THE JUDICIAL ROLE IN TRADEMARK LAW

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INTRODUCTION

What is the judicial role in developing trademark law? A natural answer is that it is the same as any other body of law: The principles that guide a judge in, say, employee benefits law under ERISA apply to trademark law under the Lanham Act.

But that’s too facile. However seamless law’s web, each strand has its nuances. Trademark’s begin with its nature as a branch of intellectual

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1 F.W. Maitland, A Prologue to a History of English Law, 14 L.Q.R. 13 (1898) (“Such is the unity of all history that any one who endeavours to tell a piece of it must feel that his first sentence tears a seamless web.”)
property (IP) law. Trademark grants rights in intangible goods (albeit on a theory different from that at work in copyright and patent law), which vests private actors with a quasi-regulatory power. Judicial management of these rights must also accommodate trademark’s common law prehistory and its substantial, but incomplete, codification by the Lanham Act. That statute, in turn, contains both delegating and non-delegating provisions. Some sections authorize courts to continue developing trademark law, others leave less room for judicial action. Last, the Lanham Act’s administration implicates external bodies of law (e.g., the First Amendment) that require harmonization in a manner sensitive to each doctrine’s respective requirements. We therefore need more than a general attitude about the judicial role to have much to say about what is appropriate in trademark.

The inquiry is worth making. Trademark’s expansion prompts criticism for threatening expressive and consumer interests. Reform efforts are less likely to succeed without an accurate survey of the scope of judicial authority. Consider the problem of crafting new defenses to respond to trademark’s growth in scope. Even if the blame—or credit, depending on one’s point of view—for trademark’s expansion may be ascribed in part to “activist” judging, that does not necessarily mean that the same judicial energy is available to correct the excesses. In a recent article, I argue that the Lanham Act’s particular mix of delegating and non-delegating language gives judges less room than commonly thought to craft defenses to liability. Others disagree. But the debate underscores the need for an accurate conception of what judges can and cannot do to develop trademark law. Policy prescriptions directed at judges mean little if they are crafted without regard to the actual scope of judicial discretion. Our criteria for evaluating trademark case law ought to be broader than how we feel about its substance. Judges care about more than that. And if trademark scholars want courts to take our prescriptions seriously, we should, too.

The next question is whether we can say much about the proper judicial role independent of our substantive trademark views. Norms of judicial behavior are contested, but there may be some common ground. If so, it
may provide guidance in cases in which proper trademark policy is indeterminate. And even if consensus is elusive, judicial practices matter insofar as we care about our conceptions of “the rule of law.” They may or may not trump the substantive considerations of any given case. But the tradeoffs between trademark and judicial policy, if they exist, are worth identifying.

What then is the judicial role in trademark’s future? In a recent essay, Graeme Dinwoodie argues that judges always have been, and will continue to be, partners with Congress in shaping the contours of trademark doctrine.8 True enough. But granting the existence of a judicial role leaves the work of mapping its parameters. This article surveys the boundaries in light not only of what we want from trademark law, but from the law in general. Considering trademark law from a perspective outside trademark’s substance provides an alternative basis for evaluating recent precedents.

The inquiry should be of interest to those outside trademark and its policy debates. Disputes over the role of the judge in statutory interpretation and implementation are unending. Stepping back from these broad arguments to consider how our views play out in a particular area of law may be a useful test of intuitions. Trademark offers fertile ground for this kind of examination in part because judicial views on the subject, at least at the Supreme Court level, is relatively non-ideological.9

If we want to know what the judicial role in trademark law should be, we must first ask what we want from trademark law. Our answers depend on whether we ask as beneficiaries or subjects of trademark law (i.e., are we consumers or sellers), litigants in a trademark action, or third parties whose attention is on the legal system more generally. These viewpoints correspond with what Part I describes as trademark’s substantive, administration, and “system” goals and how judges fit in. Part II discusses ways in which judges are able to implement trademark’s substantive goals in harmony with its administration and system goals. Consistent with the conception of the judicial role developed in Part I, the partnership between courts and Congress on display in these cases does not open the door to unbounded judicial discretion or extensive rulemaking in the common law style. Part III discusses ways in which current practices undermine

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9 The Supreme Court’s trademark jurisprudence is unclouded by the political divides that attend some of the Justices’ methodological debates, and the Court has reached unanimous results on every trademark case it has decided in recent years. The opinions occasionally betray a methodological debate insofar as Justice Scalia often refrains from joining opinions to the extent they cite legislative history. See KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc., 543 U.S. 111, 114 n.* (2004); Moseley v. V Secret Catalogue, Inc., 537 U.S. 418, 420 n.* (2003).
administration and system goals. Part IV concludes by offering suggestions for reform.

I. WHAT DO WE WANT FROM TRADEMARK LAW?

This Part outlines what we want from trademark law. Beyond trademark’s traditional substantive concerns, we want from trademark the same things we want from law generally. We expect our disputes to be resolved efficiently and accurately in a manner consistent with our expectations of procedural fairness and “the rule of law” more generally. The interplay of these, somewhat overlapping, “administration” and “system” considerations with the substance of trademark law is part of any complete assessment of the judicial role in trademark.

A. Trademark’s Substance

Trademark’s Core. Trademark law regulates the identification of goods and services in the marketplace. It does so to protect the interests of consumers and sellers alike.\(^{10}\) For consumers, trademarks offer a check on fraud. They ensure that the Pepsi purchaser gets Pepsi and not Coke. Providing a clear signal of source also lowers search costs, enabling consumers to choose a product without having to waste time studying its attributes.\(^{11}\) These consumer advantages in turn benefit sellers who may invest in developing goodwill with the public without fear that the competition will try to trade on their mark.

The view that trademark law vindicates both buyer and seller interests is old.\(^{12}\) But these ends are sometimes incompatible, and trademark law must

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\(^{10}\) There is some debate about whether trademark is “really” more about the former or the latter, compare, e.g., Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 Notre Dame L. Rev. 1839, 1840-41 (2007) (“[T]rademark law was not traditionally intended to protect consumers. Instead, trademark law, like all unfair competition law, sought to protect producers from illegitimate diversions of their trade by competitors.”), with Robert G. Bone, *Hunting Goodwill: A History of the Concept of Goodwill in Trademark Law*, 86 B.U. L. Rev. 547, 561 & n.59 (2006) (“The problem with a project like Professor McKenna’s is similar to interpreting an Escher print. Everything depends on what one sees as the foreground (protecting consumers or protecting sellers) and what one sees as the background—and both perspectives are necessary to fully appreciate the whole.”); Michael Grynberg, *Trademark Litigation as Consumer Conflict*, 83 N.Y.U. L. Rev. 60, 116-17 (2008) (questioning whether protection of goodwill has any legitimate meaning independent of consumer interests), but the standard account as traditionally recited in the case law is what follows. See also infra note 12.

\(^{11}\) See, e.g., William M. Landes & Richard A. Posner, *The Economic Structure of Intellectual Property Law* 166-68 (2003). There are challenges to this happy account, see, e.g., Ann Bartow, *Likelihood of Confusion*, 41 San Diego L. Rev. 721, 729-38 (2004); Smith v. Chanel, Inc., 402 F.2d 562, 566-67 (9th Cir. 1968) (summarizing critiques that characterize trademarks as barriers to market entry), but it is one well-rooted in modern case law. See, e.g., Qualitex Co. v. Jacobson Products Co., Inc., 514 U.S. 159, 163-64 (1995); McKenna, *supra* note 10, at 1844 (“It would be difficult to overstate the level of consensus among commentators that the goal of trademark law is--and always has been--to improve the quality of information in the marketplace and thereby reduce consumer search costs.”).

\(^{12}\) See, e.g., Qualitex Co. v. Jacobson Products Co., Inc., 514 U.S. 159, 163-64 (1995); McKenna, *supra* note 10, at 1844 (“It would be difficult to overstate the level of consensus among commentators that the goal of trademark law is--and always has been--to improve the quality of information in the marketplace and thereby reduce consumer search costs.”).
mediate the conflict. These tensions are especially common when trademark is applied outside the traditional “passing off” context.\textsuperscript{13} Judicial efforts to police pre-sale (“initial interest”) confusion,\textsuperscript{14} post-sale confusion,\textsuperscript{15} merchandising,\textsuperscript{16} or mistaken perceptions of approval\textsuperscript{17} provoke debate over whether protection of seller goodwill comes at the expense of consumer interests. These arguments tend to be over whether any given novel trademark action vindicates trademark’s core policies, not whether these policies are valid goals in the first place.\textsuperscript{18}

\textit{Secondary Considerations}. Trademark’s substance encompasses considerations related to its fundamental rationales. Most notably, trademark is supposed to promote, not undermine, competition. The law therefore withholds trademark protection from functional product designs,\textsuperscript{19} lest a trademark be used to obtain a monopoly on the good. Here, too, trademark’s competing goals are a factor. Aesthetic styles may constitute product categories such that trademark protection would harm competition and therefore consumers—for example, if the makers of silverware could have exclusive rights to utensils in a baroque style.\textsuperscript{20} Courts nonetheless fear pushing this principle too far, lest trademark creators refrain from imbuing their marks with distinctive expressive qualities.\textsuperscript{21}

The concern over the availability of competitive alternatives extends to marks themselves. Trademark limits the ability of sellers to claim trademarks in descriptive words and withholds protection from generic

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


\textsuperscript{13} \textsc{Restatement (Third) of Unfair Competition,} § 9 cmt. d (1995) (issue in earliest trademark cases “was whether the defendant had imitated the plaintiff's mark for the purpose of misrepresenting the defendant’s goods as those of the plaintiff. These actions eventually evolved into a distinct tort of "passing off," or "unfair competition" as it came to be known in the United States.”).

\textsuperscript{14} Confusion that is dispelled before the point of sale (e.g., the customer reaches for the PEPSI thinking it is a COKE, but realizes the difference before making a purchase decision).

\textsuperscript{15} Confusion that is experienced after the purchase is made (e.g., an onlooker sees someone wearing a knock-off ROLEX watch and thinks the wearer has an authentic device).

\textsuperscript{16} The ability of trademark owners to claim an exclusive right to market products in which the trademark is the product and not primarily a source identifier (e.g., a BOSTON RED SOX cap). \textit{See infra} \textsuperscript{28}.

\textsuperscript{17} The ability of a trademark owner to police uses of her mark where the confusion is over whether her permission was required for the mark to be depicted (e.g., requiring NFL approval for its marks to be used in a fictional depiction of professional football).


\textsuperscript{19} 15 U.S.C. § 1052(c)(5).

\textsuperscript{20} Wallace Intern. Silversmiths, Inc. v. Godinger Silver Art Co., Inc., 916 F.2d 76 (2d Cir. 1990).

\textsuperscript{21} \textit{See, e.g.}, Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc., 457 F.3d 1062, 1073-74 (9th Cir. 2006). This desire is largely external to trademark’s traditional rationales and more in keeping with incentive stories of IP. \textit{See infra} \textsuperscript{21}. One could maintain, however, that aesthetically pleasing marks do a better job of distinguishing the product and lowering search costs.
terms altogether. Courts applying these rules balance their competition-promoting goals with the prospect that consumers will be deceived if the marks in question are not protected.22

These latter doctrines serve the related goal of ensuring a free flow of information to consumers. Various trademark “fair use” doctrines try to prevent trademark rights from blocking dissemination of information to consumers.23 These concerns cover not only general marketplace information, but also any expression that might use a mark. Trademark law therefore requires accommodation of free speech principles.24

B. Trademark’s Administration

Tradeoffs between efficiency and accuracy are fundamental to the law.25 So it is with trademark. Litigants want more than the rights and privileges offered and protected by trademark law; they also have a stake in the efficient administration of the protections. Efficiency begins with clarity of the law. Once a potential litigant knows what the law is, she also has an interest in its stability, that is, in durable precedents rather than case law that is easily distinguished when convenient for a court. Litigants therefore benefit from the existence of rules and standards whose application is predictable ex ante. This goal is discussed in greater detail in the next subpart. Of course efficiency benefits may come at a cost. Predictable dispute resolution may clash with the goal of accuracy—i.e., achieving “correct” results even if obtaining them requires the expense of a closer look in discovery or a full trial on the merits.26

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

These administrative interests are interwoven with the substance of trademark law. Consider the availability of trademark protection for descriptive terms. Descriptive words may function as trademarks, but

22 See Grynberg, Consumer Conflict, supra note ___, at 93-94 (explaining doctrines in which courts balance the effects of challenged practices on confused and non-confused consumers).
23 “Classic” fair use protects the right of competitors to use descriptive words to describe their own products even if someone is using the same word as a trademark. See 15 U.S.C. § 1115(b)(4). “Nominative” fair use is the use of a trademark to refer to the trademark holder. See, e.g., New Kids on the Block v. News America Publishing, Inc., 971 F.2d 302, 307-08 (9th Cir. 1992).
24 See infra ___.
26 See generally Robert G. Bone, Enforcement Costs and Trademark Puzzles, 90 VA. L. REV. 2099, 2101 (2004) (arguing that many trademark doctrines may be explained by considering enforcement costs, including the “administrative costs of adjudicating trademark lawsuits and the error costs of over- and under-enforcing trademark rights”); William McGeveran, Rethinking Trademark Fair Use, 94 IOWA L. REV. 49, 115 (2008) (advocating “trademark fair use doctrines that reduce administrative costs while maintaining an acceptable margin of error”)
protecting descriptive terms may harm competition by removing useful words from the advertising marketplace. Trademark law strikes the balance by allowing descriptive terms to be marks if consumers recognize them as designating product source—i.e., marks that have acquired “secondary meaning.”

