

Tags & Trademarks: Operationalizing Materiality as a Limitation on Infringement

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INTRODUCTION

Trademarks have become a major vehicle for consumer self-expression, where purchasers seek brands for their intrinsic value, rather than for a source or sponsor-related role. Take for example, a consumer who is a fan of the University of Virginia, a college team known for its spirited fans. The consumer is in Charlottesville, Virginia for a game and wants to buy a T-shirt proclaiming “Go Hoos” to showcase his admiration for the team. He has a few choices. He could go to the on-campus store, where only official or licensed merchandise is sold. He could go to the store in town with unlicensed, but funny and original designs. Or he could go to a store that sells both licensed and unlicensed products. The consumer may or may not care whether the T-shirt he purchases is actually licensed by University of Virginia, but modern trademark law has no room for this distinction. Instead, any unlicensed products are deemed infringing without considering whether the consumer actually prefers licensed products over unlicensed products.

In today’s interconnected world, consumers are interacting with trademarks and sharing information about them more than ever before. While consumers still use trademarks to identify the source of the goods they purchase, they also use them for other reasons, such as parody and self-expression. In fact, consumer interaction with marks expands far beyond the purchasing context, whether they are pointing out product placement in television, sharing memes made from advertisements, or donning the logo of their favorite sports team. Trademark doctrine has seriously failed to keep up with consumers’ varied interest in trademarks, and in fact has expanded trademark infringement far beyond the classic context of source confusion.

Much of this expansion has centered around weeding out confusion generally, without regard to its effect on free competition or consumer choice. Many uses that do not even involve confusion as to source have become actionable bases for infringement, such as trademark dilution,

post-sale confusion, and confusion as to sponsorship and affiliation.

This expansion is particularly problematic in the case of associational or merchandising goods, like when consumers buy Los Angeles Lakers hats or Harry Potter T-shirts. Consumers may purchase those products not because they believe they are manufactured or licensed by the Lakers or Warner Brothers, but because they want to affiliate *themselves* with those brands. In these cases, the consumer's use of the trademark may have nothing to do with the actual source or sponsor of the goods. Instead, the purchase is motivated by a desire for the trademark itself. If trademark protection is not reined in to allow for these associational uses, the law will become even more unmoored from its consumer protection rationale, leading to devastating consequences for consumer expression and free competition.

Further, a use should not be treated as infringing when the mark serves as the product itself, or the "actual benefit the consumer wishes to purchase."¹ In such cases, the consumer's purchasing decision is driven not by the *source* (or sponsor) of the goods, but by the trademark as a feature of the goods and as an associational tool. Treating such uses as infringing does not comport with the traditional likelihood of confusion analysis because many consumers may not even consider product source or sponsorship when making these purchases.

To address this problem, I join those who recommend the addition of a threshold materiality component in the likelihood of confusion analysis. In determining infringement, courts should ask whether the product's source or sponsor is *material* to a consumer's decision to purchase the goods. If consumers are not confused about *or do not care about* the source or sponsor of the allegedly infringing products, then why should the courts?² The materiality component

¹ Int'l Order of Job's Daughters v. Lindeburg & Co., 633 F.2d 912, 917 (9th Cir. 1980).

² See Mark A. Lemley & Mark McKenna, *Irrelevant Confusion*, 62 STAN. L. REV. 413 (2010) (proposing that confusion should be actionable only when it impacts consumer decision making).

would force the court to address the core question of consumer confusion: whether the seller has used someone else's mark to trick the consumer into purchasing a good which she did not intend to purchase. A materiality component would be most helpful in the context of sponsorship confusion and most effective when the goods at issue are outside of the trademark owner's primary market. For example, when the "Starbucks" mark appears on a coffee mug, the mark is likely material to the purchase. But when the same mark appears on a T-shirt, it is not as likely to be material to the purchasing decision.

Principally, I recommend this issue be addressed from a practical vantage point, both in the marketplace and the courtroom. In situations involving potential sponsorship confusion, I go beyond prior scholarship and suggest a simple way to operationalize materiality. Namely, producers should be required to designate their goods as official or non-official products, depending on whether the adorning mark was licensed from the mark owner. This requirement would utilize materiality and enable courts to better delineate between problematic and unproblematic uses. Further, a failure to properly designate one's products could result in the burden shifting to the alleged infringer, providing an incentive for compliance by unlicensed producers.

Prominent disclaimers identifying the goods as "non-official" would dispel any consumer confusion as to sponsorship. Supposed infringers would have an incentive to avoid litigation, and therefore would more readily assume the burden of properly displaying the "non-official" disclaimers. This system would also benefit consumers. With fewer uses being "chilled" by the threat of litigation, more purchasing options would be available to consumers free from the possibility of confusion as to sponsorship. Also, the use of disclaimer tags would allow those consumers wishing to purchase "official" goods to easily identify and purchase them.

While these proposed reforms may appear extreme, they are exactly the kind of structural doctrinal change needed to restore the balance of trademark law. Adopting them seems to conflict with the most basic understanding of trademark law: don't use someone else's mark. But when one considers the premises of trademark law, it becomes clear that non-material uses must be permitted. Trademark law is premised on consumer protection and fair competition, and neither of those interests is served by the current pro-producer doctrine.

On the contrary, the protection of a trademark when it functions as *the product itself* is akin to recognizing a property interest in trademarks, something courts consistently reject.³ Further, while prohibiting these uses may protect consumers from some minimal confusion, that confusion is immaterial, and the prohibition simply raises prices to supercompetitive levels. Moreover, it harms consumers in a much greater way: in the current trademark regime, consumers are often deprived of socially beneficial uses of the marks, such as parody, social commentary, and even information sharing.⁴

Perhaps more importantly, consumers themselves are limited in the ways they may use the marks to express themselves. In the current regime, those wishing to show admiration for a particular mark are limited to licensed products. This limits the ways in which they may express themselves, and it also raises the price of such expression. The current regime claims to protect consumers by eradicating confusion, but it instead decimates consumer expression and choice. Therefore, a fundamental doctrinal shift is necessary to restore the balance of consumer protection

³ See *Kentucky Fried Chicken Corp. v. Diversified Packaging Corp.*, 549 F.2d 368, 389 (5th Cir. 1977) (rejecting the idea that “a trademark is an owner's ‘property’ to be protected irrespective of its role in the operation of our markets”); see also *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 98 (1918) (“a trade-mark confers no monopoly whatsoever. . .”).

⁴ See, e.g., Julie Zando-Denis, *Not Playing Around: the Chilling Power of the Federal Trademark Dilution Act of 1995*, 11 *Cord. Women's L.J.* 599, 614 (2005) (discussing how the threat of litigation forced the publisher of body-image collective memoir to change the book's title from “Adios, Barbie” to “Body Outlaws”).

and consumer choice.

The addition of the materiality component and the disclaimer “tags” requirement would allow trademarks to continue serving as source-identifiers but would permit non-trademark uses of the marks to the extent they do not result in material confusion. This more limited scope of trademark liability would facilitate free competition and the expressive non-trademark use of marks, while still preserving the marks’ source- and sponsor-identifying functions when they matter in the marketplace.

In short, this article joins other commentators in arguing for the addition of a threshold materiality component in trademark infringement actions, but it goes beyond those earlier proposals by operationalizing materiality through mandating use of “non-official” tags in sponsorship contexts. Specifically, it examines the utility and operation of a materiality component when a trademark itself becomes a benefit worth purchasing. Part I discusses trademark law’s expansion to protect trademark owners at the expense of consumer interests. Part II examines current approaches to the issue and explains how they fail to address the importance of legitimate competition and the chilling effect of inadequate infringement defenses. Finally, Part III offers a solution that preserves the source-identification role while facilitating free competition and consumer choice in the merchandising market.

PART I. TIPPING THE BALANCE

In the beginning, trademark law was primarily concerned with consumer deception and unfair competition. It served to prevent one manufacturer from imitating another’s marks and “passing off” its goods as those of the mark owner.⁵ Courts focused not on the similarity of the

⁵ See *New West Corp. v. NYM Co. of California*, 595 F.2d 1194 (9th Cir. 1979) (discussing the purpose of 15 U.S.C. § 1125(a)).

products, but on the similarity of the marks and symbols used to identify different products.⁶ They were also less concerned about protecting product features or producer good-will than they were with limiting consumer deception. As a result, the doctrine was not pro-producer, but was heavily influenced by consumer perspectives and interactions with products.⁷

Today's trademark doctrine is much more producer-focused, allowing expansive rights for the strongest marks and, incidentally, the wealthiest mark owners. Trademark protection has snowballed from classic consumer confusion among related goods to preventing confusion on the part of "potential purchasers" or "bystanders."⁸ With the advent of doctrines such as dilution, post-sale confusion, and confusion as to sponsorship or affiliation, almost any unauthorized use of a trademark may be grounds for an infringement suit.

The problem with these expansions is that none of them have clear limits. It is difficult to imagine a more expansive conception of trademark rights than prohibiting confusion as to "affiliation." If all that is required for infringement is "some connection"⁹ between the defendant's use and the plaintiff's reputation, then what uses could be considered non-infringing?

