” and stating that “the trade-mark must be something other than, and separate from, the merchandise”); *Harrington v. Libby*, 11 F. Cas. 605, 605–06 (C.C.S.D.N.Y. 1877) (No. 6107) (rejecting plaintiff’s claim to exclusive use of “a tin pail with a bail or handle to it . . . used to contain paper collars for sale and sold with the collars” because to “recognize an exclusive right to an unpatented package” would allow “the forms and materials of packages to contain articles of merchandise . . . [to] be rapidly taken up and appropriated by dealers, until some one, bolder than the others, might go to the very root of things, and claim for his goods the primitive brown paper and tow string, as a peculiar property”).

299 *See* *Pope Automatic Merch. Co. v. McCrum-Howell Co.*, 191 F. 979, 982 (7th Cir. 1911) (“[I]f by means of unfair trade suits [a manufacturer with an unpatentable product] could shut out other manufacturers who plainly intended to share in the benefits of the unpatented utilities and in the trade that had been build up thereon, but who used on their products conspicuous name-plates containing unmistakably distinct trade-names, trade-marks, and names and addresses of makers, and in relation to whose products no instance of deception had occurred—he would be given gratuitously a monopoly more effective than that of the unobtainable patent in the ratio of eternity to 17 years.”); *Diamond Match*, 142 F. at 730 (noting that the defendant had not attempted to palm off its tipped matches despite their similar color

required claimants, particularly in cases involving product design, to demonstrate affirmatively that the claimed features had acquired source significance³⁰⁰ and were material to consumers' purchasing decisions.³⁰¹

Since modern trademark plaintiffs no longer must show a risk of trade diversion, trade dress has played a much more prominent role in recent case law. Unambiguous labeling might make clear who actually produces a product, but it might not prevent consumers from believing that similar designs suggest some relationship between the junior and senior users. Consequently, while modern courts have imposed some limitations on trade dress protection, those limitations emanate from a concern about the risk of trade dress protection conflicting with patent law rather than any internal principle.³⁰²

D. *Liberalization of Licensing Rules*

As noted above,³⁰³ courts traditionally prohibited assignment and licensing of a trademark apart from the underlying business with which it was used.³⁰⁴ As courts came to view trademarks as designators of relationships other than physical source, such as sponsorship or affiliation, they relaxed the traditional rule to allow licensing as long as the mark owner ensured a consistent level of quality in the products

because it had not simulated the plaintiff's packages but sold its own matches in packages that plainly indicated their origin).

300 See, e.g., *Crescent Tool Co. v. Kilborn & Bishop Co.*, 247 F. 299, 300 (2d Cir. 1917).

301 *Id.* (“[I]t is an absolute condition to any relief whatever that the plaintiff . . . show that the appearance of his wares has in fact come to mean that some particular person . . . makes them, and that the public cares who does make them, and not merely for their appearance and structure.”); see also Lunney, *supra* note 9, at 376–78 (discussing this approach in more detail).

302 The two most important restrictions on the scope of trade dress protection are the requirement that product configuration trade dress have secondary meaning to be protectable and the functionality doctrine. See *Traffix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 33 (2001) (stating that a feature is functional, and therefore ineligible for trade dress protection, “when it is essential to the use or purpose of the device or when it affects the cost or quality of the device”); *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 211–16 (2000) (product design, unlike product packaging, is incapable of being inherently distinctive and is protectable only with evidence of secondary meaning).

303 See *supra* Part III.C.6.

304 This prohibition of licensing was not categorical. Examples of cases in which courts allowed some form of licensing include *Kidd v. Johnson*, 100 U.S. 617, 626–29 (1879); *Martha Washington Creamery Buttered Flour Co. of United States v. Martien*, 44 F. 473, 475 (C.C.E.D. Pa. 1890); *Nelson v. J.H. Winschell & Co.*, 89 N.E. 180, 183 (Mass. 1909); and *McCardel v. Peck*, 28 How. Pr. 120, 124–25 (N.Y. Sup. Ct. 1864).