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

C. Trademark as Part of the Legal System

Approaching trademark questions from a perspective that is indifferent to questions of trademark policy creates different criteria for evaluating the judicial role. Trademark outcomes would be evaluated at a higher level of generality—as indicative of how statutes should be implemented and a body of law developed. Using this perspective as an evaluation tool creates problems. Competing views of how courts should interpret and implement statutes often rest on conflicting underlying assumptions about law. It is

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

28 Cf. Bone, supra note 26, at 2129-2134 (arguing that allowing inherently distinctive marks to be protected without establishment of secondary meaning reduces enforcement costs).

29 15 U.S.C. § 1065 (2006); see id. 1115(b) (incontestability establishes “conclusive evidence of the validity of the registered mark and of the registration of the mark, of the registrant’s ownership of the mark, and of the registrant’s exclusive right to use the registered mark in commerce”). There are also potential efficiency gains from shifting the inquiry to an agency with experience and expertise with trademark, as well as the ability to capture fees from trademark registrants. See generally 15 U.S.C. § 1051 (setting registration requirements).

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

31 For example, where one stands on the formalist/realist divide. For current purposes, formalism is defined as:

- a commitment to a set of ideas that more or less includes the following:
  1. The law consists of rules.
  2. Legal rules can be meaningful in the sense that they have semantic content or linguistic meaning.
  3. Legal rules can be applied to particular facts.
  4. Some actions accord with meaningful legal rules; other actions do not.
difficult to discuss the judicial role in administering the substance of trademark law without engaging larger debates about the place of the courts. Any list of goals runs the risk of being little more than a declaration of loyalties in some larger (inconclusive) dispute (e.g., realism versus formalism, textualism versus purposivism, rules versus standards, etc.).

But perhaps more can be said. Partisans in these larger debates often agree that certain goals are desirable even as they dispute the best way to achieve them. Both sides of the statutory interpretation debate on the propriety of using legislative history typically embrace the principle of legislative supremacy. The argument is in part over which best minimizes the ability of unelected judges to enact their own preferences into law absent statutory authorization. Some of these overlapping areas of agreement may undermine the extent of disagreement in many debates, or threaten the coherence of the divides. At the end of the day, we may have some common underlying assumptions about what we want judges to do or at least some common (largely if not universally) conceptions of what is inappropriate. We would then have meaningful things to say about the

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5. The standard for what constitutes following a rule vel non can be publicly knowable and the focus of intersubjective agreement.


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

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

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

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

Brian Tamanaha argues that these shared understandings have always been present and that judges and scholars from the so-called formalist era shared many understandings about the law in common with the legal realists. Brian Z. Tamanaha BEYOND THE FORMALIST-REALIST DIVIDE (2010). Instead, he argues that judges have always engaged in a “balanced realism” that “conditions [a] skeptical awareness with the understanding that legal rules nonetheless work . . . and that judges render generally predictable decisions consistent with the law (the
quality of the judicial administration of trademark law independent of our views of underlying substantive disputes and without having to assume (or construct) extreme positions in larger disputes (e.g., statutory interpretation debates over the extent to which law is determinate and autonomous or indeterminate and contextual). 37 Those approaching interpretive questions from conflicting camps may share a tendency to moderate in actual judging. 38

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

Accountability. Accountability concerns are never far from statutory interpretation debates, with general agreement that courts should not undermine the law as enacted by Congress (assuming no constitutional defects). The fight is generally over what it means to implement Congress’s will—e.g., the extent to which meaning may be found outside statutory text. 39 The common logic is that Congress is composed of politically

rule-bound aspect) and that the “rule-bound aspect of judging can function reliably notwithstanding the challenges presented by the skepticism-inducing aspect, although this is an achievement that must be earned, is never perfectly achieved, and is never guaranteed.” Id. at 6. But compare Brian Leiter, Legal Formalism and Legal Realism: What is the Issue?, 16 LEGAL THEORY (2010), available at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1646110, (arguing that balanced realism is not a widely accepted position and that the formalist/realist division remains relevant).

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

38 For example, Justice Scalia famously advocates more formalist judicial practices, but he concedes that his counterparts on the other side are not so different in their outcomes with respect to constitutional interpretation:

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

Antonin Scalia, Originalism: The Lesser Evil, 57 U. CIN. L. REV. 849, 862 (1989); Richard A. Posner, How Judges Think 49 (2008) (“Moderate legalists are matched by moderate pragmatists—pragmatists who believe that the institutional consequences of judicial decisions argue for a judicial approach heavily seasoned with respect for the language of contracts, statutes, and precedents.”); Lawrence M. Solan, Opportunistic Textualism, 158 U. Pa. L. REV. PENNumbra 225, 232 (2010) (arguing that scholars of statutory interpretation agree that “that legislative primacy is an important goal, at least most of the time; just about everyone believes that one should begin with the text of the statute; and just about everyone uses contextual information, even if there is some disagreement about which contextual information is appropriate”).

39 John F. Manning, What Divides Textualists from Purposivists?, 106 COLUM. L. REV. 70, 110 (2006) (“Properly understood, textualism means that in resolving ambiguity, interpreters should give precedence to semantic context (evidence about the way reasonable people use words) rather than policy context (evidence about the way reasonable people would solve problems.).” But compare Caleb Nelson, What is Textualism?, 91 VA. L. REV. 347, 348 (2005) (“Many textualists do impose more restrictions than the typical intentionalist on the evidence of intent that they are willing to consider, but those restrictions need not reflect any fundamental disagreement about the goals of interpretation.”), id. at 356 (“When the evidence that they are willing to consult
accountable actors, and they are the ones with constitutionally delegated authority to enact statutes. 40 Courts, by contrast, struggle with accusations that they make law without democratic accountability, prompting the search for boundaries to judicial discretion that might rebut the charge. 41 And insofar as popular views matter, they paint the judicial role as an enterprise that evokes the mechanical jurisprudence caricature of formalist judging. 42

Fidelity. Because federal trademark law is now statutory, accountability considerations compel courts to apply Lanham Act provisions over directly conflicting dictates from the common law or judicial intuition. 43 The ability of judges to engage in the common law development of trademark is therefore limited. 44 But a commitment to legislative supremacy hardly leaves judges without substantive responsibilities. Congress often leaves gaps that judges must fill for the law to operate. 45 Alternatively, the statute may delegate lawmaking authority to the courts. 46 In such cases, courts may still act as “common law” courts not in defiance of statutory text but in service of it.

For a court to be faithful to Congress’s delegation, therefore, means not necessarily that it refrain from engaging in “lawmaking” but rather that it honors the mix of delegating and non-delegating language in the statute it persuades them that a statute contains such an error, textualist judges are perfectly willing to read the statute as saying what members of the enacting legislature apparently intended it to say.”; id. at 351 (“[S]omeone seeking to predict how textualist judges will diverge from intentionalist judges is well-advised to start with the distinction between rules and standards.”).

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

41 Compare, e.g., Scalia, Rule of Law, supra note ___, at 1184 (arguing that textualism and originalism best provide restraining rules for judges), with Richard A. Posner, How Judges Think 252 (2008) (arguing that “[j]udges are less likely to be drunk with power if they realize they are exercising discretion than if they think they are just a transmission belt for decisions made elsewhere” and that legalists “smuggle their political preferences into their decisions but seek to deflect blame for any resulting cruelties or absurdities by pleading that the law made them do it.”). Posner’s call for candor does not mean, however, that he argues for judges to ignore legal sources. Posner, supra note ___, at 49 (noting pragmatic approach is “heavily seasoned with respect for the language of contracts, statutes, and precedents”).

42 As recent Supreme Court confirmation hearings, and their talk of umpires, indicate. Cf. Leiter, supra note ___, at 1-2 (distinguishing between sophisticated and vulgar formalism and noting that popular culture adheres to a formalist account of adjudication “as any observer of a Supreme Court confirmation hearing can attest (indeed, one might think the popular culture is the last preserve of Vulgar Formalism!)”).

43 Regardless of one’s interpretive methodology. See supra note ___ and accompanying text; cf. Schlag, supra note ___, at 230 (“[J]urists and legal commentators generally believe that, in terms of interpretive objects, the text is primus inter pares. Correctly or not, they generally understand themselves to be interpreting a text.”).

44 See Gryenberg, Worse Than We Think, supra note ___, at 948-53.


46 See, e.g., Leegin Creative Leather Products, Inc. v. PSKS, Inc., 551 U.S. 877, 899 (2007) (“From the beginning the Court has treated the Sherman Act as a common-law statute.”); Leval, supra note ___, at 196-99 (discussing delegating and micromanaging statutes).
Transparency. A related concern is that the process and logic by which judges arrive at rulings be intelligible to (and predictable by) outside observers. Such transparency serves the rule of law criteria that like cases will be treated alike and that regulated parties will have notice of what is expected of them.48

For many this principle extends to a judicial commitment to refrain from—or at least to minimize—ad hoc decisionmaking. This is not to say that we must favor rules over standards. But it does mean that the standards have content.49 If legislative commands fail to bind judicial discretion, limits should be sought in the larger legal framework in which a court operates, which raises the next concern.

Coherence. Courts cannot apply trademark law without invoking other doctrines, be they found in the law of evidence and civil procedure, other areas of intellectual property law, or constitutional commands like the First Amendment. If Congress fails to foresee and preempt these clashes, courts must police and clarify the boundaries when they first blur.

A similar concern, related the pursuit of transparency, applies to maintaining trademark law’s internal coherence. Like any body of law, trademark encompasses multiple interests and implementing doctrines.50 Part of the judicial role is rationalizing this collection, consistent with the dictates of statutory commands, so that it is internally consistent and comprehensible to one approaching the body of law with an eye to understanding and applying it.51 Doing so serves the litigant’s need for

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

48 See, e.g., Lon L. Fuller, THE MORALITY OF LAW 39 (1964) (effort to create system of legal rules fails if rules are unavailable, incomprehensible, or too mutable to be relied upon by regulated parties); Antonin Scalia, The Rule of Law as a Law of Rules, 56 U. CHI. L. REV. 1175, 1176 (1989) (“Statutes that are seen as establishing rules of inadequate clarity or precision are criticized, on that account, as undemocratic—and in the extreme unconstitutional—because they leave too much to be decided by persons other than the people’s representatives.”); cf., e.g., U.S. v. Williams, 553 U.S. 285, 304 (2008) (“A conviction fails to comport with due process if the statute under which it is obtained fails to provide a person of ordinary intelligence fair notice of what is prohibited, or is so standardless that it authorizes or encourages seriously discriminatory enforcement.”).

49 Cf. Scalia, Rule of Law, supra note __, at 1179 (“Predictability, or as Llewellyn put it, ‘reckonability,’ is a needful characteristic of any law worthy of the name. There are times when even a bad rule is better than no rule at all.”) (quoting Karl N. Llewellyn, THE COMMON LAW TRADITION 17 (1960)).

50 See supra Part __.

51 Thomas C. Grey, The New Formalism (Stanford Pub. Law & Legal Theory Working Paper Series, Paper No. 4, 1999), available at http://ssrn.com/abstract=200732, at 2 (describing formalists as “[pr]ef[er]ing] to treat abstract categories like contract and tort as coherent structures of concepts and principles, rather than as bodies of sublegislation generated in the course of judicial dispute-resolution”); Scalia, Rule of Law, supra note __, at 1183 (“It is rare . . . that even the most vague and general text cannot be given some precise, principled content—and that is indeed the essence of the judicial craft.”). This goal may produce some tension with statutory text, but not
predictable law as well as that judicial rulings fit into a coherent framework rather than appearing as a series of unconnected ad hoc determinations.52

Effectiveness. We also want the law to work, for legislation to secure its intended benefits. Because effectiveness is so bound up in a law’s substance, this factor will not play a prominent role in the analysis of the following parts—which seek to apply a framework for evaluating trademark decisions by one indifferent to trademark’s substantive debates.

To be sure, securing the effectiveness of statutes is not necessarily a consensus goal in interpretation debates. To the extent that textualists and non-textualists agree that we should consider the consequences of interpretive strategies, they dispute how best to promote effective laws. For example, some textualists argue that rigorous enforcement of a statute’s textual meaning (independent of considerations of purpose) will spur Congress to enact clearer statutes.53 Others disagree.54 A more fundamental dispute is how promoting a statute’s effectiveness inevitably, particularly given that current expositors of textualism concede that text cannot be understood independently of the surrounding context. See, e.g., Manning, What Divides?, supra note __, at 79 (“In contrast with their ancestors in the ‘plain meaning’ school . . . modern textualists do not believe that it is possible to infer meaning from ‘within the four corners’ of a statute. Rather, they assert that language is intelligible only by virtue of a community’s shared conventions for understanding words in context.”) (footnote omitted).

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

Scalia, Assorted Canards, supra, at 589; Fuller, supra note __, at 39 (arguing that “a failure to achieve rules at all, so that every issue must be decided on an ad hoc basis” is the “most obvious” way that the “attempt to create and maintain a system of legal rules may miscarry” such that the result is “something that is not properly called a legal system at all”).