A. Purpose of Trademark Law

Trademark law, unlike other areas of intellectual property law, was created to protect consumers, not producers. It was meant to inhibit unfair competition in the marketplace and

⁶ See Mark McKenna, *The Normative Foundations of Trademark Law*, 82 NOTRE DAME L. REV., 1839, 1900 (2007). In fact, courts embraced producers' use of similar product features in order to facilitate free competition. See e.g., *American Tobacco Co., Inc. v. Gordon*, 10 F.2d 646, 647 (D.C. Cir. 1925) (declining to bar registration of "PALL MALL" for cigars despite existing registration of mark for cigarettes because the goods did not have the "same descriptive properties").

⁷ See *Borden Ice Cream Co. v. Borden's Condensed Milk Co.*, 201 F. 510 (7th Cir. 1912) (finding no infringement where products were unrelated). While the use of Borden on both condensed milk and ice cream may have been *confusing*, it was not actionable because consumers would not be confused into purchasing the wrong goods.

⁸ See *General Motors Corp. v. Keystone Automotive Industries, Inc.*, 453 F.3d 351 (6th Cir. 2006); *Levi Strauss & Co. v. Blue Bell, Inc.*, 632 F.2d 817 (9th Cir. 1980).

⁹ *Chemical Corp. of Am. v. Anheuser-Busch, Inc.*, 306 F.2d 433, 435 (5th Cir. 1962).

prevent consumer deception.¹⁰ These interests intertwine because when a consumer is deceived into purchasing the wrong product, that is the essence of unfair competition.¹¹ Many earlier courts considered trademark's central role to be the prevention of consumer deception, with trademark owners serving as the primary enforcers of that interest.¹² These notions survive in today's jurisprudence through the likelihood of confusion analysis.

In the modern context, the limitation of consumer search costs is considered a major purpose of trademark protection.¹³ If consumers can easily identify the products that they desire, without much "imagination cost" or "search cost" then trademark law is functioning properly.¹⁴ This is where confusion becomes important, even in the absence of any intent to deceive the consumers. However, newer theories of infringement call into question the search-costs rationale, as many modern bases for liability, such as post-sale confusion and dilution, do not even involve confusion at the point-of-sale. Further, sponsorship or affiliation confusion only serves the search cost rationale if the courts assume (as they do) that the consumers actually care about, or want, products that are officially sponsored or approved by the trademark owner.

In short, much of today's trademark expansion is not true to the original rationales of consumer protection from deception and free and fair competition. Further, the expansions may not even comport with more modern rationales, such as the search costs theory.

¹⁰ Robert G. Bone, *Hunting Goodwill: A History of the Concept of Goodwill in Trademark Law*, 86 B.U.L. Rev. 547, 560 (2005).

¹¹ See McKenna, *supra* note 9 at 1841 (explaining that unfair competition occurs when consumers are deceived into purchasing another producer's goods).

¹² Bone, *supra* note 17 at 560.

¹³ See McKenna, *supra* note 9 at 1845.

¹⁴ See William Landes & Richard Posner, *The Economics of Trademark Law*, 78 TRADEMARK REP. 267, 272 (1988); *see also* Qualitex Co. v. Jacobsen Products Co., Inc., 514 U.S. 159, 163-64 (1995) (explaining how the search-costs theory of trademark protection benefits both consumers and producers).

B. Doctrinal Expansions

At first, the only actionable uses of a mark were uses of confusingly similar marks on the similar goods (same marks, same goods).¹⁵ In fact, even closely related goods bearing similar marks were not problematic. For example, in *Borden Ice Cream Co. v. Borden's Condensed Milk Co.*, a court found, despite the relatedness of milk and ice cream, that there was no infringement when the same name was used by different mark owners for the two products.¹⁶ In contrast, today, even uses that do not result in source-confusion may be grounds for infringement. Multiple forms of infringement liability focus on preventing infringers from “trading on” the producer’s good will, even in the absence of any harm to consumers.

Doctrines such as post-sale confusion and dilution are the most telling of trademark’s pro-producer shift. These theories prohibit others from using plaintiff’s mark, not in the interest of preventing consumer confusion, but to preserve the “status” or the distinctiveness of the plaintiff’s trademark. While some of these doctrines technically fall under the theory of consumer confusion, the confusion often has little to no effect on consumers’ purchasing decisions.¹⁷

Another area of expansion, and the one most relevant to our discussion here, is the theory of confusion as to sponsorship or affiliation. In these cases, the court asks not about what consumers think about the source of the goods, but whether consumers think that the goods are sponsored or approved by the trademark owner.¹⁸ Sponsorship confusion as it has evolved is completely detached from consumer decision-making, as courts increasingly find infringement in

¹⁵ See *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348 (9th Cir. 1979) (“if the goods are totally unrelated there can be no infringement because confusion is unlikely”).

¹⁶ See 201 F. 510 (7th Cir. 1912)

¹⁷ See *Hermès Int’l v. Lederer de Paris Fifth Ave., Inc.*, 50 F. Supp. 2d 212, 226 (S.D.N.Y. 1999) (finding infringement even where “purchasers [would] not be confused at the point of sale”).

¹⁸ *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 205 (2d Cir. 1979) (“The public’s belief that the mark’s owner sponsored or otherwise approved the use of the trademark satisfies the confusion requirement”).

the absence of source confusion, and even in the presence of affirmative disclaimers as to sponsorship.¹⁹ Instead, courts hinge their decisions on anti-free-riding principles and questions of how consumers themselves perceive the *legal* rights of mark owners.²⁰ Sometimes, even creating a “link” between the trademark owner and the defendant’s goods is enough to establish liability for infringement.²¹

This doctrine is well-tread in the context of sports merchandising, where manufacturers hope to cash in on the popularity of professional or college sports teams.²² For example, the Fifth Circuit recently found the sale of unlicensed T-shirts bearing college colors to be infringing.²³ Smack Apparel sold T-shirts in yellow and purple (LSU’s colors) saying things like “Bring it Back to the Bayou!” and “Beat Oklahoma.”²⁴ None of the shirts actually bore the university’s logo or even its name.²⁵ Even further, all of the T-shirts included a mark identifying Smack Apparel as the source of the goods.²⁶ Neither party presented any evidence as to actual consumer confusion.²⁷

Still, the court found a likelihood of consumer confusion as to sponsorship or affiliation. In doing so, it considered: (1) the defendant’s intent in engaging in the use; and (2) the extent of control that plaintiff exercised over third-party use of its mark.²⁸ Smack argued that “an intent to

¹⁹ See *City of New York v. Blue Rage, Inc.*, 2020 U.S. LEXIS 13265, *29-30 (Jan. 27, 2020 E.D.N.Y.); *Chanel v. Gordashevsky*, 558 F. Supp. 2d 532, 538 (D.N.J. 2008).

²⁰ See James Gibson, *Risk Aversion and Rights Accretion in Intellectual Property Law*, 116 YALE L.J. 882, 918-19 (2007).

²¹ *Boston Athletics Ass’n v. Sullivan*, 867 F.2d 22, 35 (1st Cir. 1989).

²² See, e.g., *Bd. of Supervisors for La. State Univ. Agric. & Mech College v. Smack Apparel Co.*, 550 F.3d 465 (5th Cir. 2008); *Univ. of Ga. Ath. Ass’n v. Laite*, 756 F.2d 1535 (11th Cir. 1985); *Boston Professional Hockey Ass’n v. Dallas Cap & Emblem Mfg., Inc.*, 510 F.2d 1004 (5th Cir. 1975); *NFL Props. v. N.J. Giants, Inc.*, 637 F. Supp. 507 (N.J. 1986); *NFL Props. v. Wichita Falls Sportswear, Inc.*, 532 F. Supp. 651 (W.D. Wash. 1982).

²³ *Bd. of Supervisors for La. State Univ. Agric. & Mech College v. Smack Apparel Co.*, 550 F.3d at 465.

²⁴ *Id.* at 480.

²⁵ *Id.* at 482.

²⁶ *Id.* at 475-78.

²⁷ However, the defendant did put forth evidence of third-party use of the universities’ color schemes, including use by local businesses around the universities. *Id.* at 479. The court dismissed the evidence. *Id.*

²⁸ *Smack Apparel Co.*, 550 F.3d at 482-85.

copy is not an intent to confuse,” and that it merely hoped the consumers would buy the shirts to identify themselves as fans of the schools.²⁹ The court, on the other hand, found Smack’s intent an invidious attempt to “free-ride” on the popularity of the universities’ marks. Such conduct, the court claimed, created “an unmistakable aura of deception.”³⁰

As to the control consideration, the court found that the strength of the universities’ licensing markets supported a finding of consumer confusion.³¹ It explained that “the universities exercise stringent control over the use of their marks through their licensing program[s].”³² This control, the court noted, created an “inescapable conclusion” on the part of consumers that the defendant’s goods were somehow sponsored or endorsed by the universities.³³ By contrast, when the defendant uses a mark that is not generally policed by the trademark owner or licensed to others, sponsorship confusion is less likely.³⁴ The question, according to the court, is not “whether or not a consumer *cares* about official sponsorship,” but whether the consumer “would likely believe the product is officially sponsored.”³⁵

The problem with both the intent and the control considerations is that neither of them addresses the core issue of sponsorship confusion: whether the consumers are likely to be *deceived* into purchasing unauthorized goods when they in fact wish to purchase authorized, or licensed

²⁹ *Id.* at 482.

³⁰ *Id.* at 484.

³¹ *Id.* at 485.

