An Open-Access Casebook

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Preface

Thanks for your interest in *Trademark Law: An Open-Access Casebook*! I hope that you find it useful.

I should say a word or two about the court opinions included in this casebook. As with any casebook, students should ask themselves as they come upon each particular opinion: Why is this opinion being presented to me? What is it doing here? This casebook includes some opinions because they are leading opinions that continue to have a significant influence on the course of American trademark doctrine. Other opinions are included because they are simple, straightforward examples of the doctrine being applied. Still other opinions are included because they are problematic and almost certainly wrong. Finally, some opinions are included because they are all of the above. Though the casebook does sometimes point out which opinions have proven to be highly influential, you are nevertheless invited, as you proceed through the casebook, to decide for yourself how each opinion should otherwise be characterized.

The opinions are sometimes lightly edited and may retain many of the citations included in the original opinion. They may also retain paragraphs that review doctrine previously covered. This may be frustrating to students accustomed to reading aggressively edited-down opinions. But sometimes more is ultimately less. I use curly brackets—{ }—to distinguish edits I have made in the opinions from the original opinion's use of square brackets.

If you would prefer a different format for the casebook, one more easily readable on screen, a .docx version of the casebook is available at tmcasebook.org.

The casebook remains a work in progress. I update it every summer. I'm grateful to the many professors who have adopted the book for use in their classrooms and who have written to me with corrections and suggestions. I'm also grateful to the many students who have done the same.

This is a free casebook. My hope is that this casebook shows that it is possible to produce a reasonably useful American law school casebook on standard word-processing software without the need for the traditional publishers—and their exploitative prices per copy. My further hope is that, being free and online, the casebook is more accessible to students around the world. The downside is that the book is not professionally proofread, formatted, or bluebooked. Please forgive any errors.

Finally, the book is free largely due to the support of NYU Law's students and alumni, most notably, John M. Desmarais (NYU Law '88) of Desmarais LLP, who established the professorship I hold at NYU Law. I thank all of them for their support.

–Barton Beebe

Introduction

Trademark lawyers often tell the story in one form or another of the Coca-Cola lawyer who spoke in 1986 of the value of the company's goodwill as symbolized by its brand: "The production plants and inventories of The Coca-Cola Company could go up in flames overnight. Yet, on the following morning there is not a bank in Atlanta, New York, or anywhere else, that would not lend this Company the funds necessary for rebuilding, accepting as security only the inherent good will in its trademarks 'Coca-Cola' and 'Coke."'[1] The story was and remains no exaggeration. In 2024, Interbrand estimated the value of the Coca-Cola brand to be $58.0 billion[2]—as against Coca-Cola's fixed assets in 2024 of $9.2 billion.[3]

APPLE, GOOGLE, COKE, MICROSOFT, SAMSUNG, TOYOTA, MCDONALDS, LOUIS VUITTON, NIKE, PEPSI, FACEBOOK, VISA, CITI, STARBUCKS. Instantly recognizable by a very large proportion of humanity, these are among the most valuable and influential signs in the world, rivalling in significance many religious and national symbols. They are only the most notorious of the millions of brand names that populate the modern marketplace. Trademark law regulates these brand names, from the multi-billion dollar global brands to the name of the local shop down the street. Without trademark protection, many would cease to exist.

In this introductory chapter, we first review the early history of trademarks and trademark law, including the first great Supreme Court trademark case, the so-called *Trade-Mark Cases*. We then critically consider the varied policy justifications for trademark protection. We conclude by briefly situating trademark law within the larger scheme of intellectual property law.

A. The History of U.S. Trademark Law

1. The Origins of Trademarks and Trademark Law

In the excerpt that follows, Professor Mark McKenna surveys the origins of American trademark law from seventeenth-century English case law up through nineteenth-century American case law. Some of the cases he mentions may seem far removed in their facts and reasoning from the present-day world of the global internet and multi-billion dollar brands. But as you will see, the early history of trademark law implicates questions that continue to concern courts and trademark law policymakers. What is the proper rationale for trademark protection? Are trademark rights simply a form of pernicious monopoly rights? Is trademark

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[1] Quoted in Thomas D. Drescher, The Transformation and Evolution of Trademarks—From Signals to Symbols to Myth, 82 TRADEMARK REP. 301, 301-02 (1992).