or services offered under its mark.³⁰⁵ This change reflects the broader notion of goodwill protected under current law. Rather than inhering in the business of a particular producer, goodwill attaches to the mark and travels with it into other markets.³⁰⁶

E. Merchandising

Use of a known mark or logo to embellish ancillary merchandise, such as caps or T-shirts, has been the subject of some recent scholarly attention.³⁰⁷ A complete analysis of the legal issues related to merchandising is beyond the scope of this Article, but the fact that some courts have recognized claims by universities or sports teams against parties that have used their logos or marks on merchandise should not really be a surprise.³⁰⁸

Traditional trademark law focused narrowly on whether consumers would regard the use of the Yankees logo on a hat as an indication of the actual origin of the hat. Since consumers would have been unlikely to believe that the Yankees manufactured hats, and because the Yankees likely did not manufacture hats, there was no risk of trade diversion. Modern law, by contrast, condemns any use by a third party that is likely to cause confusion as to a mark owner's sponsorship of or affiliation with a third party's use, whether or not any such relationship is material to consumers' purchasing decisions.³⁰⁹ In this system, rights are bounded only by consumer understanding: If consumers believe a Yankees logo on a hat suggests the Yankees endorsed the maker of the hat, then the Yankees have the right to control that use.

305 Cf. Harry L. Schniderman, *Trade-Mark Licensing—A Saga of Fantasy and Fact*, 14 LAW & CONTEMP. PROBS. 248, 265 (1949) (documenting this trend).

306 See MCCARTHY, *supra* note 13, § 2:15, at 2-33 to -37.

307 See Dogan & Lemley, *supra* note 11, at 461-62. By "ancillary merchandise" I mean merchandise distinct from a mark owner's core business. When universities claim trademark rights based on use of their logos on clothing, for example, they claim rights in their marks for a range of products far removed from their core business of educating students.

308 See, e.g., *Univ. of Ga. Athletic Ass'n v. Laite*, 756 F.2d 1535 (11th Cir. 1985); *Boston Prof. Hockey Ass'n, Inc. v. Dallas Cap & Emblem Mfg., Inc.*, 510 F.2d 1004 (5th Cir. 1975); *Nat'l Football League Props., Inc. v. Consumer Enters., Inc.*, 327 N.E.2d 242 (Ill. App. 1975).

309 See 15 U.S.C. § 1125(a)(1)(A) (2000) (making actionable any use that causes confusion as to an "affiliation, connection, or association" with a trademark holder, or causes confusion "as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities"). Though § 32 does not use the same precise language, sponsorship or affiliation confusion is actionable with respect to registered marks as well. See MCCARTHY, *supra* note 13, at § 23:8.

And the available evidence suggests that consumers believe names and creative content, some of which can be protected as trademarks, are subject to substantial control.³¹⁰ Assuming consumer beliefs about the use of marks or logos on merchandise even roughly approximate this evidence, modern law has essentially no choice but to respond.

F. Dilution Does Not Even Require Evidence of Confusion

The concept of trademark dilution generally is considered a radical departure from traditional trademark principles. Dilution claims allow a mark owner to prevent a third party from using the same mark even if there is no potential confusion of any kind and no risk that the third party will divert customers who otherwise would have gone to the mark owner. Use of the mark BUICK for shoes harms the senior user, in theory, not because anyone who is looking for a new car will buy it from the shoemaker, but because BUICK will no longer occupy as prominent a position in consumers' minds. Buick (the automaker) will therefore lose future customers, or at least have to work harder to attract them.³¹¹ The shoemaker's theoretical gain from using the "Buick" mark flows from its use of the "selling power" or "commercial