³² *Id.*

³³ *Id.*

³⁴ *Smack Apparel Co.*, 550 F.3d at 485 (distinguishing *Supreme Assembly, Order of Rainbow for Girls v. J. H. Ray Jewelry Company*, 676 F.2d 1079, 1085 (5th Cir. 1982)).

³⁵ *Smack Apparel Co.*, 550 F.3d at 485 (emphasis in original). The flaw of this reasoning is that its conclusion is also its premise. Producer behavior influences consumer perceptions, which then become the basis of infringement liability. The same problem arises with the use of consumer survey evidence in other merchandising rights cases. *See infra* notes 115-23 and accompanying text.

goods.³⁶ When a manufacturer creates goods bearing a popular mark, its intent is obviously to capitalize on the desire for the mark. But whether it intends to (or does) confuse consumers as to the source or endorsement of the goods is a different matter entirely, and the answer is not always clear. Therefore, the court in *Smack Apparel* seems to be asking the wrong question.

While a few cases have attempted to rein in the overreach of trademark law,³⁷ other courts have been content to permit that expansion. A majority of the courts that have addressed the issue of sponsorship or affiliation confusion have found in favor of defendants, even where there is no indication that consumers actually are confused, or, if they are confused, that such confusion actually impacts their purchasing decisions.³⁸

C. Expanding Rights, Not Defenses

While trademark protection has stretched unrecognizably in the past few decades, trademark defenses have hardly budged. Even as non-trademark uses such as expressive or nominative use increase, there remain very few defenses available to alleged infringers.³⁹ Further, those defenses that do exist are largely inaccessible. Unlike in copyright law, trademark law has no general, catch-all defense of fair, non-infringing use that can dispose of a case in its early stages. Instead, defendants must often endure expensive litigation before obtaining a finding that their use is not infringing.⁴⁰

³⁶ Robert G. Bone, *Taking the Confusion Out of “Likelihood of Confusion”*: Toward a More Sensible Approach to Trademark Infringement, 106 N.W. L. REV. 1307 (2012) (discussing the problem of eradicating deception in and of itself rather than deception that imposes market harms).

³⁷ Int’l Order of Job’s Daughters, 633 F.2d 917.

³⁸ See, e.g., *Au-Tomotive Gold, Inc. v. Volkswagon of Am., Inc.*, 457 F.3d 1062 (9th Cir. 2006); *Boston Athl. Ass’n v. Sullivan*, 867 F.2d 22 (1st Cir. 1989); *Warner Bros., Inc. v. Gay Toys, Inc.*, 724 F.2d 327 (2d Cir. 1983).

³⁹ See Bone, *supra* note 43; William McGeeveran & Mark McKenna, *Confusion Isn’t Everything*, 89 NOTRE DAME L. REV. 253 (2013).

⁴⁰ See e.g., *Toyota Motor Sales, U.S.A. v. Tabari*, 610 F.3d 1171 (9th Cir. 2010); *E.S.S. Entm’t 2000, Inc. v. Rock Star Videos, Inc.*, 444 F. Supp. 2d 1012 (C.D. Cal. 2006).

The most common defenses recognized are the defenses of nominative fair use, descriptive fair use, and expressive use. While these defenses exist, they are not uniformly applied, nor are they readily available at earlier stages of the litigation. To avoid this uncertainty, many producers may refrain from using others' trademarks even where their use is likely permissible.⁴¹ Or, they pay for costly licensing rights just to avoid the possibility of litigation. Both of these behaviors may have an impact on the consumer's perception of trademark rights, which in turn impacts what conduct is or is not considered likely to confuse consumers.⁴² If the courts continue to endorse doctrinal expansions without recognizing robust defenses, consumers may begin to presume that trademark owners have rights of near-absolute use in their trademarks.

Further, and most important for present purposes, the current defenses in trademark law do not allow enough breathing room for expressive uses, nor do they accommodate a consumer's interest in the mark itself as a product. If we consider our University of Virginia fan example, that consumer just wants to buy a T-shirt to express his love for the school and its teams. Trademark law's current defenses do not recognize this as a use of another's mark that is worth protecting. Despite the ever-increasing desire of consumers to associate themselves with brands and trademarks, there are no defenses that definitively address those consumer interests.

PART II. PERSPECTIVES FOR RESTORING THE BALANCE

While many courts are more than willing to further extend the rights of trademark owners, the immense expansion of protection has not gone unnoticed by other courts or by scholars. Trademark protection has spread beyond the marketplace, putting a stranglehold on associational and expressive uses of marks. This is a result not only of expansive trademark protection, but of

⁴¹ Bone, *supra* note 43 at 1362; Rebecca Tushnet, *Running the Gamut from A to B: Federal Trademark and False Advertising Law*, 159 U. PA. L. REV. 1301, 1334 (2011).

⁴² See Gibson, *supra* note 27 at 907.

the market behaviors that result from such far-reaching protection.⁴³ A related concern is the threat to free market competition, since limiting unauthorized expressive uses of a mark tends to cabin competition.⁴⁴

While critics agree on the scope of the problem, they have varied approaches for remedying it. In the courts, those that have approached this issue have mostly done so under the doctrine of “aesthetic functionality,” a doctrine meant to limit the expansion of trademark protection over aesthetically pleasing product features or designs.⁴⁵ By contrast, those courts that favor expansive protection have focused more on “anti-free-riding” principles, finding infringement almost any time there is an intent to copy the plaintiff’s mark.

Scholars attempt to remedy the issue in a number of ways. Several scholars discuss shifting the trademark analysis from consumer confusion to consumer behavior.⁴⁶ Other, less radical proposals suggest that liability should only follow where there is actual harm, or that expressive and socially beneficial trademark uses should be fenced from liability, in much of the same way that copyright fair use supports socially beneficial content.⁴⁷ These proposals may be compelling, but they fail to provide workable, practical solutions to the problem.

A. Judicial Approaches

The only doctrine that courts have successfully used to combat the problems identified

⁴³ See Mark McKenna, *A Consumer Decision-Making Theory of Trademark Law*, 98 VA. L. REV. 67, 86-89 (2012); Gibson, *supra* note 27 at 885 (explaining that major changes in intellectual property law may “emerge from the bottom up”).

⁴⁴ See Mark A. Lemley & Mark McKenna, *Owning Mark(ets)*, 109 MICH. L. REV. 137 (2010).

⁴⁵ See Pagliero v. Wallace China Co., 198 F.2d 339 (9th Cir. 1952).

⁴⁶ McKenna, *supra* note 9 (proposing the infringement analysis focus on limiting market effects of deception); Tushnet, *supra* note 54 (proposing a materiality component in the likelihood of confusion analysis); Mark Lemley & Mark McKenna, *Irrelevant Confusion*, 62 STAN. L. REV. 413 (2010) (suggesting only confusion as to responsibility for quality should be actionable).

⁴⁷ Bone, *supra* note 43 (suggesting that courts implement a harm requirement in the infringement analysis).

above is the doctrine of aesthetic functionality. Even so, many courts have not taken this approach, and even those that have are somewhat limited by the doctrine's shortcomings.

1. Aesthetic Functionality as a Non-Infringing Use

The most successful limitation on expanding trademark rights, particularly as it relates to merchandising products and expressive uses, has been the doctrine of aesthetic functionality. Functionality generally is a basis for denying trademark protection when affording such protection would grant the trademark owner a monopoly in the good itself or in a feature of the good.⁴⁸ If a feature is “essential to the use or purpose of the article” or “affects the cost or quality of the article” it may be functional.⁴⁹ It may also be functional if the owner's exclusive use of the trademark would “place competitors at a significant non-reputation related disadvantage.”⁵⁰

Aesthetic functionality was originally recognized in *Pagliero v. Wallace China Co.*, where the court considered whether others' use of plaintiff's floral designs on silverware was actionable.⁵¹ The court concluded that where a design or feature of the product connotes something “other than a trademark purpose” it is merely functional and falls outside of trademark law's protection.⁵²

Since consumers desired the Pagliero china for the “attractiveness and eye-appeal of the design,” the design was aesthetically functional and could not be protected as a trademark.⁵³ The court explained that, “if the feature is an important ingredient in the commercial success of the product, the interest in free competition permits its imitation.”⁵⁴ Generally, the question is whether

⁴⁸ *Traffix Devices v. Mktg. Displays*, 532 U.S. 23, 30 (2001).

⁴⁹ *Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159, 165 (1995) (quoting *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844, 850, n. 10 (1982)).

⁵⁰ *Id.*

⁵¹ 198 F.2d 339 (9th Cir. 1952).

⁵² *Id.* at 343.

⁵³ *Id.* at 343-44.

⁵⁴ *Id.* at 343.

“effective competition may be undertaken without imitation.”⁵⁵

While *Pagliari* stands for an important principle, the preservation of free competition, it did not provide much clarity to later courts. Today, courts are still trying to determine when these principles should apply, and, if so, whether they have any limits. However, the case has nonetheless become a touchstone of the argument against sponsorship confusion in associational use cases.⁵⁶ The most prominent application of these principles, and arguably the most important for the purposes of sponsorship confusion cases, is *International Order of Job’s Daughters v. Lindeburg & Co.*⁵⁷

In *Job’s Daughters*, the Ninth Circuit addressed whether the appearance of another’s mark on a product constituted infringement when the mark was used, not to indicate source, but as the actual benefit consumers sought to purchase.⁵⁸ The defendant was a jewelry merchant who sold unauthorized products bearing the “Job’s Daughters”⁵⁹ trademarked emblem. The emblem was placed on the jewelry in the form of pendants and charms. Members of the Job’s Daughters fraternal organization would purchase them in order to display their own affiliation with the organization.