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

54 On this view, Congress may, in light of past practices, enact statutes on the assumption that courts will do what they can to effectuate the intent of Congress. To contend that Congress should instead assume strict textualism by the courts is simply to assume the conclusion in the larger debate—that statutes should be construed strictly. Moreover, it is not necessarily true that Congress enacts statutes with an eye to the nuances of the judiciary’s interpretive practices. A third problem is the difficulty for Congress to enact text that would accommodate unforeseen contingencies in statutory application. William N. Eskridge, Jr., Textualism, The Unknown Ideal?, 96 Mich. L. Rev. 1509, 1551 (1998) (noting that Congress may not be “institutionally capable of responding to the new textualism by anticipating more issues and resolving them more clearly in statutes”). Fourth, requiring Congress to draft rigorously precise language imposes a cost on the legislature that may frustrate its ability to enact statutes. Id. at 1550 (“The new textualism would theoretically require more political and technical attention to each bill than do traditional practices, and that phenomenon would diminish Congress’s ability to pass statutes.”). Indeed, Congress may deliberately craft vague statutes as a means of achieving legislative compromise, delegating implementation to the courts. Frank B. Cross, The Theory and Practice of Statutory Interpretation 43-45 (2008). This creates a conflicting accountability problem, albeit one directed to Congress rather than the courts. While similar delegations to administrative agencies created a body of law to address the resulting accountability concerns for the agency or the court reviewing it (e.g., the non-delegation doctrine, Chevron) similar accountability issues are present when courts, which are more insulated than agencies, are the delegate. Margaret H. Lemos, The Other Delegate: Judicially Administered Statutes and the Nondelegation Doctrine, 81 S. CAL. L. REV. 405, 448-450 (2008).
fits with the judiciary’s constitutional status. Similar disagreement characterizes discussion of the goals of statutory implementation. Opponents of narrow views of statutory meaning argue that courts should not try to thwart lawmaking by excluding pragmatic or policy considerations. Skeptics of looking to extra-textual sources counter that a seemingly ineffective statute may be the product of a specific legislative compromise, which may have suboptimal statutory implementation as its very object. This dispute quickly returns to questions of accountability. For one side, attempts to make a statute “work” arrogate the lawmaking function to the courts. For the other, purported restraint in interpretation is merely a way to take advantage of the imperfections of language (insofar as drafters of legislation cannot foresee every contingency) in order to deprive a legislative coalition of the fruits of its victory or to introduce needless irrationality to the law’s administration if a court is unsympathetic to that law.

Debates about what makes a statute effective cannot be resolved without some consensus about what courts or legislators are trying to maximize. But in those areas where seller and consumer interests are in conflict (or what is in the consumer interest is unclear), rulings might favor one view over another without surrendering a claim to serve the “effectiveness” of trademark law.

D. Calibrating the Judicial Role

Once we know what we want from trademark law, we may think about how to get it, and where empowered judges might help. Heavy judicial
involvement may be appropriate in some areas but not others. To take an obvious example, the Lanham Act creates a civil cause of action, so courts must make the factual determinations on which relief is based. But only Congress could establish a federal cause of action in the first place. In between these extremes the division of labor is harder to perceive. It is therefore appropriate to consider the judiciary’s and legislature’s respective spheres of competence.

Advantages of Adjudication. One of the common law’s virtues is said to be that courts decide only the cases before them. Focusing on the particular allows rules to evolve flexibly, adapting to the specific factual contexts that summon them. Legislatively created rules (or sweeping judicial holdings) may prove overly broad and ill-suited for unanticipated circumstances. Legislatures also make drafting mistakes, using language thought to apply to a narrow set of circumstances but actually having wide applicability. Moreover, the limitations of language make it impossible to write statutes that are free of ambiguities or vagaries even given high levels of drafting skill.

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

Advantages of Legislation. Because Congress is democratically accountable, we spend comparatively little time worrying about the legitimacy of legislation (assuming no constitutional difficulties). But debates about judicial methodology grapple with the question whether unelected (at least at the federal level) judges set policy without accountability. Courts that advert to legislative history or policy in an effort to clarify statutory intent therefore face charges of enacting into law rules that have not survived the constitutionally mandated gauntlet of passage in both houses of Congress and presentment to the President, and the same charge is leveled against judges who find clarity in ambiguous text. Subject to the imperfections of language, Congress may avoid some of these problems with clear statements of intent enacted into the statute itself.

A well-functioning legislature also is capable of approaching problems from a comprehensive perspective (leaving aside the question of how consistently it does so in practice). Legislators may calibrate policies to address the needs of the citizenry as a whole. Judges are limited by the parties before them and the scope of the controversy, restricting their ability to balance broader interests. A legislature is also free to consider the entire universe of facts and may take information from any relevant source. Courts are bound by the record before them and have difficulty acting as a fact-seeking body. Moreover, the benefit of emphasizing the particular may be overstated. The primacy of the particular may unduly influence judicial decisions if the urgency of the facts at hand obscure the broader consequences of a requested holding. Resolving the case before the court creates binding precedent even when it is not representative of future analogous situations. Thus the cliché that hard cases make bad law,
though the dynamic may apply to easy ones as well.71

It is reasonable to fear the distorting effect of particular facts in trademark law. First, many disputes are resolved via cease-and-desist letters because lawyer-poor targets elect to avoid testing the strength of their defenses in a courtroom.72 Even the well-represented often elect to play it safe.73 And even when targets choose to push back, trademark plaintiffs may elect to pursue only the cases in which the defendant’s conduct appears reprehensible. Second, trademark litigation is often characterized by an incomplete framing of the interests at stake. While plaintiffs are seen as vindicating the interests of confused consumers, defendants are rarely seen as performing a similar function for the non-confused, even though these consumers often have an interest in the permitting the defendant’s conduct to continue.74 Though the public choice literature makes clear that legislative activities may reflect an overrepresentation of special interests at the expense of the public at large,75 the rules of legislation do not formally restrict consideration of third party effects as do the rules of federal litigation.

II. WHAT WORKS

Identifying administration and system goals provides an alternative basis for evaluating developments in trademark doctrine. This Part sets forth examples of a judicial partnership with Congress in the development of trademark’s substance that promote these goals. These examples all go beyond basic judicial functions of statutory interpretation or factual adjudication of claims. But they all stop short of giving courts general “common law” authority over federal trademark law. The discretion is highly bounded.76

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


73 See Kenneth Port, Trademark Extortion: The End of Trademark Law, 65 WASH. & LEE L. REV. 585 (2008) (observing an increase in trademark case filings with a corresponding decline in litigation activity and arguing discrepancy is best explained as “trademark extortion,” i.e., an effort by mark holders to deter market competitors); infra note 202.

74 I explore this idea in detail in Grynberg, Consumer Conflict, supra note ___.

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

76 As noted above, see supra note 41, one argument made by advocates of pragmatic statutory interpretation is that making policy choices transparent means more restrained judging than the alternative. The problem with this view in trademark arises when trademark’s substantive consumer- and seller-protection goals are at cross purposes. The ability to select between the two undermines the prospect that stating reasons will meaningfully promote predictability in the law. The problem is analogous to the one facing critics of the “propertization” of trademarks. Like it or not, and I don’t, the principles used to promote the view that a trademark is akin to a piece of property may be found in trademark. Bone, Hunting Goodwill, supra note ___, at 553 (“The notion that
A. Factfinding and Its Law

Determining whether a likelihood of confusion exists is the basic inquiry of a trademark case.  But it invites lawmaking beyond the basic statutory interpretation problem of defining likelihood of confusion. To see why, let us define “likelihood of confusion” in an overly simplified way (and far more narrowly than current precedent), say, as meaning no more than that a consumer will be more likely than not confused as to a product’s source at the point of sale (i.e., the moment the consumer is making the purchase decision). Even this overly simple definition demands a difficult factual inquiry from a judge or jury if the marketplace generates no direct evidence of actual confusion. Whether confusion is nonetheless likely would depend on a range of variables—the appearance of the parties’ marks, when the consumer perceives them, how the consumer perceives them, what other information is available to the consumer, and what, if anything, the consumer retains from these encounters.

Every circuit approaches these variables in a structured manner, adopting a version of the multifactor likelihood-of-confusion test synthesized by Judge Friendly in Poloroid Corp. v. Polarad Electronics Corp. The factors overlap considerably from jurisdiction to jurisdiction, and converging practices largely swallow the variations. These tests direct courts to ask how similar the marks are, how they are encountered in the marketplace, how sophisticated consumers are, etc.

While use of multi-factor tests produces any number of problems, their existence—if not their precise implementation—represents an area where courts have an inevitable role to play in shaping trademark law. Many variables affect whether a court will find likely confusion. If decisions are to be something other than unpredictable ad hoc rulings, litigants need to know what is relevant. Giving structure to the factual inquiry provides notice of the arguments and evidence necessary to litigation and some basis for predicting the outcome, making easier the decision whether to proceed with litigation in the first instance. trademark law protects goodwill from appropriation is not a modern invention . . . . [B]road liability can result from a sincere, if misguided, attempt to apply general principles in a consistent way when those principles are framed in terms of goodwill.”).
The Judicial Role in Trademark Law

For example, one factor in the test is mark strength, which encompasses both the extent to which a mark is likely to be seen as a trademark (inherent distinctiveness) and the extent to which the consuming public has come to associate the mark as performing a trademark function (acquired distinctiveness). One can tell plausible, but conflicting, stories that would make a strong trademark probative of both likely and unlikely consumer confusion. What a litigant needs to know is which story a court buys. In other words, whether the strength of the plaintiff’s mark is relevant in real life may matter less than a consistent rule from case to case. Even if judges do no more than apply heuristics of questionable quality to the disposition of trademark claims, channeling the process through a consistent framework aids litigants in identifying and accommodating the factors that guide factfinding.

Providing structure to the factual inquiry also may limit the uncertainty emerging from ad hoc factfinding. A stable framework could aid appellate courts in catching outlier opinions (e.g., those caused by failing to consider a relevant factor), correcting errors without incurring excess administration costs. Last, to the extent that the multifactor tests force consideration of relevant facts, they may enhance the accuracy of liability determinations (if the fact finder is forced to consider a relevant aspect that might otherwise be overlooked).

application. Those in the latter camp may study how the factors are applied to particular sets of facts in practice to sharpen predictions of what courts do in trademark cases.

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

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

Id. at 148 (“Widespread consumer recognition of a mark previously used in commerce increases the likelihood that consumers will assume it identifies the previously familiar user, and therefore increases the likelihood of consumer confusion if the new user is in fact not related to the first.”). On the other hand, if a mark occupies a prominent place in public consciousness, the public may be alert to subtle variations between the senior and junior user’s marks. RP COLA may be more likely to be confused for RC COLA than KOKE with COKE. The problem is more acute in the dilution context, where the non-confusing use of similar marks is said to blur the distinctiveness of famous marks, although some data suggest that such uses actually enhance the distinctiveness of the mark. See Rebecca Tushnet, Gone in Sixty Milliseconds: Trademark Law and Cognitive Science, 86 Tex. L. Rev. 507, 537 (2008) (“In essence, exposure to near variants or uses in other contexts makes the trademark more familiar and thus more easily retrieved from memory.”).

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

But see Beebe, supra note ___, at 1600 (reporting that “in practice, a limited number of core factors determine the outcome of the test, and tend in the process to stampede the rest of the factors”).
Sounds great. Of course no test will strip trademark litigation of the ambiguity of its underlying inquiry. Many decisions may be little more than gut reactions. Dressing them in the trappings of common law precedent may invite factfinders to miss the forest for the trees. There are also a number of dangers that attend the prominence of likelihood of confusion tests. Most importantly, the justification for lawmaking in the context of trademark’s factual inquiry is limited; it is not a rationale for courts to use a factual analysis to break new substantive ground or conceal substantive lawmaking behind the guise of factual adjudication. This danger is discussed below.

My claim is not that current incarnations of the likelihood-of-confusion tests “get it right;” rather it is that in this area judicial lawmaking may serve trademark’s substantive, administration, and system goals. It is also inevitable. Congress is unlikely to codify a uniform approach to trademark adjudication (beyond the occasional burden allocation) nor could such an effort plausibly provide the needed flexibility to anticipate the varying contexts that drive the evolution of doctrine.

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

The Lanham Act contains a number of terms that demand more than judicial interpretation. These provisions are “open” in that they effectively delegate authority to the courts to engage in lawmaking in the common law style or craft implementing rules that cannot be derived from the text as a matter of logic. Spillover law from adjudicating likelihood-of-confusion is one example. The substance of the standard is another, perhaps regrettable, one. Congress did not define when the consumer’s likelihood of confusion is to be measured. Courts have therefore had to determine whether confusion is measured solely at the point of sale or if confusion can also be actionable before or after a purchasing decision is made. Arguments may be made for or against the proposition, but the Lanham Act’s text provides no clear directive on this (particularly important) substantive

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87 See supra ___ at 618. And the multifactor test, or its context-specific modifications, may shape jury instructions. See, e.g., Internet Specialties West, Inc. v. Milon-DiGiorgio Enterprises, Inc., 559 F.3d 985, 989 (9th Cir. 2009) (upholding jury instructions based on circuit’s multifactor test and emphasis on particular factors in internet cases).

88 See infra ___.

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

90 Leval, supra note ___ at 196-99 (distinguishing delegating and micromanaging statutes and arguing that the Lanham Act is delegating).

91 Discussed supra ___.
But delegating authority to courts in some areas does not create a general common law of trademark even if lawmaking by adjudication would better serve trademark’s substantive goals than today’s mixed regime. For example, the Lanham Act directly allocates certain evidentiary burdens. Sometimes it does so implicitly. The “classic” fair use doctrine in trademark law provides that even if a descriptive word is trademarked (e.g., TASTY burgers), competitors in the marketplace have a right to use the word in its descriptive sense (e.g., “Try EAGLE burgers, they’re tasty!”). Although the Lanham Act codifies the defense, some courts nonetheless required defendants invoking it to establish that their conduct did not create a likelihood of confusion. These holdings seem inconsistent with conventional statutory interpretation methods. Congress had codified classic fair use as a defense, which by its nature contemplates the possibility that a plaintiff may establish a prima facie but still lose. The structure of the statute places the burden of showing the existence of confusion on the plaintiff, without requiring the defendant to prove its absence. Applying this (conventional) reasoning, the Supreme Court unanimously rejected efforts to rewrite the scope of Congress’s delegation to the courts.