[2] *See* Interbrand, Best Global Brands, https://interbrand.com/best-global-brands/.

[3] The Coca-Cola Company, Balance Sheet, https://investors.coca-colacompany.com/financial-information.

law intellectual property law or is it unfair competition law? What should qualify for trademark protection? What role should intent or "bad faith" play in the determination of liability for trademark infringement? Should consumers have standing to sue when they are confused by one company's use of a mark similar to another company's mark?

Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 NOTRE DAME L. REV. 1839, 1849-62 (2007) (some footnotes altered or omitted)

II. A SECOND LOOK AT EARLY TRADEMARK PROTECTION

[1] Use of markings to identify and distinguish one's property dates to antiquity, and regulations regarding use of those marks almost as long . . . . Because nineteenth-century American courts explicitly drew on English law . . . , a full account necessarily begins in England.

A. Medieval Marks as Liabilities

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

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

[4] Importantly, guilds required members to display their marks for the purpose of developing and maintaining the collective goodwill of the guild; marks were *not* used for the purpose of establishing individual producer goodwill. Indeed, intraguild competition was strictly forbidden. Moreover, guild regulations were not motivated primarily by a concern for consumers. Even in the cutlers' trade, where marks seem to have been viewed most

[25] Owners also carved identifying marks into the beaks of swans they were allowed to own by royal privilege. *See* FRANK I. SCHECHTER, THE HISTORICAL FOUNDATIONS OF THE LAW RELATING TO TRADE-MARKS 35-37 (1925).

[26] Not coincidentally, these mandatory marks also made it possible for the Crown to regulate conduct, particularly in the printing industry, where the Crown policed heresy and piracy. *See id*. at 63-77.

analogously to modern trademarks,[28] regulation was intended not for the protection of purchasers, but for "guidance of those exercising control or working in rivalry."[29] In fact, though it is not clear how often mark owners sought enforcement of their marks during this period, whatever enforcement mark owners did pursue seems to have been motivated by their concern about being held responsible for products they did not make.

B. English Trademark Cases

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1. Trademarks in Courts of Law and Equity

[5] The first reported English decision clearly involving a claim based on use of a party's trademark was the court of equity's 1742 decision in *Blanchard v. Hill*,[39] {in which Lord Chancellor Hardwicke declined to issue an injunction}. The plaintiff in that case, a maker of playing cards, sought an injunction

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

[6] The factual context of *Blanchard* is particularly noteworthy; the plaintiff was seeking protection of a mark for playing cards pursuant to a royal charter, and charters granting exclusive rights to cardmakers had been at the center of a long political struggle between Parliament and the Crown. Marks played an important role in the contested charter scheme because cardmakers were required to use their seals so that exclusivity could be enforced,[42] a fact that clearly colored the court's view of the case. . . .

[7] The *Blanchard* decision, however, should not be read as a categorical condemnation of claims based on use of a competitor's mark. Rather, Lord Hardwicke was focused on cases in which the plaintiff's claim of exclusive rights emanated from a monopoly granted by royal charter. In fact, his decision in *Blanchard* specifically distinguished the plaintiff's claim in that case from the clothier's claim referenced in Popham's report of *Southern* {*v. How*, which was probably the case *J.G. v. Samford* (C.P. 1584) in which one clothier used the mark of another with the intent to deceive consumers}. Unlike the plaintiff in *Blanchard*, who claimed the exclusive right to use his Mogul mark without qualification, the clothier in *Southern* based his case on the defendant's "fraudulent design, to put off bad cloths by this

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

[29] *Id*. at 120 (quoting Robert Eadon Leader, History of the Cutlers of Hallamshire 110 (1906)).

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

[40] *Id*. at 484, 26 Eng. Rep. at 692-93.

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

means, or to draw away customers from the other clothier."[45] When the defendant intended to pass off its goods as those of the plaintiff, Lord Hardwicke implied, an injunction might well be appropriate.