The court first turned to the *Pagliari* formulation of aesthetic functionality, but noted that it had a “special twist,” when, as here, the design at issue served not only as an aesthetic feature but also as a way of identifying the plaintiff, Job’s Daughters.⁶⁰ These emblems, the court explained, were aesthetically functional aspects of the jewelry because “they [were] *merchandised*

⁵⁵ *Id.*

⁵⁶ *See, e.g.,* Christian Louboutin S.A. v. Yves Saint Laurent Am. Holding, Inc., 696 F.3d 206, 220-21 (2d Cir. 2012); *Int’l Order of Job’s Daughters v. Lindeburg & Co.*, 633 F.2d 912, 917-18 (9th Cir. 1980).

⁵⁷ *Int’l Order of Job’s Daughters*, 633 F.2d at 912.

⁵⁸ *Id.* at 917.

⁵⁹ Job’s Daughters is a fraternal organization.

⁶⁰ *Int’l Order of Job’s Daughters*, 633 F.2d at 917-18.

on the basis of their *intrinsic* value” rather than as a designation of origin or sponsorship.⁶¹ It noted that consumers “commonly identify [themselves] by displaying emblems expressing allegiances” and that it would be “naïve” to conclude that consumers want the products “*because* [they] believe the product somehow originated with or was sponsored by the organization” it identifies.⁶²

The court expressly rejected the idea that a trademark owner can have a “complete monopoly” over the use of its marks, explaining that a mark’s protection “can only be understood in the context of trademark law and its purposes.”⁶³ Because the central purpose of trademark law is preventing consumer deception, the court found that a producer is generally free to “capitalize on a market or fad created by another” as long as it is not confusing to consumers.⁶⁴

However, the Ninth Circuit did leave the door open for confusion as to sponsorship or affiliation by recognizing that emblems may serve “secondarily” as an indicator of origin or sponsorship.⁶⁵ Still, the court cautioned that courts must “closely examine” the products at issue, the defendant’s merchandising practices, and any evidence of actual confusion.⁶⁶ And in this case, having conducted that examination, the court concluded there was no likelihood of confusion as to source or sponsorship.

When a mark is “a prominent feature” of the item, such that it may be displayed to others when worn, it suggests a non-trademark use that is less likely to confuse consumers.⁶⁷ On the other hand, if a defendant falsely designates his goods as “official” merchandise or “affirmatively”

⁶¹ *Id.* at 918.

⁶² *Id.*

⁶³ *Id.* at 919

⁶⁴ *Id.* (quoting *American Footwear Corp. v. General Footwear Co., Ltd.*, 609 F.2d 655, 662 (2d Cir. 1979)).

⁶⁵ *Id.* at 919.

⁶⁶ *Int’l Order of Job’s Daughters*, 633 F.2d at 919.

⁶⁷ *Id.* at 920.

indicates sponsorship, consumer confusion is more likely.⁶⁸ Finally, the courts should consider whether these kinds of consumers typically buy the goods from “official” sources, such that the unauthorized products would cause sponsorship confusion.⁶⁹ In the decades since *Job’s Daughters* was decided, there have been relatively few opportunities to address the issue again. But a few courts have had occasion to consider it and have further developed the novel theory presented by the Ninth Circuit in different areas of associational goods, including sports merchandise, fraternal merchandise, and merchandise featuring cultural icons.⁷⁰

First, in *Supreme Assembly, Order of Rainbow for Girls v. J.H. Ray Jewelry Co.*, the Fifth Circuit pushed back on prior circuit precedent that recognized a property right in trademarks.⁷¹ *Rainbow for Girls*, like *Job’s Daughters*, was a fraternal organization, and again a defendant was accused of infringing the Rainbow marks by selling unauthorized jewelry featuring the organization’s mark.⁷² The *Rainbow* court found there was no evidence of likelihood of confusion as to sponsorship, mainly because the organization did not have a “historical custom or practice” of exercising control over the use of its mark. However, the court also briefly addressed the functionality question, noting that “the more functional a feature is . . . the less likely it is that buyers will view it as a . . . symbol of origin.”⁷³ Further, the court noted that just because consumers purchased the jewelry “as a direct result of the presence of the Rainbow emblem” does not necessarily mean they did so “believing that the jewelry was in any way endorsed, sponsored, or

⁶⁸ *Id.*

⁶⁹ *Id.*

⁷⁰ See e.g., *Supreme Assembly, Order of Rainbow for Girls v. J.H. Ray Jewelry Co.*, 676 F.2d 1079 (5th Cir. 1982) (fraternal merchandise); *Fleisher Studios, Inc. v. A.V.E.L.A., Inc.*, 925 F. Supp. 2d 1067 (C.D. Cal. 2012) (film-related merchandise); *Univ. of Pittsburgh v. Champion Prods., Inc.*, 566 F. Supp. 711 (W.D. Pa. 1983) (collegiate athletics merchandise).

⁷¹ 676 F.2d at 1083 (citing *Boston Prof’l Hockey Ass’n v. Dallas Cap & Emblem Manufacturing, Inc.*, 510 F.2d 1004 (5th Cir. 1975)). The *Boston Hockey* decision is discussed below.

⁷² *Id.* at 1081.

⁷³ *Id.* at 1083 n.5.

otherwise associated with Rainbow.”⁷⁴ Rather, to prove sponsorship confusion, the court suggested, “it must be shown that [consumers] would *purchase the items because* the presence of the mark indicates to them [a connection between the items and the owner of the mark].”⁷⁵

In *University of Pittsburgh v. Champion Products*, the court came to a similar conclusion by specifically following the direction of *Job’s Daughters*.⁷⁶ The University of Pittsburgh brought suit against Champion Products for selling unauthorized T-shirts bearing the “PITT” mark. First, the court explained that the marks as they appeared were likely aesthetically functional.⁷⁷ Then, it examined whether, even so, the products were likely to cause sponsorship confusion.

Following the directive of *Job’s Daughters*, it found they were not likely to confuse consumers because: (1) the PITT insignia, “emblazoned upon the front” of the shirts, did not indicate source to consumers; (2) defendant never designated its products as “official” merchandise or otherwise “affirmatively indicated sponsorship”; (3) there was no evidence of actual consumer confusion.⁷⁸ In fact, there was “no evidence in the record that any consumers attached any importance to the question” of whether Pitt sponsored the goods.⁷⁹

The next court to follow the *Job’s Daughters* approach was *Fleisher v. A.V.E.L.A., Inc.*, where the court considered whether T-shirts bearing the “Betty Boop” marks were infringing.⁸⁰ First, the court considered the defendant’s merchandising practices, finding that defendant did not

⁷⁴ *Id.* at 1084.

⁷⁵ *Id.* at 1084 n.7.

⁷⁶ 566 F. Supp. 711 (W.D. Pa. 1983).

⁷⁷ *Id.* at 716.

⁷⁸ *Id.* at 717.

⁷⁹ *Id.* at 716.

⁸⁰ 925 F. Supp. 2d 1067 (C.D. Cal. 2012). The procedural history of this case is somewhat confusing. Originally, a panel of the Ninth Circuit heard the case and found for defendants, invoking *Job’s Daughters* to find plaintiff’s logo aesthetically functional and therefore unprotectable. *Fleischer Studios, Inc. v. A.V.E.L.A. Inc.*, 636 F.3d 1115 (9th Cir. 2011). The panel’s opinion was withdrawn after backlash from trademark owners, and an *en banc* court reheard the case, finding for defendant on different grounds and remanding the case to the district court. *Fleischer Studios, Inc. v. A.V.E.L.A., Inc.*, 654 F.3d 958 (9th Cir. 2011) (rehearing *en banc*).

use the “Betty Boop” mark primarily as a trademark, but rather as a “decorative component” of the goods.⁸¹ Then, the court invoked the “competitive disadvantage” formulation of aesthetic functionality in determining that the mark as used could not be protected. Without the use of the Betty Boop marks, defendant’s products (including T-shirts, toys, and posters related to the show) would be “missing something.”⁸² Therefore, the products would be at a “competitive disadvantage” compared to the mark owner and its licensees, who could use the marks freely.⁸³

2. Alternatives and Limitations

Aesthetic functionality is a promising approach to limiting trademark law’s unjustified expansion, but for two reasons that promise is largely unfulfilled. First, many courts have not embraced this use of the doctrine and have instead adopted alternative approaches that further trademark’s expansion. Second, aesthetic functionality has some inherent limitations that complicate its application and make it a less than ideal solution to the problems identified above.

a. Alternative Approaches

Many courts have declined to adopt the doctrine of aesthetic functionality, either by expressly rejecting it or by failing to apply the doctrine at all. In *Au-Tomotive Gold*, for example, the court applied aesthetic functionality doctrine but nevertheless found the defendant liable for infringement.⁸⁴ The court explained that the *Job’s Daughters* formulation of aesthetic functionality would be the “death knell of trademark protection.”⁸⁵ The court dismissed the notion that logos could be functional aspects of the accompanying products (which were VW-emblazoned car

⁸¹ Fleisher Studios, Inc., 925 F. Supp. 22 at 1074.

⁸² *Id.* at 1075.