The limited ability of courts to craft trademark defenses to the infringement of an incontestable mark is another example of this tradeoff. Section 33(b) of the Lanham Act sets forth defenses to an action based on infringement of an incontestable mark. In Park ‘N Fly, Inc. v. Dollar Park & Fly, Inc., the Supreme Court refused to expand Congress’s list of such defenses to include the claim that the mark was descriptive and thus should never have been registered in the first instance. To have held otherwise would have nullified one of the benefits of incontestable status that Congress had intended to grant. One could make the argument that courts may still recognize defenses that are part of trademark’s common law baseline, quasi-defenses rooted in the liability standard itself, or accommodations to external bodies of law like the First Amendment. But Park ‘N Fly forecloses the notion that courts have carte blanche.

C. Maintaining Coherence

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92 To the detriment of accountability concerns. See infra notes 187-190 and accompanying text.
93 See, e.g., 15 U.S.C. § 1125(a)(3) (providing that where a plaintiff is claiming protection of unregistered trade dress, the plaintiff bears the burden of establishing that the trade dress is not functional).
96 On incontestability generally, see supra notes 29-30 and accompanying text.
98 See infra notes 121-127 and accompanying text.
99 Grynberg, Worse Than We Think, supra note ___, at 963-69.
100 See infra note 109 and accompanying text.
Recognizing system goals in trademark encourages a search for checks on judicial discretion where Congress has delegated authority. Accountability concerns are never far behind when the judiciary has a lawmaking role. The search for such limits dovetails with the system goal of trying to maintain the coherence of trademark law and adjacent and related doctrines. It also enhances trademark’s predictability and stability for practitioners. Limiting discretion is particularly important at the frontiers of trademark law because trademark’s substantive goals, being contested, cannot always fulfill this role. Like statutory text, sound policy may be indeterminate. Without a consensus on whether trademark’s consumer-protection or seller-protection rationales prevail in the event of conflict and precisely how best to serve either goal, appeals to trademark policy cannot predictably resolve disputes.

1. Preserve external commands

Like any discrete body of law, trademark coexists with outside doctrines that may influence litigation. Some guide judicial discretion in disposing of claims (e.g., the law of evidence partly determines whether a consumer survey will be admissible evidence). Some govern remedies. Others, like the First Amendment, are potential trumps to litigation. Many trademark claims raise speech concerns beyond those at play under the commercial speech doctrine. Commentary about a corporation may utilize its trademarks, or art may depict a trademarked brand.

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

Other doctrines have the potential to play a greater role in trademark law than they do today. Some trademark claims might raise Article III standing concerns because their theory of harm is tenuous to the point that an injury-in-fact may not exist. Standing could be the basis for restraining more adventurous claims under the Lanham Act or, alternatively, interposing a materiality requirement (which already exists in the law of false advertising) as a litigation barrier. Similarly, the pleading revolution begun by and may lead courts to demand greater factual pleading in support of theories that peripheral trademark claims cause meaningful consumer confusion.

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

2. Preserve trademark as a distinct IP regime

Another intellectual property regime may be the external source of law requiring accommodation. Collisions between IP doctrines are likely because an object may embody overlapping IP (for example, a product logo

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108 See, e.g., , 73 F.3d 497; , 507 F.3d 252 (4th Cir. 2007).
109 See, e.g., , 875 F.2d 994, 999 (2d Cir. 1989) ("[T]he [Lanham] Act should be construed to apply to artistic works only where the public interest in avoiding consumer confusion outweighs the public interest in free expression.").
110 (1992) (listing factors in establishing constitutional standing). Standing seems especially troublesome in the dilution context. The claim that activities that purportedly "blur" a famous mark’s strength actually lead to reduced consumer identification is debatable. At the very least, there is a plausible counter-story that many purportedly blurring acts actually strengthen the targeted mark. See supra note 84. Even then, the claim that the dilution leads to lost sales is dubious. Against this backdrop of uncertainty, however, Congress has amended the dilution statute to require that plaintiffs merely show a likelihood of dilution rather than actual dilution. Trademark Dilution Revision Act of 2006, Pub. L. No. 109-312, 120 Stat. 1730 (amending scattered sections of title 15 of the United States Code).
111 , supra note ___, at 963-66.
112 (2009) (requiring complaints to state facially "plausible" claims and stating that a "claim has facial plausibility when the plaintiff pleads factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged" but that facts that are "merely consistent with" liability falls short) (quoting Bell Atlantic Corp. v. Twombly, 550 U.S. 544, 557 (2007)). Pleading a harm of likely dilution under this standard, see supra note 110, presents problems if presented to a judge unwilling to accept the mechanics of dilution’s purported harm as a matter of faith. See supra
113 Nor is the process described here necessarily one that curtails trademark’s scope. For instance, trademark’s secondary liability doctrines rest on the view that common law principles of secondary liability supplement the Lanham Act’s cause of action. Tiffany v. eBay, 600 F.3d 93, 103 (2d Cir. 2010) ("Contributory trademark infringement is a judicially created doctrine that derives from the common law of torts."); see also supra note 60.
may be both a trademark and protectable by copyright). Expansive claims under one regime may erode the boundary separating it from another, injecting unpredictability into both unless courts intervene. *Baker v. Selden* is the classic example. In rejecting a copyright claim grounded in the similarity between accounting forms, the Supreme Court concluded that the forms bore too close a correspondence to the underlying accounting system. That system was protectable, if at all, under patent law, the IP regime designed to protect inventions. The failure to secure a patent could not be overcome by seeking analogous protections under copyright law.\(^{114}\)

*Dastar Corp. v. Twentieth Century Fox Film Corp.* used the principle of maintaining good fences between IP neighbors to clarify trademark. The Court unanimously turned aside a reverse passing off action based on the sale of a documentary that relied on out-of-copyright footage (one of the plaintiffs had held the lapsed copyright in the footage).\(^{115}\) The Supreme Court rejected the effort, partly based on an interpretation of the meaning of the word “origin” in the Lanham Act,\(^{116}\) but also to maintain the separate integrity of copyright and trademark. If copyright allows the free copying of a public domain work, then allowing the functional equivalent of a copyright claim (i.e., prohibiting a work’s copying and distribution) would interfere with copyright’s domain while expanding trademark’s.\(^{117}\)

Whether one’s view of *Dastar* from the perspective of substantive trademark law,\(^{118}\) its result jibes with trademark’s system and administration goals. Maintaining clean lines between IP doctrines protects parties from unfair surprise. *Dastar* is a case in point. A defendant who ascertains that copyright protection does not apply to expressive material should be able to use it without fear of parallel trademark claims.\(^{119}\)

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\(^{114}\) 101 U.S. 99, 102-03 (1879).

\(^{115}\) 539 U.S. 23 (2003). Justice Breyer did not participate. “Passing off (or palming off, as it is sometimes called) occurs when a producer misrepresents his own goods or services as someone else’s. ‘Reverse passing off,’ as its name implies, is the opposite: The producer misrepresents someone else’s goods or services as his own.” Id. at 27 n.1 (citations omitted).

\(^{116}\) Specifically the Court concluded that “origin” means the physical source of a good and not the creator of its intellectual content. In other words, the COKE mark designates not the inventor of the soda’s formula, but rather the producer of the soda itself. *Dastar*, 539 U.S. at 32.

\(^{117}\) Compare *Dastar*, 539 U.S. at 34 (warning that plaintiffs’ claim would “create a species of mutant copyright law that limits the public’s federal right to copy and to use expired copyrights”), with id. at 37 (“[R]eading the phrase ‘origin of goods’ in the Lanham Act in accordance with the Act’s common-law-foundations (which were not designed to protect originality or creativity), and in light of the copyright and patent laws (which were), we conclude that the phrase refers to the producer of the tangible goods[].”).

\(^{118}\) Consumers benefit from *Dastar’s* holding because plaintiffs were unable to claim a monopoly privilege over the footage in a context in which confusion was unlikely. But perhaps the gain is offset by the prospect of an increased risk of consumer confusion with regard to the authorial “origin” of the footage (to the extent that such confusion is important and incapable of redress by false advertising law). Cf. id. at 33 (“It could be argued, perhaps, that the reality of purchaser concern is different for what might be called a communicative product . . . . The purchaser of a novel is [primarily] interested . . . in the identity of the creator of the story it conveys (the author).”).

\(^{119}\) Particularly because such claims are not subject to copyright’s built-in safeguards that are designed to allow the exploitation of expressive matter. See *Eldred v. Ashcroft*, 537 U.S. 186, 219-220 (2003) (rejecting First Amendment challenge to retroactive copyright extension in part because of “built-in” accommodations to free
Ensuring that an expansion of one doctrine at its peripheries (like the reverse passing off action at issue in *Dastar*) does not endanger core principles of another doctrine promotes predictability. Because of the difficulty in foreseeing such conflicts, courts are uniquely positioned to serve as their referees.

3. Promoting trademark’s intelligibility

Judges are also better-positioned than Congress to preserve trademark law’s internal coherence and conceptual integrity. By coherence I mean harmonizing the various aspects of trademark into a structure that is readily intelligible to those regulated by it—improving the law’s predictability. The effort is particularly important in trademark because a substantial federal statute exists alongside preexisting common law, which is not preempted at the state level and continues to guide interpretation of the federal cause of action.

In harmonizing statutory and common trademark law, courts may identify underlying conceptual frameworks that shape and explain the greater whole. Doing so carries the benefits of greater clarity, but the process has the potential to work at cross purposes to statutory text. A concept perceived as fundamental to the understanding and operation of trademark law might conflict with the Lanham Act if Congress fails to codify it adequately. Because these tensions reveal themselves in trademark’s application, their resolution is inevitably a judicial function.

The functionality doctrine is an example. It is important to trademark law because it prevents trademark from becoming a *de facto* utility patent. One cannot claim as trade dress the functioning mechanism of a device whose design is in the public domain. Before 1998, applying the principle created a problem: The Lanham Act neither codified nor mentioned the doctrine. This opened the door to an apparent end run around the doctrine for holders of registrations in product designs. If the registrations had become incontestable through the passage of time, their owners had a textual argument that their marks were immune from speech like the idea/expression dichotomy and the fair use doctrine).

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

121 TrafFix Devices, Inc. v. Marketing Displays, Inc., 532 U.S. 23, 30 (2001) (“Where the expired patent claimed the features in question, one who seeks to establish trade dress protection must carry the heavy burden of showing that the feature is not functional, for instance by showing that it is merely an ornamental, incidental, or arbitrary aspect of the device.”).
challenge *even if* they were functional. This was because the statutory list of defenses to an incontestable mark omitted functionality. Supreme Court precedent, moreover, suggested the plausibility of the argument.\(^\text{122}\)

Congress ultimately settled matters by amending the Lanham Act to make clear that functionality is both as a bar to trademark protection and a defense to suit.\(^\text{123}\) Until then, two challenges faced the courts. First, the statute’s incontestability provision clashed with trademark law’s long-standing rule that functional matter was off-limits as a mark and the principle that trademark law is *not* about the protection of utilitarian design. Second, Congress’s omission of functionality from the Lanham Act created a tension between the common law and the statute that could not be resolved by the text. Omitting mention of functionality might have meant that the statute excluded it by implication. Or the omission might mean that preexisting understandings controlled.

The Eleventh Circuit responded by adverting to the interpretive principle that courts not depart from the baseline established by the common law without a clear legislative directive.\(^\text{124}\) The court noted the centrality of functionality to both traditional trademark doctrine and to the line separating it from patent.\(^\text{125}\) Congress was unlikely to discard so basic a principle without mention.\(^\text{126}\) Incontestability, though statutorily mandated, was not similarly fundamental to trademark law. Accordingly, Congress would have to be clearer before a trademark doctrine as basic as functionality would be eliminated.\(^\text{127}\) And indeed a trademark law with

\(^{122}\) See *supra* (discussing *Park 'N Fly*). One circuit took this route. *Shakespeare Co. v. Silstar Corp. of Am.*, 9 F.3d 1091 (4th Cir. 1993) (holding incontestable mark may not be cancelled due to mark’s functionality).


\(^{124}\) Wilhelm Pudenz, GmbH v. Littlefuse, Inc., 177 F.3d 1204, 1210 (11th Cir. 1999). See generally, e.g., *United States v. Texas*, 507 U.S. 529, 534 (1993) (“Statutes which invade the common law . . . are to be read with a presumption favoring the retention of long-established and familiar principles, except when a statutory purpose to the contrary is evident. In such cases, Congress does not write upon a clean slate. In order to abrogate a common-law principle, the statute must speak directly to the question addressed by the common law.”) (quotation and citations omitted).

\(^{125}\) Wilhelm Pudenz, 177 F.3d at 1208 (“The functionality doctrine . . . eliminates the possibility of a perpetual exclusive right to the utilitarian features of a product under trademark law, which would be impossible (as well as unconstitutional) under the Patent Act.”).

\(^{126}\) During the time period at issue in the underlying litigation, the statute did not mention functionality at all. Congress did amend the statute to include a functionality defense and to incorporate the functionality principle into the federal trademark statute generally. *See supra* note ___. Doing so bolstered the Eleventh Circuit’s confidence in its interpretation of prior law. Wilhelm Pudenz, 177 F.3d at 1210-11.