310 See Gibson, *supra* note 255, at 924 (citing a 1983 study in which 91.2% of respondents agreed that "[n]o product can bear the name of an entertainer, cartoon character, or some other famous person unless permission is given for its use by the owner of the name or character"). Gibson notes, correctly, that this belief cannot be attributed solely to consumers' understanding of licensing practices. *Id.* The impression probably also results from informational campaigns engaged in by mark owners, legal notices that suggest broad control, and media statements. See, e.g., Andrew LaVallee, *Hollywood's Take on the Internet Often Favors Fun Over Facts*, WALL ST. J. ONLINE, May 1, 2006, http://online.wsj.com/public/article/SB114417762246516812-JafduzlqqrJNqD9QzSSA0d3LIk8_20060508.html?mod=blogs (suggesting that "[p]rominently showing an AOL email screen or Google search page, for example, requires approval from the companies"); University of Wisconsin-Madison Office of Trademark Licensing, Policies, <http://www.wisc.edu/licensing/policies.html> (last visited May 16, 2007) ("Only companies that are officially licensed by the University are permitted to produce items using University trademarks."); Whirlpool Corp. Legal Notice, <http://www.whirlpoolcorp.com/general/terms/legal.asp> (last visited May 16, 2007) ("Users are prohibited from using any Marks for any purpose including, but not limited to, use as metatags on other pages or sites on the World Wide Web without the written permission of Whirlpool Corporation or such third party which may own the Marks."). These statements shape consumer expectations even if they are inaccurate assessments of current law. Cf. Note, *Harnessing Madison Avenue: Advertising and Products Liability Theory*, 107 HARV. L. REV. 895, 904 n.62 (1994) (citing cases recognizing the important impact advertising has on consumer expectations).

311 Cf. Schechter, *supra* note 7, at 830–33 (arguing that courts have implicitly acknowledged this consequence).

magnetism” of the mark to sell its own goods. Notably, however, while the shoe manufacturer’s gain and Buick’s loss are linked in some remote sense, the additional purchasers of Buick shoes are not people who otherwise would have bought Buick cars.³¹²

Even though dilution is the clearest example of a shift in trademark principles, it did not significantly alter the balance of trademark law when it finally achieved widespread acceptance as an alternative basis for relief.³¹³ By then, the likelihood of confusion standard had expanded so much that owners of truly distinctive and famous trademarks, those to which federal dilution protection is supposedly limited,³¹⁴ could rely on likelihood of confusion arguments to receive

312 The linkage is even more tenuous in the case of dilution by tarnishment, where the plaintiff’s claim is that the defendant used the mark in some unwholesome way that is likely to affect negatively the associations consumers have with the mark. See RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25 cmt. g (1995) (“To prove a case of tarnishment, the prior user must demonstrate that the subsequent use is likely to come to the attention of the prior user’s prospective purchasers and that the use is likely to undermine or damage the positive associations evoked by the mark.”). In tarnishment cases, the defendant is not competing with the plaintiff, and in some cases is not selling anything at all. Thus, the argument is that defendant affects the plaintiff’s ability to attract future customers, not because they will be diverted to the defendant, but because they will be turned off to the plaintiff. See *Coca-Cola Co. v. Gemini Rising, Inc.*, 346 F. Supp. 1183, 1190–91 (E.D.N.Y. 1972) (“A strong probability exists that some patrons of Coca-Cola will be ‘turned off’ rather than ‘turned on’ by defendant’s so-called ‘spooof,’ with resulting immeasurable loss to plaintiff. . . . [P]laintiff’s good will and business reputation are likely to suffer in the eyes of those who, believing it responsible for defendant’s poster, will refuse to deal with a company which could seek commercial advantage by treating a dangerous drug in such jocular fashion.”).

313 See Long, *supra* note 13, at 1031 (finding that federal dilution claims are not often pursued and that judicial enforcement is “not robust” and has eroded over time). Long’s findings are limited to litigation following enactment of the Federal Trademark Dilution Act of 1995, Pub. L. No. 104-98, 109 Stat. 985 (codified as amended at 15 U.S.C.A. §§ 1125(c), 1127 (West 1998 & Supp. 2006)). Her conclusion that judicial enforcement is eroding is ironic because the statute was meant to regularize dilution law in the face of fairly persistent reluctance by courts to accept a cause of action de-linked from consumer confusion. See Long, *supra* note 13, at 1030–31.