⁸³ *Id.*

⁸⁴ 457 F.3d 1062.

⁸⁵ *Id.* at 1064.

accessories).⁸⁶ The court found the doctrine inapplicable since the allegedly aesthetic feature was “indistinguishable from and tied to the mark’s source-identifying nature,” and therefore did not create a *non-reputation* related advantage.⁸⁷

More often, courts decline to address aesthetic functionality at all. Instead, as explained further below, they focus on different factors, such as the defendant’s intent or speculation about consumer perceptions. These approaches are problematic for several reasons. First, courts recognize a property interest and anti-freeriding principle in trademarks that are inconsistent with the notion of free and fair competition, and that abandon trademark’s focus on promoting competition in favor of granting market power over trademarks in gross. Second, courts mischaracterize the importance of a defendant’s intent to use another’s mark. Finally, the mechanisms for determining sponsorship confusion are incoherent, circular, and inattentive to the interests of consumers.

i. Free-Riding and the Problem of “Bad Faith”

Several courts have used the concern of “free-riding” on a trademark owner’s investment to justify the expansion of merchandising rights. For example, in *Boston Professional Hockey Ass’n Inc.*, the court based its finding of infringement in part on the fact that the popularity of the marks was “derived from the efforts of the plaintiffs.”⁸⁸ The defendant in that case sold embroidered emblems of the National Hockey League team logos. The court found it dispositive that “defendant would not have [had] a market for his particular products” but for the plaintiff making the marks desirable to consumers.⁸⁹

⁸⁶ *Id.* at 1072-73.

⁸⁷ *Id.* at 1074.

⁸⁸ 510 F.2d 1004, 1011 (5th Cir. 1975).

⁸⁹ *Id.*

The court in *Au-Tomotive Gold* similarly placed great weight on the trademark owner's investment in the popularity of the trademark, and the defendant's attempt to take advantage of that investment.⁹⁰ The defendant sold license plate covers and key chains using plaintiff's "Volkswagen" and "Audi" marks. In finding that the products infringed plaintiffs' marks, the court noted that "the entire significance" of defendant's products was in its connection to the reputation of plaintiffs.⁹¹

Other courts similarly remark negatively on the defendant's intent to "capitalize" on the popularity of plaintiff's mark or to "ride the [plaintiff]'s coattails."⁹² In *NFL Props. v. N.J. Giants*, the defendant sold T-shirts bearing the mark "NEW JERSEY GIANTS" in an attempt to make fun of New York's professional football team for never actually playing in New York.⁹³ The NFL brought suit for infringement of its mark, the "NEW YORK GIANTS." In determining whether the use was infringing, the court repeatedly referenced defendant's "intent to capitalize" on the popularity of defendant's marks.⁹⁴ The defendant claimed that he wanted to sell the shirts to Giants fans who would associate them with the team. In the court's determination, this presented an "intentional, willful, and admitted adoption" of plaintiff's marks, supporting a finding of confusion.⁹⁵ Similarly, in *Processed Plastic Co. v. Warner Commns., Inc.*, a court found that sponsorship confusion was more likely where the defendant's products were created with "an

⁹⁰ 457 F.3d at 1067.

⁹¹ *Id.* at 1074.

⁹² *See Univ. of Ga. Ath. Ass'n v. Laite*, 756 F. 2d 1535, 1545 (11th Cir. 1985); *NFL Props. v. N.J. Giants, Inc.*, 637 F. Supp. 507, 512 (N.J. 1986); *NFL Props. v. Wichita Falls Sportswear, Inc.*, 532 F. Supp. 651, 659 (W.D. Wash. 1982).

⁹³ 637 F. Supp. 507 (N.J. 1986). *But see Nike, Inc. v. "Just Did It" Enters.*, 6 F.3d 1225, 1231 (7th Cir. 1993) (explaining that parodic use suggests plaintiff is not the source of the goods).

⁹⁴ *Id.* at 510. The court remarked: "what came through from this testimony was an attempt to ride the New York Giants' coattails for one reason and one reason only – money." *Id.* In the context of trademark doctrine, why should courts treat commercial intent negatively?

⁹⁵ *Id.* at 518.

intent that the public recognize and purchase them as a symbol of [plaintiff's goods].”⁹⁶

The courts' reliance on intent is misplaced in these cases because the use of plaintiff's mark does not constitute an intent to *confuse* consumers. Moreover, unlike classic “passing off” confusion, where a consumer is likely to be “tricked” into buying the wrong products, it is not clear that consumers here are deceived. The use of plaintiff's mark creates an association between the defendant's products and the plaintiff, but because of the nature of defendant's products that is not deceptive in and of itself.

ii. *Consumer Perception and the Merchandising Right*

As a whole, the courts considering these merchandising claims have misidentified the harm to be prevented by sponsorship confusion doctrine. Many of them equate use of the plaintiff's mark with likelihood of confusion as to sponsorship or affiliation without considering actual consumer perceptions of the use.⁹⁷

Even in those cases that consider the thoughts of actual purchasers, courts focus on the wrong questions. For example, in *NFL Props. v. Wichita Falls*, plaintiff presented survey evidence suggesting that nearly half of consumers were likely confused by the defendant's use of NFL's marks.⁹⁸ The survey showed products like the defendant's and then asked respondents “whether they thought the company that had made the jersey had ‘to get authorization or sponsorship, that is permission, to make it?’”⁹⁹

Asking whether a company *should have* gotten permission for its use is a very different

⁹⁶ 675 F.2d 852, 858 (7th Cir. 1982) (quoting *Boston Prof'l Hockey Ass'n v. Dallas Cap & Emblem Mfg., Inc.*, 510 F.2d 1004, 1012 (5th Cir. 1975)).

⁹⁷ See e.g., *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 205 (2d Cir.1979) (arguing that the appearance of plaintiff's mark alone suggests to consumers that plaintiff approved the use).

⁹⁸ 532 F. Supp. 651, 659 (W.D. 1983).

⁹⁹ *Id.*

question from whether a company actually did have permission for the use. This is also an important distinction because it exposes the issue of doctrinal feedback.¹⁰⁰ If consumers believe that the current state of trademark law requires the defendant to ask for permission before using the mark, then the survey seems meaningless. The question invokes an answer about the law rather than an assessment of the facts.

Further, some courts dismiss evidence of the impact of the defendant's use on consumers' purchasing decisions. For example, in *Smack Apparel Co.*, the court disregarded a claim by defendant that there was "no evidence that consumers care[d] one way or the other whether t-shirts purchased for wear at a football game [were] officially licensed."¹⁰¹ Because the defendant intended to "free ride" on the popularity of plaintiffs' marks, it was irrelevant whether consumers cared about the actual sponsorship relationship.¹⁰²

A court came to a similar conclusion in *Warner Bros. v. Gay Toys*, where defendant created toy replicas of the "General Lee" car from the television series *Dukes of Hazzard*.¹⁰³ There was no evidence of whether the consumers cared about defendant's use of the mark when they made their decisions to purchase.¹⁰⁴ There was also no evidence that the purchasers of the toy cars believed they were sponsored or endorsed by the plaintiff. But, the court found there was "[no] doubt that customers wanted the toy in part because they (or their children) identified the toy with the television series."¹⁰⁵ That was enough, the court said, to warrant a finding of sponsorship confusion.

Relatedly, some courts consider the strength of the plaintiff's licensing markets in deciding

¹⁰⁰ See Gibson, *supra* note 27 at 907.

¹⁰¹ 550 F.3d 465, 484 (5th Cir. 2008).

¹⁰² *Id.*

¹⁰³ 724 F.2d 327, 333 (2d Cir. 1983).

¹⁰⁴ *Id.*

¹⁰⁵ *Id.*

whether sponsorship confusion is likely to occur. As discussed in Part II, the *Smack Apparel Co.* court recognized the plaintiffs’ “stringent control” over the use of its mark in determining that sponsorship confusion was likely.¹⁰⁶ In *NFL Props. v. N.J. Giants*, the court remarked that the NFL’s extensive advertising created a “public perception and consumer awareness that merchandise bearing the NFL marks is sponsored or authorized by the NFL.”¹⁰⁷ While this makes sense, it also seems like the wrong metric from which to measure confusion. If all that’s required for a finding of sponsorship confusion is that the plaintiff invests a lot of money in creating a particular consumer perception, then what has sponsorship confusion accomplished?

A related issue, one that makes sponsorship confusion the most concerning expansion of trademark doctrine, is that the protection afforded in *Smack Apparel* and similar cases is akin to recognizing a property interest in the trademark itself.¹⁰⁸ This is an issue because when a product is desirable for the very fact that it features the trademark owner’s mark, and not because of the nature and quality of goods that the trademark represents, the trademark owner can control the entire market for any use of the mark, even when it is immaterial to consumers’ decisions. The use is prohibited regardless of consumers’ actual perceptions of that use, which fixes a problem that may or may not actually exist. As discussed above, some courts have attempted to remedy this by treating these as “aesthetic” uses rather than actionable “trademark uses.” However, these decisions have done little to quell the rising tide of infringement allegations based on sponsorship confusion.

b. Aesthetic Functionality’s Limits

Moreover, even if all courts were willing to embrace aesthetic functionality the way *Job’s*

¹⁰⁶ 550 F.3d 465, 485 (5th Cir. 2008).

¹⁰⁷ 637 F. Supp. 507, 511 (N.J. 1983).