\(^{127}\) The court explained:

Consequently, the mere fact that functionality is not enumerated in § 1115(b) is not sufficient to indicate congressional intent to eliminate the defense’s applicability to incontestable registrations. Indeed, given the absence of any explicit reference to the functionality doctrine, which is a judicially created concept that predates the Lanham Act, we should be hesitant to read the Act as limiting the doctrine’s reach. “The normal rule of statutory construction is that if Congress intends for legislation to change the interpretation of a judicially created concept, it makes that intent specific.”
non-intuitive exceptions to the functionality principle becomes a good deal harder to grasp, increasing the need for legal advice and making that advice more costly.

Two points about *Wilhelm Pudenz* should be kept in mind. First, whatever one thinks of the panel’s resolution, the court could not avoid selecting between substantive principles. Here, the reliance interest in a statutory right designed to give repose in trademarks yielded to an overarching rule of trademark. But if the result were reversed, the court would still have been defining trademark priorities. Until Congress returned to the issue, something had to give.

Second, even if one views the case as a usurpation of statutory text (i.e., a failure to honor the then-omission of functionality from the Lanham Act), the court’s discretion was limited. It did not create a hitherto unseen exception to trademark protection; preexisting trademark law—of which functionality had long been a part—made its effort one of rationalization, not invention. The opinion remains a good distance from lawmaking in the common law tradition.

*Wal-Mart Stores, Inc. v. Samara Bros., Inc.* is another example of precedent that may be easier to understand from the perspective of administration and system goals rather than trademark substance. *Wal-Mart* establishes that product design cannot be protected as trade dress without secondary meaning. The case offers something of an inkblot for describing the Supreme Court’s trademark precedent. On the one hand, the opinion contains a number of pragmatic moves. It emphasizes the importance of avoiding anti-competitive suits, specifically litigation brought by plaintiffs who allege that their product’s design functions as a trademark but whose true motive is to stifle competition. If competition is to be protected, courts need a way to filter out this class of claims before trial. The unanimous opinion looks all the more pragmatic in its empirically unsupported assertion that product design is unlikely to stimulate source associations by consumers, enhancing the wisdom of imposing a secondary meaning screen.

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126 Id. at 1210 (quoting Midlantic Nat’l Bank v. New Jersey Dep’t of Envtl Prot., 474 U.S. 494, 501 (1986)).
127 As noted above, the Fourth Circuit took a different approach. Shakespeare Co. v. Silstar Corp. of Am., 9 F.3d 1091 (4th Cir. 1993) (holding incontestable mark may not be cancelled due to mark’s functionality).
130 529 U.S. at 214 (noting benefit when “an anticompetitive strike suit” receives summary disposition); id. (“Competition is deterred, however, not merely by successful suit but by the plausible threat of successful suit . . . .”); id. at 213-14 (discussing *in terrorem* effect of uncertainty); id. at 215 (arguing that Court’s holding was supported by a balancing of utilities).
131 Id. at 213 (“In the case of product design, as in the case of color, we think consumer predisposition to equate the feature with the source does not exist. Consumers are aware of the reality that, almost invariably, even the most unusual of product designs—such as a cocktail shaker shaped like a penguin—is intended not to identify the
Or one might say that Wal-Mart is as textualist as it can be, given that it interprets some of the Lanham Act’s most open provisions. The opinion takes the statutory text as far as it could go. Section 43(a) allows a cause of action for unregistered trade dress, but provides no guidance with respect to the kind of trade dress that could be protected. Wal-Mart fills the gap not by ingenuity, but by looking to the statutory rules governing trademark registration. These rules parallel traditional rules at common law (though the common law was skeptical of trade dress protection). They establish the basic principle, secondary meaning is required for non-inherently distinctive marks, but they do not address whether product design is inherently distinctive. Only then does Wal-Mart answer the question in a manner designed to implement the Lanham Act’s (and, more generally, traditional trademark law’s) principle that functional matter is not protectable.

Seen in this light, Wal-Mart is a case about trademark law’s coherence. Again, we see two trademark principles at cross purposes, albeit indirectly: Distinctive matter should be protected; functional matter should be excluded. The Court could not avoid elevating one principle over the other. If product design could be inherently distinctive, more lawsuits would claim protection over matter that might also be functional. If secondary meaning is required, many functional designs would be screened out without requiring litigation over functionality. This resolution comes at a cost, however, as some non-functional, but inherently distinctive, designs might lose claims because the mark had yet to achieve secondary meaning in the marketplace.

How then does the Wal-Mart solution stack up? Wal-Mart could be seen as prioritizing the more fundamental principle to trademark law by elevating the policy that separates trademark from other federal intellectual property regimes. To be fair, this characterization could be seen as a dodge, depending on the level of generality at which the competing principle is defined. Perhaps the notion that product design must sometimes be inherently distinctive is not fundamental to trademark law, but the principle that inherently distinctive non-functional matter should be protectable

133 With respect to trademarks, though the law of unfair competition was more forgiving. Norman F. Hesseltine, A DIGEST OF THE LAW OF TRADEMARKS & UNFAIR TRADE 79, 83, 171, 173 (1906), see also infra note 137.


135 I make the textual case for Wal-Mart in greater detail in Grynberg, Worse Than We Think, supra note ___, at 941-45.

136 Relatedly, Professor Bone explains Wal-Mart in terms of error costs. Bone, supra note ___, at 2160 (“In error cost terms, conclusively presuming source-identification for product design trade dress is likely to produce a high false positive error risk, and those false positives are likely to be more costly than for ordinary word marks.”). He notes that the emphasis on secondary meaning allows courts to screen claims from plaintiffs who lack direct evidence of such meaning. Id. at 2161 (“Indeed, one court has demanded such strong proof that it is unclear how a plaintiff can satisfy the burden without actually furnishing direct evidence of secondary meaning.”).
surely is. Describing *Wal-Mart* as a prioritization case requires leaning on the fact that it does not foreclose protection for product design altogether, but requires jumping the additional hoop of secondary meaning.

We might look instead to trademark law’s non-substantive goals as guiding the Court’s balance of principles. *Wal-Mart* does not preclude trademark protection for product design. Instead it selects between two possible screens for protectable matter. Even if the “trademark substance” issues were in rough equipoise, both in the abstract and as a matter of statutory priority, the non-substantive goals of trademark law (i.e., the “administration” and “system” issues) strongly favor *Wal-Mart*’s selection of a secondary meaning test for product design over an inherent distinctiveness inquiry.

How so? Consider the alternatives. Secondary meaning is a familiar trademark standard, one generating a substantial body of case law. This test could be imported directly to evaluation of product design trade dress without significant modification. That is, the question whether consumers have come to associate a product design with a single source is the same question asked of descriptive trademarks and trade dress in the traditional secondary meaning inquiry.¹³⁷

In contrast, trademark law has not developed a predictable, transparent means for determining whether trade dress is inherently distinctive. Some courts try to impose the spectrum of distinctiveness used for classifying word marks. They try to apply adjectives developed for words to shapes, and consider whether a particular design is fanciful or descriptive.¹³⁸ Others try to tailor a test for determining whether trade dress is inherently distinctive and ask whether:

> it was a “common” basic shape or design, whether it was unique or unusual in a particular field, whether it was a mere refinement of a commonly-adopted and well-known form of ornamentation for a particular class of goods viewed by the public as a dress or ornamentation for the goods, or whether it was capable of creating a commercial impression distinct from the accompanying words.¹³⁹

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

Approaching *Wal-Mart*’s choice without an opinion on the substance

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¹³⁷ Which was the traditional approach to trade dress under the common law of unfair competition. 1 McCarthy, supra note ___ , § 7:53 n.4 (“Under the older, traditional rule at common law, secondary meaning was a condition precedent to trade dress protection.”); § 8:8 (same). The Supreme Court upset this understanding by ruling in *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992), that trade dress could be inherently distinctive. *Wal-Mart*, of course, walked back this holding with its product design/product packaging distinction. ¹³⁸ See generally 1 McCarthy § 8:13.

suggests the Court got it right. From an administration point of view, requiring a secondary meaning inquiry instead of grappling with inherent distinctiveness promotes efficiency in litigation if it leads to the early exclusion of claims that would have failed after a trial on the merits. It promotes accuracy if the court was correct in its generalization that consumers generally do not think of product design as source identifiers, thus deterring claimants who might be encouraged to attempt litigation if they faced a less predictable screen governing mark eligibility. These gains are perhaps contestable because they depend on empirical assumptions. What is less contestable are the gains to litigants with respect to predictability.

From the perspective of trademark’s system goals, channeling the question of product design protection into secondary meaning analysis clarifies trademark law by limiting the ability of courts to engage in ad hoc judgments. Transparent judging requires standards comprehensible to practitioners and amenable to meaningful appellate review. A body of law dependant on an “I-know-it-when-I-see-it” standard, which is what allowing inherently distinctive product design would generate, fails this test. The choice is between a longstanding standard that applies uniformly throughout trademark law and an evolving standard that to date enjoys only a rough linguistic correlation to its task and only applies to a subset of marks. To be sure, plaintiffs may still come to court with product-design-as-trade-dress claims, but they must prove their mark’s threshold eligibility using standard methodologies. The court’s energies would be focused on a fact inquiry that it could plausibly resolve by adjudication.

None of this is to deny that Wal-Mart actively shaped trademark doctrine (as opposed to simply implementing clear choices made by Congress). But such involvement was inevitable in light of the many open questions with respect to infringement actions brought under section 43(a). The Court, moreover, exercised its freedom in a modest manner that limited, rather than expanded, the power of courts in future cases by

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

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

142 To be sure, doing so may be resource intensive for litigants, placing pressure on the Court’s generalization that consumers are unlikely to see product design as serving a primary source-identifying function.
narrowing the range of issues that would be subject to judicial discretion.143

D. Summary

The above examples highlight the considerable influence courts have on the shape of trademark law. But they show that the discretion behind that power can be exercised in a highly bounded way, either because courts are operating in a limited sphere of authority (e.g., adjudicating facts) or because they are implementing policies focused on enhancing the law’s transparency (e.g., emphasizing standards that limit the potential for ad hoc rulings) or coherence. For better or worse, it is something less than the equivalent of common law authority.

III. WHAT DOESN’T

The examples of the last Part are unified by boundaries to judicial discretion and a demarcation separating the judiciary’s adjudicative function from Congress’s policymaking prerogative. They can also be characterized as situations in which courts are acting in a sphere in which it is difficult for Congress to act (e.g., managing adjudication) or where courts may be said to act in partnership with Congress (e.g., harmonizing statutes with the preexisting common law or otherwise seeking system coherence). That is not to say that courts always act in a bounded manner, or that the Lanham Act provides clear marching orders. This Part describes failures in trademark’s legislative/judicial partnership from the perspective of trademark law’s system and administration goals.

A. Blurring the Judicial Role

As described above, even though trademark litigation’s fundamental factual inquiry defies easy prediction or clear rules of decision, courts can promote its clarity and minimize the creation of unpredictable ad hoc case law. First, they may apply a consistent structure to the inquiry, giving guideposts to future litigants.144 Second, they may interpret open provisions of the Lanham Act to favor constructions that emphasize predictable implementation, promoting policies that consider trademark’s system and administration goals as well as its substantive ones.145

This works better if the exercise of judicial authority is cabined

143 And registered trade dress that had become incontestable would not be subject to a secondary meaning inquiry. See supra notes 29-30. Kicking such questions to an administrative agency also could enhance efficiency. See supra note 29.
144 See supra ___.
145 See supra ___.
properly. Courts should not use the adjudication of facts to define the substance of the law. When setting policy is inevitable, courts should be aware of the scope of the delegation under which they act and be appropriately modest in ambition.

Sometimes they fail. However hard we try to draw lines, procedure is not easily separated from substance. While the various multifactor likelihood-of-confusion tests may bring order to the adjudication of claims, they also may define the substance of trademark rights under the guise of determining facts. Most courts consider, for example, whether the defendant acted in “good faith.” At best, this “factor” has only a tangential relationship to the underlying inquiry of whether consumers are likely to be confused, but it plays an outsized role in litigation results. Evaluating good faith, moreover, invites judicial excursions into substantive lawmaking. Courts may look at good faith in two ways: (1) Did the defendant intend to confuse consumers?; or (2) Did the defendant intend to benefit from the trademark holder’s goodwill? The two questions may both be rooted in the history of trademark law, but they have very different substantive consequences.

The first question bears on a traditional trademark action that evaluates consumer confusion at the point of sale. The inquiry is plausibly evidentiary insofar as a defendant is at least somewhat likely to accomplish his purpose. The second phrasing, by contrast, reaches a good deal further, for it encompasses situations in which the defendant’s intent is not necessarily contrary to consumer interests. Comparative advertising’s traditional construct: “If you like X, you’ll love Y” arguably depends on a mark’s goodwill even though it is used in a way to expand the information available to consumers without giving rise to the prospect of point-of-sale confusion. And in fact trademark law is clear that such advertising does not, without more, give rise to a claim. But in other trademark subdoctrines courts have used the equation of bad faith with goodwill appropriation to recognize claims that might harm consumer interests generally, or privilege one class of consumer at the expense of another.

When a court equates bad faith with goodwill appropriation rather than consumer confusion, it is smuggling its legal interpretation of the proper scope of trademark law into a question of fact. A framework devised to channel ad hoc factual determinations into an intelligible framework becomes instead a vehicle for ad hoc lawmaking. While the outcomes may
or may not be acceptable on the substantive merits, depending on one’s point of view, they certainly undermine the adjudication goal of accuracy (insofar as the legal inquiry takes the guise of a factual one) and the system goals of transparency and accountability.

B. Fear of an Ad Hoc Planet

Of course judges know that careless factfinding may lead to de facto lawmaking. That awareness creates a different risk—overcompensation. That is, courts might use a professed fear of substantively altering trademark law to resist adjudicating particular fact claims.