314 See 15 U.S.C. § 1125(c)(1) (“The owner of a famous mark that is distinctive, inherently or through acquired distinctiveness, shall be entitled . . .”); see also *id.* § 1125(c)(2)(A) (defining “famous” marks as those “widely recognized by the general consuming public of the United States as a designation of the source of the goods or services of the mark’s owner” and listing four factors a court may consider to determine whether the mark possesses the requisite degree of recognition). This definition comes from the recently enacted Trademark Dilution Revision Act of 2006. The previous version of the federal dilution statute similarly restricted protection to famous marks, though that statute did not define “famous,” simply relying on a longer

virtually all of the benefits of a dilution claim.³¹⁵ If the federal dilution provisions have been significant at all, it has only been in encouraging courts to expand further the number of “famous” marks to which dilution claims apply.³¹⁶

G. Trademarks as Domain Names

Very recently, courts and Congress sought to address the registration and use of domain names that correspond to trademarks already in use by another. While mark owners whose marks were registered as domain names initially sought relief under a variety of legal theories, Congress passed the Anticybersquatting Consumer Protection Act (ACPA)³¹⁷ particularly for the purpose of dealing with this practice. The details of that statute are mostly beyond the scope of this Article. What is important is how the statute conceives of trademarks and their value. In granting trademark owners a claim against third parties who use their marks as domain names,³¹⁸ the statute views the mark devoid of the type of context traditional trademark law relied on for assurance that a junior user intended to divert sales from a particular mark owner. In fact, the ACPA is so far removed from a requirement that the junior and senior user be in competition that the statute does not even require a comparison of the businesses of the parties, instead

set of factors a court could use to measure fame. See Federal Trademark Dilution Act of 1995, Pub. L. 104-98, 109 Stat. 985 (West 1998 & Supp. 2006).

315 See Nelson, *supra* note 244, at 805 (“As members of the trademark bar have argued for an infringement law made in the image of dilution, courts have obliged, interpreting the confusion doctrine so as to punish association—the ‘*sine qua non* of dilution.’” (quoting Jerre B. Swann, Sr., *Dilution Redefined for the Year 2000*, 90 TRADEMARK REP. 823, 860 (2001))). Courts even have strained to find a likelihood of confusion in situations that seem like typical tarnishment scenarios. See *Anheuser Busch, Inc. v. Balducci Publ'ns*, 28 F.3d 769, 777 (8th Cir. 1994) (finding defendant’s “Michelob Oily” parody cartoon likely to cause confusion with plaintiff’s “Michelob” mark). State dilution provisions may have had more significance since many state statutes do not require that the plaintiff’s mark be famous. See, e.g., N.Y. Gen. Bus. Law § 360-I (McKinney 2001) (giving mark owners claims against uses that cause a “likelihood of injury to business reputation or of dilution of the distinctive quality of the mark”); Cal. Bus. & Prof. Code § 14330 (West 1994) (same).

316 See Nelson, *supra* note 244, at 735 (“As a result, being the owner of a trademark today is much like being a parent in Lake Wobegon, where ‘all the children are above average’—for under modern dilution law, nearly every trademark has become dilutable.” (quoting *Garrison Keillor: A Prairie Home Companion* (Minnesota Public Radio broadcast, distributed by Public Radio International))). Since the Trademark Dilution Revision Act defines fame fairly stringently, it may do a better job of preventing such creep. If it does, however, it will only make dilution protection less necessary.

317 15 U.S.C. § 1125(d).

318 *Id.* § 1125(d)(1)(a)(ii).

condemning domain names that are confusingly similar to a mark on a purely semantic basis.³¹⁹ Indeed, it is irrelevant under the ACPA that “confusion about a website’s source or sponsorship could be resolved by visiting the website” identified by the accused domain name.³²⁰ The ACPA, then, could hardly be more conceptually removed from the deeply contextual view of traditional trademark.