¹⁰⁸ See *Univ. of Pittsburgh v. Champion Prods.*, 566 F. Supp. 711, 719 (W.D. Pa. 1983).

Daughters did, the doctrine has never been an ideal fit as a solution to the expansion of sponsorship confusion.

Contrary to its title, the aesthetic functionality doctrine as applied in the sponsorship and affiliation context is unconcerned with a mark's purely aesthetic appeal or its utility. After all, there is nothing inherently aesthetic about the word "PITT" on a sweatshirt. Instead, the doctrine addresses when a mark becomes the "actual benefit a consumer wishes to purchase."¹⁰⁹ As the court explained in *Job's Daughters*, the hallmark of such "associational" aesthetic functionality is that the mark is purchased "on the basis of [its] *intrinsic* value" to the consumer.¹¹⁰ In our example, the consumer wishes to purchase not just any T-shirt, but a Virginia Tech T-shirt. There, the Virginia Tech mark may be serving primarily as a product itself, rather than an indicator of the source of the shirt.

What is problematic about decisions interpreting *Job's Daughters* is that they fail to provide this clarity on the relationship between *Pagliero's* "classic" aesthetic functionality and the less traditional "associational" functionality recognized in *Job's Daughters*. They neglect to recognize the very reason that the Ninth Circuit latched on to aesthetic functionality in the first place—the risk that a product itself would fall under trademark law's purview and become unavailable for competitive or expressive use. In *Pagliero*, the court cautioned against affording trademark protection to things that serve a function other than source, namely, being aesthetically pleasing.¹¹¹ To do so, the court believed, would confer a competitive advantage on the plaintiff unrelated to its reputation.

The court in *Job's Daughters* shared the same concern for over-protecting a particular

¹⁰⁹ Int'l Order of Job's Daughters, 633 F.2d at 917.

¹¹⁰ *Id.* at 918.

¹¹¹ *Pagliero v. Wallace China Co.*, 198 F.2d 339, 344 (9th Cir. 1952).

product feature, only with the “special twist” that the feature in question was the plaintiff’s own mark and would, in unexpressive contexts, continue to act as a helpful source-identifier for the plaintiff’s products.¹¹² Other courts have misinterpreted the court’s reasoning by equating aesthetic and utilitarian functionality and failing to appreciate the dangers of protecting a trademark as a product in and of itself.¹¹³

The distinction between purely aesthetic functionality and the associational use at issue in *Job’s Daughters* is unappreciated, and for this reason aesthetic functionality is inherently limited as a solution to the problems described in this article. The doctrine originated in the context of purely aesthetic product features, and while *Job’s Daughters* attempted to bridge the gap, it has been difficult for other courts to follow.

As the court stated in *University of Pittsburgh*, the market at issue in these cases is not the underlying items (shirts, hats, etc.) but the market for those goods which “allow the consumer to show his or her allegiance” to the trademark.¹¹⁴ Further, the use of the mark is essential to the use of the product because it “perform[s] the function of allowing the wearer to express identity, affiliation, or allegiance” to the mark owner.¹¹⁵ The value and function of such uses is not “aesthetic” at all; it is associational. Because of aesthetic functionality’s purely aesthetic foundation, the doctrine is inherently ill-equipped to defend the associational values that are the subject of this article. In addition, a finding of classic aesthetic functionality (like utilitarian functionality) means no trademark rights whatsoever, whereas a finding of associational aesthetic functionality does not rob the mark owners of all rights; it simply limits the context in which those

¹¹² 633 F.2d 912, 918 (9th Cir. 1980).

¹¹³ See *Bd. of Supervisors for La. State Univ. Agric. & Mech. College v. Smack Apparel Co.*, 550 F.3d 465, 486 (5th Cir. 2008); *NFL Props. v. Wichita Falls Sportswear, Inc.*, 532 F. Supp. 651, 663 (W.D. Wash. 1986).

¹¹⁴ 566 F. Supp. 711, 721 (W.D. Pa. 1983).

¹¹⁵ *Id.* at 716.

rights can be exercised. This distinction further complicates the associational version of the doctrine and discourages courts from adopting it.

While the courts couch their analyses in terms of aesthetic functionality, they often discuss whether consumer purchasing decisions are impacted by the product's relationship to the plaintiff. Specifically, they ask whether the consumer likely purchased the product *because* they believed it originated with the plaintiff. For example, in *Job's Daughters*, the court concludes it would be "naïve" to think consumers were motivated to purchase the jewelry because they believed it originated with or was approved by the organization.¹¹⁶ The consumer's motivation to purchase, which is related to the mark's intrinsic value and *not* to the product's source, is a major aspect of the *Jobs Daughters* decision.

The court in *Order of Rainbow for Girls* similarly considered the consumer's motivation for purchasing when it declined to impose liability on the defendant.¹¹⁷ To impose liability, the court explained, would require a showing that the reason the consumers purchased the products was *because of* a perceived relationship between the defendant's products and the owner of the mark.¹¹⁸ In the University of Pittsburgh case, the court similarly declined to impose liability because the consumers did not "attach any importance" to whether the mark owner was involved with the creation or sponsorship of the defendant's goods.¹¹⁹

While the courts frame their decisions in terms of functionality, what they are really discussing is consumer motivation and the market impact of the defendant's use of the mark. Therefore, the courts are already framing their analyses of these expressive and associational uses in terms of materiality, even though the materiality discussion is overshadowed by aesthetic

¹¹⁶ 633 F.2d at 918.

¹¹⁷ 676 F.2d at 1083.

¹¹⁸ *Id.* at 1084.

¹¹⁹ Univ. of Pittsburgh, 566 F. Supp. at 716.

functionality. In this way, aesthetic functionality is not the most efficient way to handle associational uses of marks. Instead, courts should implement an approach that is explicitly attentive to consumers' motivations, perceptions, and associational values.

B. Solutions Proposed in Trademark Scholarship

In the face of fewer doctrinal limits on trademark expansion, scholars have attempted to resolve these problems in a number of ways. Some of them recommend reevaluating the traditional consumer confusion framework. Others recommend adding components to the analysis such as actual harm or source-materiality. For the reasons I explain below, none of these propositions can address both the extensive protection issue and the doctrinal feedback issue in the way that a burden-shifting materiality component would.

1. Learning from False Advertising

There are many situations in which consumers are confused about the products they purchase, but not many of those instances of confusion are addressed by trademark law. For example, when a consumer sees a particular brand appear in a television show, they may be confused about it. They may wonder whether the trademark owner paid to have its product shown on television. But trademark law would do nothing about that confusion because it does not affect consumer behavior and thus has no impact on confusion.¹²⁰

False advertising law follows a similar approach, only imposing liability on defendant's when their statements are "materially" false, that is, when they impact a consumer's decision to purchase.¹²¹ Other commentators who have argued for a threshold materiality component in

¹²⁰ See *Caterpillar Inc. v. Walt Disney Co.*, 287 F. Supp. 2d 913 (C.D. Ill. 2003) (finding no infringement because the appearance of plaintiff's products in defendant's film was unlikely to influence consumer purchasing decisions); see also *Gottlieb Dev. LLC v. Paramount Pictures Corp.*, 590 F. Supp. 2d 625, 635 (S.D.N.Y. 2008) (same).

¹²¹ See Tushnet, *supra* note 54 at 1362-63.

trademark rely on false advertising principles. For example, Mark Lemley and Mark McKenna argue that confusion should only be actionable under trademark law in two situations: (1) when the confusion is related to responsibility for quality; and (2) when the confusion materially impacts consumer purchasing decisions.¹²² They explain that confusion as to source is presumptively material, while confusion as to sponsorship or affiliation is often immaterial.¹²³ Specifically, sponsorship or affiliation confusion would be actionable when the consumer believes the mark owner stands behind or guarantees the quality of the defendant's products.¹²⁴

In arguing for a more quality-focused theory of trademark liability, Lemley and McKenna emphasize the costs of expanding trademark doctrine. They explain (and empirically show) that consumers are actually much better at making purchasing decisions than current doctrine gives them credit for.¹²⁵ Therefore, the benefits of expansive trademark liability, especially in the realm of sponsorship or affiliation confusion, are very low while the costs to consumer choice and expression are very high.¹²⁶

Similarly, Rebecca Tushnet suggests a materiality component be added to the likelihood of confusion analysis in *all* trademark cases so that only confusion that impacts consumer decisions is considered infringing.¹²⁷ In particular, Tushnet challenges the divide between false advertising law, which focuses on consumer motivation to purchase, and trademark law, which focuses on consumer confusion in the marketplace.¹²⁸ She finds it problematic that often a defendant's use of a plaintiff's mark is found infringing "without any evidence that consumers care one whit about

¹²² Mark Lemley & Mark McKenna, *Irrelevant Confusion*, 62 STAN. L. REV 413 (2010).

¹²³ *Id.* at 444-46.

¹²⁴ *Id.* at 415.

¹²⁵ *Id.* at 438-40.

¹²⁶ *Id.*

¹²⁷ Tushnet, *supra* note 54.