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

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

The danger in the District Court’s result is that producers of store-brand products will be held to a lower standard of infringing behavior, that is, they effectively would acquire per se immunity as long as the store brand’s name or logo appears somewhere on the allegedly infringing package, even when the name or logo is tiny. The Lanham Act does not support such a per se

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150 Insofar as goodwill protection is a goal of trademark law. In my view, however, the goodwill protection goal only makes sense when it is in harmony with the promotion of consumer interests. Grynberg, *Consumer Conflict, supra note ___, at 116-17.
151 511 F.3d 350 (3d Cir. 2007).
152 Id. at 356.
153 Id. at 360-61.
154 Id. at 363 n.4.
155 Id. at 367 (“[T]here is no way the District Court could have ultimately balanced the *Lapp* factors against McNeil after weighing the first, second, seventh, eighth, and ninth *Lapp* factors in its favor.”).
rule.156

Here, the panel substitutes a fact judgment under the guise of policing the line between adjudication and legislation. The district court concluded that consumers expect to encounter store brands and will not be overly influenced by the presence of a similar color scheme between competing products.157 The Third Circuit effectively ruled that this is simply untrue, but dressed the ruling in the trappings of the proper exercise of the multifactor test.

What if the trial court was correct? This raises the another issue with the reversal. Far from avoiding legislating, the opinion embraced an expanded view of trademark law that would permit the plaintiff not only to claim that consumers were likely to mistakenly purchase a store brand sweetener (which was chemically identical to Splenda), but also to base a claim on the prospect that consumers might be distracted by the similarities of the store brand but select it without being confused about whether it was actually Splenda.158 Allowing multiple providers to use the yellow color scheme for sucralose may benefit consumers by lowering search costs for those consumers who want sucralose without caring about which company provides it. By effectively ruling that such usage without a prominent counterbrand was confusing as a matter of law, the Third Circuit resolved a contentious issue of trademark substance while pretending to avoid it, frustrating interests of accountability and transparency.159

A similar problem arises when courts attempt to shoehorn non-traditional trademark claims into the multifactor analysis. The quest for the veneer of formalism may wind up unduly influencing a contextual inquiry. The Third Circuit’s encounter with nominative fair use is a case in point.160 While electing to treat nominative use as a “true” defense (that is, allowing conduct to be excused even if it causes a likelihood of confusion), the panel

156 Id. at 367-68.
157 Id. at 367.
158 This is the consequence of expansive initial interest confusion claims. Some precedent concerning pre-sale confusion emphasizes diversion of consumer attention without evaluating its duration or effect on a final purchasing decision. See, e.g., Brookfield Commc’n’s, Inc. v. W. Coast Entm’t Corp., 174 F.3d 1036, 1064 (9th Cir. 1999) (equating diversion caused by a misleading highway billboard with that of using trademarked terms to be listed in a search engine result).

159 To be sure, this sort of casual empiricism works in favor of trademark defendants, too. See supra note 132 and accompanying text; compare Toyota Motor Sales, U.S.A., Inc. v. Tabari, __ F.3d __, 2010 WL 2680891 (9th Cir. 2010) (upholding nominative fair use and downplaying potential confusion because “[Internet consumers] skip from site to site, ready to hit the back button whenever they’re not satisfied with a site’s contents. They fully expect to find some sites that aren’t what they imagine based on a glance at the domain name or search engine summary.”), with id. (Fernandez, J., concurring) (“I simply cannot concur in essentially factual statements whose provenance is our musings rather than the record and determinations by trial of fact.”)

160 In trademark law a “classic” fair use is one in which a trademarked term is used in its original (i.e., non-trademark) sense to describe goods not belonging to the trademark owner. So if TASTY became a trademarked term for hamburgers, a competitor could still advertise its own burgers as being “tasty.” See 15 U.S.C. § 1115(b)(4). A nominative fair use, by contrast, uses the mark to refer to the markholder. So a competitor to TASTY burgers might advertise, “TASTY burgers aren’t made with real meat!” Cairns v. Franklin Mint Co., 292 F.3d 1139, 1150-52 (9th Cir. 2002).
required the initial inquiry to pass through the filter of the multifactor test. The court acknowledged, however, that the traditional test is a poor fit for the nominative fair use situation. If a defendant is using the plaintiff’s mark to refer to the plaintiff, then factors like similarity of the marks become meaningless.\textsuperscript{161} So far, so good. But the court refused to jettison the basic framework of its likelihood-of-confusion inquiry. Instead, it filtered out what it perceived as unhelpful factors, leaving a four-factor rump analysis as the focus.\textsuperscript{162} Doing so created the risk that a plaintiff might make her case based on what would normally be a partial showing.\textsuperscript{163} Moreover, the streamlined confusion test leaves trial courts with little guidance on when it is appropriate to find likely confusion without proceeding straight to the newly crafted affirmative defense, which directly addresses the issue whether “the defendant’s conduct or language reflect the true and accurate relationship between plaintiff and defendant’s products or services.”\textsuperscript{164} But with so vague a standard, the burden of proof matters.\textsuperscript{165}

These examples illustrate the dangers of pretending that adjudication is more transparent and rule-oriented than it is. As argued above, the multifactor tests offer a potential virtue in channeling factual analysis into a visible channel. If the tools employed by the courts reflect the actual decisionmaking process—if they correspond to the heuristics used by a factfinder to determine whether a likelihood of confusion exists—they add to the stability of trademark law.\textsuperscript{166} In contrast, it would be an abdication of the adjudication function if the tests operate as a false exercise in formalism, the summing of favored factors in order to reach legal conclusions of likelihood of confusion independent of the consumer

\textsuperscript{161} Century 21 Real Estate Corp. v. Lendingtree, Inc., 425 F.3d 211, 224-25 (3d Cir. 2005).

\textsuperscript{162} The modified test would consider:

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

\textsuperscript{163} Id. at 226-26. The court did clarify that intent should be considered as intent to confuse, rather than intent to use the plaintiff’s mark. Id. at 227.

\textsuperscript{164} As noted by the concurring/dissenting opinion. Id. at 232 (Fisher, J., concurring in part and dissenting in part) (“Moreover, to the extent the majority places any burden on plaintiffs at all, it is so watered-down that plaintiffs might prove likely confusion on one Lapp factor alone. The majority’s bifurcated test is also judicially unmanageable because it requires courts to address identical factors on both sides of the equation.”).

\textsuperscript{165} Id. at 228. The dissent therefore took the majority to task for creating a defense that effectively shifts the burden on the confusion inquiry to the defendant. Id. at 238 (Fisher, J., concurring in part and dissenting in part) (The majority’s approach whittles down this Court’s ten-factor Lapp test beyond recognition, permitting plaintiffs to show likely confusion on as little as one factor. The effect of this is to shift to defendant the burden of negating confusion.”). Id. at 239-40 (arguing that many retained factors have little clarifying ability as applied to factual inquiry). Judge Fisher did agree, however, that a modified multifactor test was appropriate for a nominative use situation. Id. at 248-49 (outlining proposed modified test).

\textsuperscript{166} Compare Toyota Motor Sales, U.S.A., Inc. v. Tabari, __ F.3d __, 2010 WL 2680891 (9th Cir. 2010) (clarifying that nominative fair use test leaves burden with plaintiff).

\textsuperscript{167} See supra __.
experience. In such cases, the judicial heuristics at play would be evaluating not facts but equities independent of the trademark statute to engage in stealth lawmaking.167

C. Who Updates Trademark Law and How?

Accommodating the Lanham Act to societal change presents another problem in the legislative/judicial partnership. If courts do not interpret the Lanham Act in light of changing practice, trademark’s substantive goals may be frustrated. So, for example, courts may need to recognize broader geographic rights for unregistered marks in light of the Internet’s global reach.168 In many respects, this is merely adjudication that takes account of evolving factual circumstances. Trademarks once had little meaning outside their geographic market. The rise of mass media has changed that, but that fact does not require a significant change to doctrine.169

But changing contexts create the risk that accommodation may be a pretext for altering trademark’s traditional scope.170 The Ninth Circuit’s early effort to adapt its likelihood-of-confusion standard to the Internet is a good example. One panel determined that the low cost of moving from site to site online is a reason to weaken the threshold for finding likelihood of confusion. It reasoned that the number of consumers who experience confusion due to inattention will increase because “[n]avigating amongst web sites involves practically no effort whatsoever, and arguments that Web

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


169 That is to say, a strong internet presence may lead to fame for the mark outside its brick-and-mortar market as a matter of fact, justifying priority for the user under the terms of traditional doctrine. This is not a far cry from existing precedent applying common law geographic rights. See e.g., Stork Restaurant v. Sahati, 166 F.2d 348, 358 (9th Cir. 1948) (“In these days of chain restaurants, one would not have to be uncommonly naive to assume that even a ‘humble’ café at Turk and Hyde Streets, San Francisco, might be an unpretentious branch of a glittering New York night spot. A branch unit is usually less elaborate and impressive than the ‘mother house.’”).

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

170 Some argue that courts should be able to update the substance of statutes as they update adjudicative practice. Hayden v. Pataki, 449 F.3d 305, 367 (2d Cir. 2006) (Calabresi, J., dissenting) (observing potential benefit if “in certain circumstances, courts were permitted to read the law according to what they perceived to be the will of the current Congress, rather than that of a long-gone-by one” but agreeing that “whatever the merits of such an arrangement in the abstract, it is simply not a part of our legal system”).
users exercise a great deal of care before clicking on hyperlinks are unconvincing.”

This adjudicative conclusion was highly contestable and premature. It also had a substantive effect on the law insofar as it made confusion findings more likely in a context in which such confusion was less likely to be material to consumers (insofar as the ease of backclicking makes the impact of confusion upon consumer search costs negligible). The result was to invite broader use of theories of initial interest confusion, which had been around for decades, but expanded in importance with application to Internet cases.

The “merchandising” right is an example from the brick-and-mortar world. Holders of trademarks gradually became aware that their marketing potential extends beyond their use as a brand to encompass value as a product in and of itself. That is, the Boston Red Sox “B” logo has value when attached to a baseball cap because people want to buy Boston Red Sox baseball caps (not caps made by the Boston Red Sox). The maturation of merchandising markets raised the question whether courts would permit markholders to use the Lanham Act to capture and control them. At the substantive level, the choice appeared to pit seller and consumer interests against one another. Giving trademark owners of merchandising markets allows the extraction of monopoly rents from consumers. On the other hand, trademark holders could argue that such rents will incentivize the creation of desirable marks, although incentive stories of this sort are outside the traditional trademark story. Markholders also appeal to theories of desert, contending that they are the ones who imbued the mark with value (potentially ignoring the role played by the fan purchasers).

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

172 Cf. Toyota Motor Sales, U.S.A., Inc. v. Tabari, __ F.3d __, 2010 WL 2680891 (9th Cir. 2010) (“[Internet consumers] skip from site to site, ready to hit the back button whenever they’re not satisfied with a site’s contents. They fully expect to find some sites that aren’t what they imagine based on a glance at the domain name or search engine summary.”); Bihari v. Gross, 119 F. Supp. 2d 309, 320 n.15 (S.D.N.Y. 2000) (“[O]n the information superhighway, . . . [w]ith one click of the mouse and a few seconds delay, a viewer can return to the search engine’s results and resume searching for the original website.”).


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

175 Copyright law may not work if the logo in question is insufficiently original. In the case of the Red Sox, cf. 17 C.F.R. § 202(a) (excluding from copyright registration “[w]ords and short phrases such as names, titles, and slogans; familiar symbols or designs; mere variations of typographic ornamentation, lettering or coloring; mere listing of ingredients or contents”); § 202(c) (excluding “typeface as typeface”).

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

177 See infra __.

178 See, e.g., Boston Prof’l Hockey, 510 F.2d at 1011 (“[T]he major commercial value of the emblems is
Regardless of the substantive merits of a merchandising right,\(^{179}\) establishing it required an update to trademark law. Traditional doctrine focuses on a mark’s source-identifying function, and the pre-1988 Lanham Act did not provide obvious openings for looking beyond source confusion, especially for unregistered marks.\(^{180}\) Rather than wait for Congress to amend the statute, courts went ahead to conform trademark to their views of what it should protect, shoe-horning a new definition of “confusion” to confer a merchandising monopoly.\(^{181}\)

This is not to deny that trademark adjudication might need to account for the particular challenges of the online world or changed business practices. But a fine line separates adapting adjudication practices to changing circumstances from updating substantive law.\(^{182}\) Crossing this line is less likely to look like a usurpation of Congress’s legislative authority if the statute does not make clear what the courts’ marching orders are. Part of the reason the partnership between Congress and the courts is so unclear—and why so much seems up for grabs in trademark litigation—stems from Congress’s failure to provide clear direction to courts regarding the choice between a legislative and adjudicative role.

### D. Legislative Abdication

Considering how we want judges to go about their task provides a perspective from which to critique the Lanham Act. The legislative history of the current Lanham Act welcomes the common law development of trademark.\(^{183}\) It perhaps supports the view that judicial lawmaking beyond trademark’s system goals is appropriate.\(^{184}\) Leaving aside the accountability

\(^{179}\) Count me opposed. Grynberg, *Consumer Conflict*, supra note ___, at 101-03.

\(^{180}\) Today, there is at least a colorable claim that post-amendment section 43(a)’s reference to a mark holder’s “approval” or “sponsorship” creates the basis for a merchandising claim. 15 U.S.C. § 1125(a). Though it raises the problem of circular reasoning, insofar as the confusion about approval goes to whether permission was needed by the trademark holder, and that depends on how the court sees it. Robert C. Denicola, *Freedom To Copy*, 108 YALE L.J. 1661, 1668 (1999) (“If trademark owners win enough high-profile cases or brag loudly enough about licensing revenues from ornamental use, consumers will naturally think that the products they see must be licensed, which in turn will help insure that a license is indeed required.”).