CONCLUSION

Virtually every significant doctrinal development in the last century has given mark owners greater control over the use and meaning of their marks. Strong marks have been the obvious—and intended—beneficiaries of expanded protection, as trademark law has aimed to reserve to mark owners the entire value of “their” marks. Dilution, which is at least nominally limited to famous marks, is most obviously beneficial to extremely valuable brands, but it is hardly the only such doctrine. The likelihood of confusion analysis is itself heavily influenced by brand building. Strong marks are given much broader protection against potentially confusing uses,³²¹ and advertising expenditures are generally considered highly probative of the strength of a mark.³²² Similarly, initial interest confusion, to the extent it reflects a real phenomenon, is based on recognition of a well-known mark, and post-sale confusion is also much more likely for brands that are immediately recognizable. Cybersquatting protection

319 The Act states that liability is determined “without regard to the goods or services of the parties,” thus removing from consideration differences between the goods or services of the disputing parties. *Id.* § 1125(d)(1)(a). Indeed, “intent to divert consumers” is only relevant to one of the nonexclusive factors relating to bad faith. *Id.* § 1125(d)(1)(B)(i)(V). Even then, the intent need not be to divert customers who would have purchased the mark owner’s goods, but only

intent to divert consumers from the mark owner’s online location to a site accessible under the domain name that could harm the goodwill represented by the mark, either for commercial gain or with the intent to tarnish or disparage the mark, by creating a likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of the site.

Id.

320 See *Coca-Cola Co. v. Purdy*, 382 F.3d 774, 783 (8th Cir. 2004).

321 See 2 McCARTHY, *supra* note 13, § 11:73, at 11-149 to -52 (emphasizing this point and collecting cases).

322 See, e.g., *Bose Corp. v. QSC Audio Prods., Inc.*, 293 F.3d 1367, 1371-72 (Fed. Cir. 2002) (citing advertising as evidence of fame of mark for purposes of likelihood of confusion analysis in opposition proceeding); *Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co.*, 631 F. Supp. 735, 741 (S.D.N.Y. 1985) (citing as evidence of a mark’s strength evidence of sales success, advertising expenditures, and length and exclusivity of use).

depends on bad faith, and courts have held that use of a well-known mark presumptively constitutes bad faith.³²³

Succinctly stated, modern trademark law is industrial policy intended to protect brand value.³²⁴ This is a radical departure from its traditional focus. Yet because critics have mischaracterized traditional trademark law, they have misunderstood the nature of its expansion. In fact, trademark law's expansion was at least enabled by courts' and commentators' rejection of the natural rights conception of trademark rights, which freed courts from many of trademark law's traditional limits. Consumer expectations now carry all the weight for those who hope to limit trademark protection, and those expectations have proven almost infinitely pliable. Producers are able to frame just about any argument for broader protection in terms of consumer expectations, which they are in position to influence systematically through marketing. Moreover, once courts and Congress began to expand trademark law and committed it to consumer understanding, expansion became self-reinforcing—broader protection begets consumer expectations of greater control, which begets even broader protection.

There may be good reasons for concern about the scope of modern trademark law.³²⁵ It may be interfering excessively with competition. It may be the result of a particularly serious public choice problem. And even if the goal of protecting brand value is worthy, modern doctrines may place unacceptably high burdens on speech. But these are the terms on which the debate must proceed. Critics cannot continue simply to claim that modern law is illegitimate because it does not seek to protect consumers. Because it never really did.

323 Cf. *Victoria's Cyber Secret Ltd. P'ship v. V Secret Catalogue, Inc.*, 161 F. Supp. 2d 1339, 1351 (S.D. Fla. 2001) ("The taking of an identical copy of another's famous and distinctive trademark for use as a domain name creates a presumption of confusion among Internet users as a matter of law.").

324 This expansion to protect a broader range of branding practices was by no means accidental, and it has not been lost on trademark owners and their advocates. See Julie Manning Magid et al., *Quantifying Brand Image: Empirical Evidence of Trademark Dilution*, 43 AM. BUS. L.J. 1, 1 (2006) ("Trademark law now endorses the branding efforts of trademark owners." (footnotes omitted)).

325 Bone offers some persuasive criticisms of the moral and economic arguments for protection of a broader notion of goodwill. See Bone, *supra* note 20, at 616–21.