¹²⁸ *Id.* at 1307-08.

the relationship between the parties.”¹²⁹

2. *Requiring Trademark Use*

Other scholars suggest the addition of a “trademark use” requirement in likelihood of confusion cases.¹³⁰ This concept is most similar to the Ninth Circuit’s conception of protection in *Job’s Daughters*. However, even the proponents of this theory recognize that it may not be an effective limitation in the sponsorship confusion context.¹³¹

Mark Lemley and Stacey Dogan argue that to find liability for trademark infringement, “trademark use” should be required.¹³² Specifically, infringement should be limited to situations where the defendant is using the plaintiff’s trademark “to promote [defendant’s] own goods or services” and is using the plaintiff’s trademark “as a mark.”¹³³ They contend that by adding a trademark use requirement, those uses that are not source-identifying will be shielded from liability, in much the same way as nominative and descriptive fair use are shielded under current law.¹³⁴

While the implementation of a trademark use requirement would limit some forms of doctrinal overreach, it may not adequately address the associational and expressive uses that are the subject of this article. The trademark use requirement generally asks whether the plaintiff’s mark is being used “as a device to sell [the defendant’s] own product.”¹³⁵ The question is less about source identification and more about whether the defendant is somehow benefiting from the use of another’s trademark.

¹²⁹ *Id.* at 1352.

¹³⁰ See Stacey Dogan & Mark Lemley, *Grounding Trademark Law Through Trademark Use*, 92 IOWA L. REV. 1669 (2007).

¹³¹ See *id.* at 1699.

¹³² See *id.*

¹³³ *Id.* at 1682.

¹³⁴ *Id.* at 1685-86.

¹³⁵ *Id.* at 1699.

Dogan and Lemley explicitly recognize that implementing a trademark use requirement would not effectively limit liability in the context of sponsorship confusion.¹³⁶ Since the trademark use requirement focuses on producer intent rather than consumer perception, many expressive and associational uses would be trademark uses regardless of whether consumers view it as a source or sponsor identifier. For instance, Dogan and Lemley offer the example of a producer using the Nike swoosh on a T-shirt, explaining that this would be a trademark use because the producer is “using the mark to sell her product.”¹³⁷ Believing that the trademark use requirement would not adequately address this situation, they suggest that merchandising and sponsorship cases merit a more in-depth likelihood of confusion analysis.¹³⁸

3. *Requiring Actual Harm*

Other scholars believe the focus of trademark infringement should hinge on the harmfulness, or intended harmfulness, of a defendant’s conduct. Robert Bone suggests that trademark law’s issue is not how it treats consumer confusion, but rather how it treats the existence of harm.¹³⁹ He criticizes the current likelihood of confusion analysis for failing to consider whether confusion actually results in any harm, and instead punishing confusion for its own sake.¹⁴⁰ To fill this so called “normative gap” Bone proposes a bifurcated infringement test that focuses first on the likelihood of consumer confusion, and second on whether there is any trademark-related harm resulting from defendant’s conduct.¹⁴¹

In theory, imposing an actual harm requirement would greatly reduce the volume of

¹³⁶ See Stacey Dogan & Mark Lemley, *Grounding Trademark Law Through Trademark Use*, 92 IOWA L. REV. 1669, 1699 (2007).

¹³⁷ *Id.*

¹³⁸ *Id.*

¹³⁹ Bone, *supra* note 43.

¹⁴⁰ *Id.* at 1310.

¹⁴¹ *Id.* at 1377-78.

trademark infringement claims. Much like Lemley and McKenna's quality-focused materiality proposal, the harm requirement would limit trademark liability to those uses which actually make a difference in the consumer's decisions. However, it may actually go too far.

Take, for example, the use of the title "Dairy Queens" for a film about a farm-related beauty pageant; consumers may associate the film's title with the ice cream franchise, Dairy Queen.¹⁴² There is a chance that the film will be awful, and therefore viewers will form a negative impression of the ice cream franchise regardless of whether it is actually related to the film. Under Bone's infringement test, this mere possibility of a negative association would justify infringement liability.¹⁴³ Therefore, certain expressive uses of marks, or uses that do not actually impact the consumer's purchasing decision, could be considered infringing.¹⁴⁴

Further, given the expanse of trademark rights already recognized, courts (or Congress for that matter) may not be willing to pull back to a strict showing of actual harm. As a result, courts may be willing to accept less evidence of actual harm. Therefore, it may result in doctrine that has technical limits, but which is in reality much less stringent.

4. Granting Expressive Safe Havens

Some scholars recommend creating categorical exceptions to trademark infringement liability, such as expressive and other socially beneficial uses.¹⁴⁵ William McGeeveran and Mark McKenna suggest that when important communicative and competitive values are at stake, certain uses, such as those that are expressive or functional, should be categorical safe harbors from

¹⁴² *Am. Dairy Queen Corp. v. New Line Prods., Inc.*, 35 F. Supp. 2d 727, 728, 732 (D. Minn. 1998).

¹⁴³ *See Bone*, *supra* note 43 at 1373-74.

¹⁴⁴ For this reason, Bone endorses the creation of categorical exemptions from liability similar to those discussed below. *See id.* at 1376.

¹⁴⁵ *See id.*; McGeeveran & McKenna, *supra* note 47.

liability.¹⁴⁶ Similarly, Robert Bone argues that expressive uses in particular should be exempt from liability as long as the work is related to the mark used.¹⁴⁷ These proposals would offer increased certainty for some litigants, but for others it may not go far enough.

McGeeveran and McKenna recommend two categorical safe havens: functional uses and expressive uses. First, they support treating utilitarian functionality as a bar to trademark protection. However, when addressing aesthetic functionality, they focus only on aesthetically pleasing designs and features, such as the red sole of the Louboutin shoe.¹⁴⁸ They fail to embrace the kind of associational aesthetic functionality discussed in *Job's Daughters*. They recommend that a product design or feature should be considered aesthetically functional only if it creates a competitive advantage “which arise[s] from something *other than the source* significance of the plaintiff’s mark.”¹⁴⁹

Therefore, they explain, the use of a *trademarked* logo would be outside of the functional safe harbor because of “its connection to [the trademark owner].”¹⁵⁰ Limiting protection of aesthetically pleasing product features is important, but it cures only part of the larger problem that functionality doctrines are meant to address: the danger of allowing exclusive rights over a product itself. Declining protection for the use of trademarks as associational and expressive tools would permit exclusive use in these products themselves, contrary to the purpose of functionality doctrines.

McGeeveran and McKenna also recommend creating a safe haven for expressive uses. Importantly though, they discuss expressive uses in terms of video games, movies, and paintings,

¹⁴⁶ McGeeveran & McKenna, *supra* note 47.

¹⁴⁷ Bone, *supra* note 43 at 1373-74.

¹⁴⁸ McGeeveran & McKenna, *supra* note 47 at 304-05.

¹⁴⁹ *Id.* at 304.

¹⁵⁰ *Id.*

which are generally accepted as expressive works.¹⁵¹ Associational uses of a mark, such as wearing T-shirts emblazoned with sports team logos, are not traditionally recognized as expressive.¹⁵² Therefore, it is unclear whether an expressive use exception would permit the kinds of associational uses that are the subject of this article.

Finally, while each of these proposals identify the problems with trademark's expansion and offer compelling solutions, they do not provide workable, real-time methods for implementation. To demonstrate, Lemley and McKenna include examples of what they consider material and immaterial sponsorship confusion, but they do not provide specific guidance from which courts could actually make that distinction. Tushnet's recommendation suffers from the same flaw. Without clarity as to when materiality is and is not likely to be found, the materiality component fails to address the chilling-effects problem. The current uncertainty about expressive use and other trademark defenses would merely be replaced by uncertainty about when and how the materiality component applies.¹⁵³

PART III. OPERATIONALIZING MATERIALITY

Today's consumers interact with dozens of brands every day in various capacities, such as information sharing, parody, and expression. However, trademark law has not been up to the task of distinguishing these socially beneficial uses of trademarks from infringing uses. In fact, courts have in many cases dismissed any distinction between the confusion consumers care about and the confusion that they do not.¹⁵⁴

The recognition and use of materiality would help to resolve the current conflict between

¹⁵¹ *Id.* at 305-06.

¹⁵² *See* *Yankee Publ'g, Inc. v. News Am. Publ'g, Inc.*, 809 F. Supp. 267, 276 (S.D.N.Y. 1992).

¹⁵³ *See* *Bone*, *supra* note 43 at 1376.

¹⁵⁴ *See, e.g.*, *Warner Bros. v. Gay Toys*, 724 F.2d 327, 333 (2d Cir. 1983) (imposing liability despite recognizing that consumers purchased the toy car *because of* its connection to *Dukes of Hazzard*).

expressive associational uses and trademark owners' merchandising rights. Effective application of a materiality requirement would permit producers and consumers to engage in expressive associational uses of trademarks without fear of an infringement suit. Further, it would facilitate the use of trademarks by other producers, opening up previously closed licensing markets and increasing consumer choice without risking consumer confusion. It could also clarify courts' approaches to sponsorship confusion and refocus the questions that sponsorship confusion is really addressing.

However, a materiality component can only achieve these goals if it can be effectively implemented, which has proven to be a challenge. As discussed above, courts have grappled with materiality for some time¹⁵⁵, but no clear, workable framework has emerged. Some courts, like the court in *Job's Daughters*, approach the materiality issue by examining the appearance of the mark on the product.¹⁵⁶ If the mark's appearance is more decorative, then perhaps its source-identifying function matters less to consumers. Other courts treat materiality as a kind of tie-breaker, using a lack of materiality to support finding against infringement.¹⁵⁷ Scholars and courts have recognized the importance of materiality in trademark suits, but they have struggled to identify certain, workable rules for determining it.