\(^{181}\) *Boston Prof’l Hockey*, 510 F.2d at 1012 (“The confusion or deceit requirement is met by the fact that the defendant duplicated the protected trademarks and sold them to the public knowing that the public would identify them as being the teams’ trademarks.”). Stacey L. Dogan & Mark A. Lemley, *The Merchandising Right: Fragile Theory or Fait Accompli?*, 54 EMORY L.J. 461, 472–78 (2005) (discussing cases addressing merchandising right theory). Again, this move (while still problematic) is arguably more supportable under today’s statutory language. See supra note 180.

\(^{182}\) Cf. Hayden v. Pataki, 449 F.3d 305, 367 (2d Cir. 2006) (Calabresi, J., dissenting) (although “it might be a good idea if . . . courts were permitted to read the law according to what they perceived to be the will of the current Congress, rather than that of a long-gone-by one,” that view “is simply not a part of our legal system”).

\(^{183}\) S. REP. NO. 100-515, at 40 (1988), as reprinted in 1988 U.S.C.C.A.N. 5577, 5603 (“[The bill] revises Section 43(a) of the Act (15 U.S.C. 1125(a)) to codify the interpretation it has been given by the courts. Because Section 43(a) of the Act fills an important gap in federal unfair competition law, the committee expects the courts to continue to interpret the section.”).

\(^{184}\) Dinwoodie, *Statutes*, supra note ___, at 3 (“[B]oth Congress and the Supreme Court appear content that
issues arising from such delegation, the Supreme Court in recent trademark cases has generally balked at placing weight on extra-statutory factors like legislative history, and the Lanham Act is not a sufficiently delegating statute for general common lawmaking. Although the question whether courts are coloring within their lines is meaningful, we should also ask if Congress has provided visible lines. It has not.

1. The inkblot standard

The Lanham Act’s fundamental problem is the vacuity of its liability provision. What is a “likelihood of confusion?” The standard is undefined in its temporal, quantitative, and qualitative dimensions. These substantive gaps invite extensive judicial lawmaking and its attendant issues.

Temporal. The Lanham Act’s original text was consistent with the traditional trademark cause of action, which policed confusion at the point of sale. Section 32 initially called for liability when use of a registered mark created a likelihood of confusion of “purchasers,” implying a focus on the purchasing decision. Congress removed the purchaser language in 1962, suggesting to some courts an intent to open the door to confusion claims arising before, or after, the point of sale. Not all courts agree, but the change gave cover to efforts to extend the federal trademark cause of action beyond traditional understandings. Congress did nothing to correct or confirm the impression when it revised much of the statute in the development of trademark and unfair competition law in the United States remain heavily dependent on common law lawmaking by the courts.

185 Grynberg, Worse Than We Think, supra note __, at 933-45.

186 See, e.g., 15 U.S.C. §§ 1052 (registration requirements), 1067 (effect of registration on priority), 1114 (delineating secondary liability for certain contexts), 1115 (effect of registration on assessing right to use mark, defenses to incontestable marks), 1125 (establishing “cyberpiracy” rules); compare 15 U.S.C. § 1 (Sherman Act) (“Every contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce among the several States, or with foreign nations, is declared to be illegal.”). One could argue that the core Lanham Act liability provisions are similarly open, but the Supreme Court has declined to view them as delegating similar power. Compare State Oil Co. v. Khan, 522 U.S. 3, 20 (1997) (“[T]he general presumption that legislative changes should be left to Congress has less force with respect to the Sherman Act in light of the accepted view that Congress ‘expected the courts to give shape to the statute’s broad mandate by drawing on common-law tradition.’”) (quoting National Soc. of Professional Engineers v. United States, 435 U.S. 679, 688 (1978)), with Dastar, 539 U.S. at 29 (“[B]ecause of its inherently limited wording, § 43(a) can never be a federal ‘codification’ of the overall law of ‘unfair competition,’ but can apply only to certain unfair trade practices prohibited by its text.”) (citation omitted) (internal quotations omitted). See also infra notes 211-216 and accompanying text.


189 Elec. Design & Sales, Inc. v. Elec. Data Sys. Corp., 954 F.2d 713, 716 (Fed. Cir. 1992) (“We do not construe this deletion to suggest, much less compel, that purchaser confusion is no longer the primary focus of the inquiry.”). One view of the amendment was that it was simply designed to clarify that the confused consumers need not have actually purchased the product in question. U.S. Trademark Ass’n Trademark Review Comm’n, Report and Recommendations to USTA President and Board of Directors, 77 TRADEMARK REP. 375, 378 (1987).
While much can be, and has been, said about the wisdom of expanding the trademark cause of action in this manner, what is important for present purposes is that the current statutory silence regarding this development forces judicial resolution.

Quantitative. The likelihood-of-confusion also does not specify the extent of confusion necessary to create liability. Taken to the extreme, policing confusion might require ruthlessly ferreting out any act that could foreseeably cause confusion to anyone within the Lanham Act’s jurisdictional scope. But that would be nonsense. We live in a world of imperfect capacities for attention and high demands on that attention. Avoiding confusion is impossible. Just about any trademark use is likely to confuse someone, somewhere no matter how dissimilar the objects of comparison. Courts know this, of course, and may invoke traditional legal understandings to ignore cases of negligible confusion or filter out background noise when considering survey evidence. But there remains the problem of determining just how likely confusion must be and, in the case of survey evidence, just how much confusion in an artificial setting of test questions is needed to suggest likely confusion in the real world. Perhaps this inquiry is so inherently amorphous that we can do little better than delegate to courts the responsibility of constructing frameworks to guide it within frameworks imposed by the laws of evidence.

Qualitative. The Lanham Act assumes particular Rorschach qualities in establishing the subject of consumer confusion. The cause of action for registered marks provides no textual guidance regarding the nature of the necessary consumer confusion. Section 43(a), which reaches unregistered marks, is little better, providing liability for those causing a likelihood of confusion “as to the origin, sponsorship, or approval of [defendant’s] goods, services, or commercial activities by another

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191 See, e.g., S.S. Kresge Co. v. United Factory Outlet, Inc., 598 F.2d 694, 697-98 (1st Cir. 1979) (downplaying survey results that showed that 7.2% of respondents believed that THE MART and K MART had common ownership in light of fact that “that 5.7% of the same people reached the same conclusion as to ‘The Mart’ and King’s Department Store, which are clearly unrelated. This led the expert who conducted the poll to conclude that ‘similar sounding names do not add to the confusion that is generally present for all stores.’”).
192 De minimis non curat lex (The law does not concern itself with trifles). See, e.g., Witco Chem. Co. v. Whitfield Chem. Co., 418 F.2d 1403, 1405 (C.C.P.A. 1969) (“We are not concerned with mere theoretical possibilities of confusion, deception, or mistake or with de minimis situations but with the practicalities of the commercial world, with which the trademark laws deal.”); Int’l Ass’n of Machinists v. Winship Green Nursing Ctr., 103 F.3d 196, 201 (1st Cir. 1996) (“[A]n isolated instance of confusion does not prove probable confusion. To the contrary, the law has long demanded a showing that the allegedly infringing conduct carries with it a likelihood of confounding an appreciable number of reasonably prudent purchasers exercising ordinary care.”).
193 See supra note 191.
194 See supra Part ___.
195 Section 32 provides liability for a use of a copy or imitation of a registered mark where “such use is likely to cause confusion, or to cause mistake, or to deceive.” 15 U.S.C. § 1114.
A term like “approval” can encompass a wide range of meaning, from standing behind the quality of a product to giving permission for the trademark use in question.

We might blame the courts for taking a cause of action traditionally focused on product source and expanding it into realms less tied to trademark’s traditional purposes. Courts could have interpreted the statute more in keeping with traditional understandings and leave to Congress the decision to expand trademark’s scope. We might also argue that this open text should be restricted to the kind of confusion that would be material to a purchasing decision. But the relevant text is amenable to broader constructions as well, and these readings seem to have been Congress’s intent. Its openness invites a range of trademark claims that neither promote consumer interests nor have any reliable textual checks.

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

2. Mind the gaps

As discussed above, the Lanham Act complicates interpretation because...

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197 See, e.g., Mut. of Omaha Ins. Co. v. Novak, 836 F.2d 397 (8th Cir. 1987) (infringement based on survey indicating 10% of respondents believed trademark owner “goes along” with defendant’s use);
198 See, e.g., Grynberg, Worse Than We Think, supra note ___, at 903-913; supra notes 174-181 and accompanying text.
199 Grynberg, Worse Than We Think, supra note ___, at 963-66.
201 Most notably, the absence in the statute of any language directing courts to focus on confusion that might:
(a) cause actual harm to consumers; (b) concern a matter that would be material to a purchasing decision; or (c) cause harm that does not carry countervailing benefits for non-confused consumers.
202 Trademark owners often object, for example, to the unauthorized depiction of their marks in films. Though these claims may not succeed, compare, e.g., Am. Dairy Queen Corp. v. New Line Prods., Inc., 35 F. Supp. 2d 727, 735 (D. Minn. 1998) (enjoining use of “Dairy Queens” as a movie title), with Caterpillar Inc. v. Walt Disney Co., 287 F. Supp. 2d 913, 920 (C.D. Ill. 2003) (rejecting effort to enjoin filmed depiction of plaintiff’s equipment in fictional film plot); filmmakers may decide that compliance is the better part of valor. Michael Cieply, “Sony’s ‘Moneyball’ is Back on Track, With Aaron Sorkin Doing a Rewrite,” NEW YORK TIMES MEDIA DECODER BLOG (July 9, 2009) (reporting draft script of movie depicting professional baseball had “included changes requested by Major League Baseball, which examines scripts for authenticity before granting permission to use its trademarks in a film”), available at http://mediadecoder.blogs.nytimes.com/2009/07/09/sonys-moneyball-is-back-on-track-with-aaron-sorkin-doing-a-rewrite/. Such concessions carry an artistic cost. Grynberg, Consumer Conflict, supra note ___, at 100-01.
it incompletely codifies trademark common law.\textsuperscript{203} There remains the issue of how best to reconcile traditional trademark understandings and practices with the specifics of the federal statute. The task is an appropriate judicial function, particularly to preserve traditional understandings of trademark and other intellectual property regimes.\textsuperscript{204}

But the task is best avoided in light of the difficulty created when statutory text is facially inconsistent with common law understandings without explicitly negating them.\textsuperscript{205} Or the common law may be insufficiently fixed to guide interpretation of the Lanham Act, fill its gaps, or establish background understandings against which the statute’s effect may be measured. Courts are left with a gap, but without an effective way to fill it short of exercising pure lawmaking authority. This creates predictable tensions in the law, implicating contested visions of what it means to be faithful to statutory text in the face of seemingly overriding policy considerations.

The circuit split over the ability of foreign marks to establish priority in the United States is a good example. Trademark rights are traditionally territorial, but sometimes a foreign mark achieves domestic fame before its holder operates in the United States market. There is a good policy argument for a “famous marks” exception to the territoriality rule in these cases. As the Ninth Circuit notes, without such an exception, consumers may wrongly believe that the junior, domestic user is actually affiliated with the seller who made the mark famous.\textsuperscript{206} The contrary approach is to take a strict view of the Lanham Act, which reflects the territoriality principle\textsuperscript{207} without inviting exceptions outside the registration context. This was the Second Circuit’s answer.\textsuperscript{208}

Assuming arguendo that the Ninth Circuit has policy on its side, we have an unedifying circuit split on how textualist courts ought to be when faced with contrary policy considerations. Here, the common law backdrop

\textsuperscript{203} Trademark law, moreover, still has the ability to develop through operation of parallel state law regimes. In practice, however, the funneling of cases to federal court has led to a convergence of the law around federal standards. U.S. Trademark Ass’n Trademark Review Comm’n, Report and Recommendations to USTA President and Board of Directors, 77 TRADEMARK REP. 375, 377 (1987) (“Federal courts now decide, under federal law, all but a few trademark disputes. State trademark law and state courts are less influential than ever.”).

\textsuperscript{204} See supra notes 121-128 and accompanying text.

\textsuperscript{205} See supra notes 121-128 and accompanying text.

\textsuperscript{206} Grupo Gigante SA De CV v. Dallo & Co., Inc., 391 F.3d 1088, 1094 (9th Cir. 2004) (“An absolute territoriality rule without a famous-mark exception would promote consumer confusion and fraud. . . . There can be no justification for using trademark law to fool immigrants into thinking that they are buying from the store they liked back home.”).

\textsuperscript{207} Insofar as the law has a special provision to allow registration of foreign marks not currently used in commerce in the United States based on foreign registration. 15 U.S.C. § 1126 (2006).

\textsuperscript{208} ITC Ltd. v. Punchgini, Inc., 482 F.3d 135, 165 (2d Cir. 2007) (“The fact that a doctrine may promote sound policy, however, is not a sufficient ground for its judicial recognition, particularly in an area regulated by statute.”). Note, however, that the court’s interpretation of the Lanham Act’s meaning relied in part on background understandings, i.e., the “bedrock” principle of territoriality. Id. at 164 (“Before we construe the Lanham Act to include such a significant departure from the principle of territoriality, we will wait for Congress to express its intent more clearly.”).
is no help, for there is no firmly established famous marks exception for courts to weigh against the Lanham Act’s silence. We have a policy gap that courts cannot easily fill without common lawmaking, a methodology repeatedly rejected in recent years for trademark cases by the Supreme Court in favor of a more text-focused method. Courts may need to exercise such authority, but without bounds to their discretion, we might worry about accountability issues.