A materiality component cannot be effective unless the courts have clear, practical tools for deciding whether a trademark use is material. Therefore, producers should be required to expressly distinguish their goods as sponsored or unsponsored goods. Specifically, producers of unsponsored or "unofficial" goods should be required to display tags which clearly disclaim any source or sponsorship relationship with the trademark owner. Additionally, in any subsequent

¹⁵⁵ See *infra* notes 134-37 and accompanying text.

¹⁵⁶ *Int'l Order of Jobs Daughters*, 633 F.2d 912, 920 (9th Cir. 1980); *Univ. of Pittsburgh v. Champion Prods., Inc.*, 566 F. Supp. 711, 716 (W.D. Pa. 1983).

¹⁵⁷ See *e.g.*, *Univ. of Pittsburgh*, 566 F. Supp. at 716.

trademark litigation, failure to display these tags should result in shifting the burden to the unlicensed producer to show there is no likelihood of consumer confusion (or dilution). The use of disclaimer tags would not only create certainty in terms of litigation but also would aid consumer decision-making and choice. By expressly marking products as unauthorized, producers could dispel any true consumer confusion. Further, the designation of products as authorized and unauthorized would enable those consumers who do care about purchasing “official” products to do so.

The use of disclaimers, and of source-related tags, is not new in most merchandising markets. For example, in sports merchandising this is already a widespread phenomenon. Producers tend to identify their goods (or their licensed goods) as official merchandise.¹⁵⁸ Some even invest in high-quality holographic tags to track and mark the official products. Presumably, producers designate their goods as “official” or licensed because they believe that some consumers will place a premium on that designation and actually seek the official products.

The use of source-disclaiming tags may be foreign to unlicensed producers, but because of the decreased litigation risks, it is an expense they would likely be willing to take on. Additionally, it seems reasonable that the cost of adding tags should fall on unlicensed producers, not on trademark owners. If unlicensed producers are permitted to use the trademark owner’s mark, they should bear any costs related to that privilege.

Specifically, the producers would be required to display prominent, specific disclaimers on these tags.¹⁵⁹ Ideally all such tags could have a uniform design, perhaps even a design that uses a

¹⁵⁸ *Hologram-based Security Fights Counterfeit Sports Merchandise*, PACKAGING DIGEST, (Oct. 31, 2009), <https://www.packagingdigest.com/retail-packaging/hologram-based-security-fights-counterfeit-sports-merchandise>.

¹⁵⁹ If the product being sold is not suitable for a “tag,” the disclaimer could be prominently displayed on the product itself or on the website from which it is sold.

common template issued by a governing agency. While courts have historically rejected the relevance of disclaimers in the sponsorship confusion context, that is typically because the disclaimers are ineffective or inconspicuous. This is a problem that clear, uniform disclaimer tags could easily address.

Some courts have recognized the value of affirmative disclaimers. For example, in *Wichita Falls Sportswear, Inc. and Univ. of Kansas*, a court explained that a prominent disclaimer may dispel any possible sponsorship confusion.¹⁶⁰ However, it clarified that if disclaimers are not conspicuous or are unclear, courts could dismiss them altogether. Such was the case in *Univ. of Ga. Athletic Association v. Laite*, when the court found defendant's "Battlin' Bulldog Beer" infringed the University of Georgia's marks despite the presence of disclaimers.¹⁶¹ Each can of defendant's beer bore a label asserting it was "not associated with the University of Georgia," but the court found the labels ineffective for two reasons.¹⁶² First, they were in small silver print and relatively "inconspicuous." Second, they were "practically invisible" when the cans were sold together as a six-pack.¹⁶³

Similarly, in *Au-Tomotive Gold*, the defendant placed disclaimers on the packing of each of his auto-accessory products that bore plaintiffs' marks.¹⁶⁴ The disclaimers stated the products "may or may not" have been approved by plaintiffs, which the court claimed was not sufficiently clear to dispel confusion.¹⁶⁵ Further, the court was bothered that the disclaimers were "not visible

¹⁶⁰ 532 F. Supp. 651, 661 (W.D. Wash. 1983); *see also* *Univ. of Kan. v. Sinks*, 565 F. Supp. 2d 1216, 1255 (D. Kan. 2008).

¹⁶¹ 756 F.2d 1535, 1547 (11th Cir. 1985).

¹⁶² *Id.*

¹⁶³ *Id.*; *see* *Weight Watchers Int'l, Inc. v. Stouffer Corp.*, 744 F. Supp. 1259, 1276 (S.D.N.Y. 1990) (finding disclaimer ineffective "because of its location and size").

¹⁶⁴ 457 F.3d 1062, 1065 (9th Cir. 2006).

¹⁶⁵ *Id.*

once the product[s] [were] removed from the packaging and in use.”¹⁶⁶

Disclaimers which are difficult for consumers to find are also problematic. In *Wichita Falls Sportswear, Inc.*, the defendant was under a court order to place disclaimers on its jerseys.¹⁶⁷ He placed the disclaimers on the backs of tags, or on the inside flaps of the products, where they would be difficult to see.¹⁶⁸ In this case, the disclaimers were not only ineffective, but they were also treated as evidence of a “direct intent to create confusion as to sponsorship.”¹⁶⁹

Other courts have similarly treated the use disclaimers as evidence of bad intent. For example, in *City of New York v. Blue Rage, Inc.*, a court found rejected a store’s use of disclaimers when selling both licensed and unlicensed “NYPD” merchandise.¹⁷⁰ It explained that the use of disclaimers “constitute[s] express acknowledgment that a party is ‘knowingly and intentionally capitalizing on plaintiff’s name, reputation, and goodwill.’”¹⁷¹ This conclusion is inaccurate, as disclaimers (when displayed conspicuously) show an affirmative attempt by producers to limit consumer confusion. This interpretation would leave producers in a difficult position, where their attempts to negate consumer confusion only strengthen the case for infringement.

My proposed disclaimer tag requirement would address prior courts’ concerns about the effectiveness of disclaimers and bad intent. I recommend that the required disclaimer have a uniform, conspicuous design. Unlike the “practically invisible” disclaimer rejected in *University of Ga. Athletic Ass’n.*, the required tag would have large, clear lettering which notifies consumers of the product’s unofficial status.¹⁷² Further, producers would be required to place the tag in a

¹⁶⁶ *Id.*

¹⁶⁷ 532 F. Supp. 651, 661 (W.D. Wash. 1986).

¹⁶⁸ *Id.*

¹⁶⁹ *Id.*

¹⁷⁰ 2020 WL 423432, *10 (E.D.N.Y. Jan. 27, 2020).

¹⁷¹ *Id.* at *10 (citations omitted).

¹⁷² 756 F.2d at 1547

particular location so that it could be easily identified, so the disclaimer could not be hidden from consumers as it was in *Wichita Falls Sportswear*.¹⁷³

Not only would the proposed disclaimer appear prominently and conspicuously, but it would also be accompanied by a clear message that the product was not sponsored or affiliated with the trademark owner in any way. This clarity would make the disclaimer more effective at limiting consumer confusion, unlike the wavering disclaimer in *Au-Tomotive Gold*.¹⁷⁴ If the disclaimer tags are uniformly designed and prominently displayed, consumers will begin to recognize them as indicators of unofficial and unlicensed goods. As long as unlicensed producers display the tags properly, consumers will be less likely to be confused by the familiar tag. Therefore, courts will no longer need to investigate the ill motives of unlicensed producers, at least not when they adhere to the tag requirement.

If unlicensed producers fail to use the disclaimer tags, or fail to use them properly, courts should shift the burdens in any subsequent infringement cases. Ordinarily, a trademark owner bears the burden of proving that a likelihood of confusion (or dilution) results from the defendant's use of the owner's mark. Instead of the trademark owner bearing the burden of proof, the burden would be on any unlicensed merchandiser who does not use a tag to show that its use of the mark was *not* likely to cause consumer confusion (or dilution). Since the disclaimer tags provide a shield from liability, unlicensed producers should be treated more harshly for failing to adhere to the requirements. Also, shifting the burdens would provide an incentive for unlicensed producers to comply.

If the use of unofficial tags were required, or at least became more common, courts would be forced to tackle the underlying premises of sponsorship confusion—as they should have been

¹⁷³ 532 F. Supp. at 661.

¹⁷⁴ 457 F.3d at 1065.

doing all along. Since disclaimers would have the effect of limiting material consumer confusion, courts could properly reorient the sponsorship confusion analysis. Instead of assuming that the presence of the plaintiff's mark creates sponsorship confusion, they could more closely analyze the defendant's behavior and consumer motivation. Those alleged infringers who use the disclaimer tags in good faith could be spared from infringement suits, while those who affirmatively, falsely, and materially suggest sponsorship by the plaintiff would be held liable.

CONCLUSION

The unfettered expansion of trademark law demands a doctrinal shift. Specifically, it requires an analysis of infringement that is consumer-focused, one which properly balances consumers' expressive interests with the interest in preventing *unfair* competition. While the materiality component is a seemingly radical proposal, it addresses a fundamental concern about consumer expression. In the midst of trademark law's recent expansions, consumer interests have been overlooked and free competition inhibited in the end of preventing confusion. The materiality component and tag proposals present comprehensive, responsive solutions to trademark law's unconstrained growth.