3. Delegation mismatch

The problem of congressional abdication is particularly acute with trademark defenses. I have discussed this issue elsewhere, so I will not repeat the argument in great detail, except to note the nature of the problem. The Lanham Act contains both delegating and non-delegating provisions. Some of its most open text concerns its liability-creating provisions—that is, the likelihood of confusion standard. In contrast, the statute is textually stingy with respect to defenses or other signals that courts may create doctrines that would excuse conduct causing a likelihood of confusion.

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

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

210 Grynberg, Worse Than We Think, supra note __, at 933-37.

211 See supra note ___ and accompanying text.

212 See supra Part __.

213 As the Ninth Circuit did in its approach to nominative fair use. The court based protection for the right to use trademarks to refer to the trademark holder in the cause of action itself by defining such uses as inherently non-confusing. New Kids on the Block v. News America Publishing, Inc., 971 F.2d 302, 307-08 (9th Cir. 1992) (“[W]e may generalize a class of cases where the use of the trademark does not attempt to capitalize on consumer confusion or to appropriate the cachet of one product for a different one. Such nominative use of a mark . . . lies outside the strictures of trademark law.”).

214 Century 21 Real Estate Corp. v. Lendingtree, Inc., 425 F.3d 211 (3d Cir. 2005), concluded that nominative fair use is a “true” defense; that is, if there is a likelihood of confusion, establishment of the defense will negate liability. The court did not ground its holding in the Lanham Act’s text, making the opinion one in the common law style. See Grynberg, Worse Than We Think, supra note __, at 63-64 (discussing Century 21).

scope of defensive innovations or the considerations that should guide the efforts.\textsuperscript{216}

4. The nature of intellectual property

A plausible response to the contrast between the Lanham Act’s treatment of trademark rights compared to their limitations is to ask, what else is new? Is it really surprising that defenses would be styled as carveouts narrower than the broader liability standard? The first answer, noted above, is that the potential textual scope of the Lanham Act’s cause of action outstrips both trademark law’s traditional bounds and consensus perspectives on the outer limits of its appropriate substantive scope. It must be contained, if not by modifying text or interpretation, then in the creation of defensive doctrines.

The second answer involves the nature of intellectual property law. Intellectual property gives functional property rights to the creators of intangible goods.\textsuperscript{217} Traditionally, trademark rights resemble property rights less than their patent and copyright counterparts because their underlying rationales (as understood by the Supreme Court) differ. Copyrights and patents are designed to solve a public goods problem—how will we have “Progress in Science and the Useful Arts” if the marginal cost of copying intangible works is zero? Rightly or wrongly, our answer is to grant property-like entitlements to these works to ensure that authors and inventors have incentives to create.\textsuperscript{218}

Trademark has always been based on a different theory.\textsuperscript{219} Its dueling rationales of consumer and seller protection both point at promoting competition, not creating an underproduced intellectual good.\textsuperscript{220} Traditional doctrine therefore resists treating trademarks as property and restricts rights to a mark to the extent it is used in conjunction with the sale

\textsuperscript{216} Compare Federal Trade Commission Act, 15 U.S.C. § 45(n) (2006) (prohibiting the FTC from declaring unlawful a commercial practice “unless the act or practice causes or is likely to cause substantial injury to consumers which is not reasonably avoidable by consumers themselves and not outweighed by countervailing benefits to consumers or to competition”).

\textsuperscript{217} See, e.g., 35 U.S.C. § 261 (“Subject to the provisions of this title, patents shall have the attributes of personal property.”).

\textsuperscript{218} U.S. Const art. I § 8; Fox Film Corp. v. Doyal, 286 U.S. 123, 127-28 (1932) (“A copyright, like a patent, is ‘at once the equivalent given by the public for benefits bestowed by the genius and meditations and skill of individuals and the incentive to further efforts for the same important objects.’”) (quoting Kendall v. Winsor, 62 U.S. (21 How.) 322, 328 (1858)).

\textsuperscript{219} In re Trade-Mark Cases, 100 U.S. 82, 93-94 (1879) (holding that federal power to regulate trademark infringement could not be based in the Intellectual Property Clause).

\textsuperscript{220} See supra : this is the Supreme Court’s view. Qualitex Co. v. Jacobson Products Co., Inc., 514 U.S. 159, 164 (1995). But see David W. Barnes, A New Economics of Trademarks, 5 Nw. J. Tech. & Intell. Prop. Prop. 22, 24 (2006) (arguing that trademarks have public good characteristics and that because “trademark owners contribute to the store of information available for all people to use, their efforts are more similar to the efforts of authors and inventors than is generally recognized”).
of goods and services.\textsuperscript{221} That said, trademarks still vest in their owners a limited right to exclude, at least with respect to uses of their marks that are likely to cause confusion. Trademark law, moreover, has moved in the direction of greater “propertization” of marks, particularly in the realm of the merchandising right.\textsuperscript{222}

In some ways intellectual property is more powerful than traditional property. While any entitlement can be described as a check on the liberty of others, property rights generally have a present effect only on those in proximity to the land or chattel in question.\textsuperscript{223} IP rights, which apply to intangible matter, constrain everyone who might want to embody or otherwise use protected matter. In response, we can still call IP a property right like any other (and overlook not only the differences in its effect but also in its legal treatment).\textsuperscript{224} Or our definition of IP can accommodate the impact of IP on the property rights of others, by analogizing IP to a negative easement or a nuisance regulation.\textsuperscript{225} Another approach is to think of IP as a form of delegated regulatory power. Holders of IP entitlements are allowed to control the exercise of property rights of third parties in a manner normally reserved to the state.

Vesting regulatory power in private hands raises important issues with respect to trademark law’s system concerns. Whatever the accountability problems of judges setting or altering the substance of trademark law,\textsuperscript{226} they are hardly superior to vesting such power in private actors. A vast body of administrative law exists to cabin and channel regulatory power when wielded by a government agency.\textsuperscript{227} These doctrines mediate the

\textsuperscript{221} United Drug Co. v. Theodore Rectanus Co., 248 U.S. 90 (1918) (“There is no such thing as property in a trademark except as a right appurtenant to an established business or trade in connection with which the mark is employed.”). Trademark law therefore limits the ability to assign marks independently of the underlying business or product line. 15 U.S.C. § 1060(a)(1); RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 34 (1995) (stating that assignment of ownership is only possible when “the assignee also acquires the line of business that is associated with the designation or otherwise maintains continuity in the use of the designation by continuing the line of business without substantial change”).

\textsuperscript{222} See, e.g., supra notes 174-181 and accompanying text; see also generally Glynn S. Lunney, Jr., Trademark Monopolies, 48 EMORY L.J. 367, 372 (1999) (arguing that “many courts and commentators succumbed to ‘property mania’—the belief that expanded trademark protection was necessarily desirable so long as the result could be characterized as ‘property.’”).

\textsuperscript{223} The law of nuisance spreads the power of property rights further, but through a doctrine in which courts balance competing interests rather than enforce absolute property rights as they do in trespass. Michael Gryenberg, Property is a Two-Way Street: Personal Copyright Use and Implied Authorization, 79 FORDHAM L. REV. ___ (2010) (forthcoming); Cf. Christopher M. Newman, Patent Infringement as Nuisance, 59 CATH. U. L. REV. 61 (2009), at 95 (“Why do we differentiate between nuisance and trespass? . . . . The concern raised by such a drastically enforced right to exclude is that landowners would be vested with tremendous veto power over a wide range of uses for any neighboring land.”).


\textsuperscript{225} See Gryenberg, supra note 223, at ___; Newman, supra note 223, at 106-07.

\textsuperscript{226} Lemos, supra note .

\textsuperscript{227} In addition to the protections and limitations of the Administrative Procedure Act, Pub L No 89-554, 80 Stat 381 (1966), a range of doctrines seek to address separation of powers concerns raised by the administrative state. See, e.g., Whitman v. American Trucking Associations, 531 U.S. 457, 472 (2001) (“[W]e repeatedly have said that when Congress confers decisionmaking authority upon agencies Congress must lay down by legislative
separation of powers between the executive and legislative branches, but what happens when non-accountable private actors effectively wield the power of the state? What happens when, for example, private actors decide to leverage their trademark rights to assume control of merchandising markets? It is here that Congress’s failure to empower courts to counteract extreme readings of the statute is especially problematic, as the addition of another layer of regulators exacerbates accountability concerns.

IV. WHAT NOW?

Even without a general common law authority, courts have considerable room to develop trademark law. They set rules to supervise adjudication, and the Lanham Act leaves numerous gaps to fill. When we evaluate the resulting precedents, it is of course fair to care more about their substantive effect than how they conform to somewhat more abstract considerations of the judicial role and the operation of the legal system more generally. But if we are ignorant of a court’s view on questions of substance, we might agree that these ends are worth pursuing. At the very least, they provide an alternative basis for considering the development and reform of trademark law at both the judicial and statutory level, one that judges with a limited interest in trademark might find relevant.

The effort is consistent with the goal of trademark reform. Considering trademark’s expansion from the perspective of trademark’s system goals supports critiques of trademark law as overreaching. In recent years, the Supreme Court has consistently turned aside circuit precedents that sought to expand trademark’s scope without support from the Lanham Act’s text. There remain, however, many doctrines developing in the circuits that are the product of judicial dabbling in common lawmaking without authorization. Reform efforts in the courts could focus on trademark’s limits, on convincing judges of the accountability and transparency problems of ever-expanding trademark. Or they could invite courts to use the same creativity that expanded trademark to develop doctrines that would curtail it. Given the body of precedent developed by courts acting without an eye to limiting boundaries—and the relative lack of success of reformers

act an intelligible principle to which the person or body authorized to [act] is directed to conform.” ) (internal quotation omitted, alteration in original); compare Londoner v. Denver, 210 U.S. 373 (1908), with Bi-Metallic Investment Co. v. State Bd. of Equalization, 239 U.S. 441 (1915) (establishing reduced due process requirements when agency is determining legislative facts as compared to establishing adjudicative facts).

228 See supra note 71-74 and 202 and accompanying text

229 Recall that holders of trademark rights may push their limits without the aid of judges. See supra notes 71-74 and 202 and accompanying text

230 See supra

231 See supra

232 See supra Part ___.
of changing substantive judicial views about trademark—my belief is that the first option is generally preferable. And even if there is no uniformly preferable approach, sensitivity to questions of judicial power could be helpful in choosing a strategy in context.

This is not to say that courts hide from reality’s messiness by making a fetish out of multifactor tests or any other formalist gloss on factfinding at the expense of the adjudicative function. “Clean” doctrinal frameworks that work only because they refrain from inquiring into the facts on the ground can simply be a vehicle for concealing substantive lawmaking. To be sure, this may purchase some predictability, but at the cost of accountability interests.

This suggests reasons for Congress to reassert its control over trademark’s substance even if the results will not necessarily be wholly in line with our substantive preferences. This is not the first time evolving trademark law has outpaced its authorizing statute. In 1988, Congress ratified judicial expansion of trademark law by extending the scope of the cause of action in section 43(a). Congress should confront what has happened since (e.g., further growth of the pre- and post-sale confusion doctrines, stronger merchandising rights) and ratify (if happy) or curtail it (if not). Even if endorsement is Congress’s intent, one would hope for fewer open questions than its Reagan-era effort. While Congress intended courts to continue “developing” trademark law, it did so with language that left courts with little guidance for responding to the then-unforeseen effect of the internet. It also provided open language for the cause of action but restrictive language for trademark defenses or defensive doctrines, tilting the playing field in favor of trademark’s expansion without adequate openings for countervailing interests.

Congress has options. It can create more safe harbors for acceptable uses of trademarks, as it did for dilution when it codified the dilution cause of action. If doing so creates the risk of further curtailing judicial creativity with respect to defenses, due to the expressio unius implications that courts might take from such actions, Congress could broaden its

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233 Grynberg, _Worse Than We Think_, supra note ___, at 963-69.
234 See supra ___. A similar problem exists in the dilution context, where the nature of the injury, to say nothing of its proof, is elusive. Some courts therefore test for the presence of dilution in a manner that favors simplicity at the expense of looking for the actual harm of dilution. See, e.g., Eli Lilly & Co. v. Natural Answers, Inc., 233 F.3d 456, 469 (7th Cir. 2000) (adopting a two-factor test for likelihood of dilution, considering similarity of marks and fame of the plaintiff mark).
235 Though today’s political climate suggests that hoping for any legislation will entail a very long wait.
237 Courts seem, moreover, to have been reluctant to run with existing openings. See, e.g., Rescuecom Corp. v. Google Inc., 562 F.3d 123 (2d Cir. 2009) (limiting applicability of “trademark use” doctrine). On trademark use generally, see sources cited note 215.
delegation to the courts with statutory language granting them the same flexibility for crafting defenses that they now enjoy with respect to liability. The FTC Act offers an example of language that requires courts to more carefully balance claims of likely consumer confusion against the potential benefits to consumers of the challenged conduct.239

Finally, Congress could revisit what trademark law is for. The issue extends beyond tweaking the Lanham Act to answer specific questions generated by the modern marketplace. Trademark’s core policy ambiguity has been with us since the statute was first enacted: Do we care about the interests of trademark holders when they are at cross-purposes with the interests of consumers?240 Should we protect goodwill even when doing so comes at the expense of consumer welfare, and how do we define consumer welfare? These issues are continually raised by the need to interpret the likelihood-of-confusion standard.241 It is well past time to resolve them.