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

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

[10] Like their counterparts in courts of law, courts of equity became more solicitous of trademark claims in the first part of the nineteenth century. Of particular significance, courts very early on concluded that, where a claimant could demonstrate an exclusive right to use a particular mark, equity would intervene to protect a property interest and evidence of fraudulent intent was not necessary. . . .

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

> The true principle, therefore, would seem to be, that the jurisdiction of the Court in the protection given to trade marks rests upon property, and that the Court

[45] *Blanchard*, 2 Atk. at 485, 26 Eng. Rep. at 693.

[46] (1824) 3 B. & C. 541, 107 Eng. Rep. 834 (K.B.).

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

[48] *Id*.

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

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

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

> interferes by injunction, because that is the only mode by which property of this description can be effectually protected.[59]

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

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C. Early American Trademark Jurisprudence

1. Trademark Law Targets Dishonest Trade Diversion

[12] As noted above, I read the decisions of the English common law courts and courts of equity as reflecting the same fundamental concern. In both types of cases, courts were singularly focused on the harm to a producer from improper diversion of its trade, and they worked with existing forms of action to remedy that harm. American courts had the same focus when they began deciding trademark cases, and they repeatedly made clear that the purpose of trademark law was to protect a party from illegitimate attempts to divert its trade.[82]

[13] In *Coats v. Holbrook*,[83] for example, the court said that a person is not allowed to imitate the product of another and "thereby attract to himself the patronage that without

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

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

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

[62] (1878) 10 Ch.D. 436.

[63] *Id*. at 448.

[82] Like its English predecessor, American trademark law was predominantly a product of judicial decision. Prior to the Act of July 8, 1870, ch. 230, 16 Stat. 198, 210, statutory protection, to the extent it existed, was at the state level and highly trade-specific. Massachusetts, for example, specifically regulated the use of marks on sailcloth. *See* Schechter, *supra* note 23, at 130-32. The Supreme Court declared the first two attempts at federal trademark legislation unconstitutional. *See* The Trade-Mark Cases, 100 U.S. 82, 99 (1879) (invalidating the trademark legislation of 1870 and the Act of Aug. 14, 1876, ch. 274, 19 Stat. 141 (which imposed criminal sanctions against one who fraudulently used, sold or counterfeited trademarks)). Even after Congress began legislating again in this area, however, trademark law remained fundamentally a creature of common law. Indeed, the Lanham Act, ch. 540, 60 Stat. 427 (1946), is widely noted to have generally codified common law.

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

such deceptive use of such names . . . would have inured to the benefit of that other person."[84]

[14] . . . Moreover, . . . American courts concluded very early on that this protection in many cases was based on a property right,[91] following essentially the approach of English courts of equity.

2. Trademarks and Unfair Competition

[15] Because the purpose of trademark protection traditionally was to prevent trade diversion by competitors, it has long been regarded as a species of the broader law of unfair competition, and even more broadly, as part of the law governing other fraudulent (and unfair) business practices. This view of trademark protection as a species of unfair competition was not, as some have suggested, a post hoc conflation of two branches of the law. From the very beginning, trademark cases and those only "analogous" to trademark cases were grounded in the same fundamental principle—that no person has the right to pass off his goods as those of another. . . .

[16] At some point in the late nineteenth century, American courts began to use the term "unfair competition" slightly differently. Those courts divided the universe of distinguishing marks into "technical trademarks," which were protected in actions for trademark infringement, and "trade names," which could only be protected in actions for unfair competition. Arbitrary or fanciful terms applied to particular products were considered technical trademarks,[99] while surnames, geographic terms, descriptive terms were considered trade names.[100] . . . .

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

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[84] *Id*. at 717.

[91] *See, e.g.*, The Trade-Mark Cases, 100 U.S. 82, 92 (1879); Blackwell v. Armistead, 3 F. Cas. 546, 548 (C.C.W.D. Va. 1872) (No. 1474); Derringer v. Plate, 29 Cal. 292, 294-95 (1865); Avery & Sons v. Meikle & Co., 4 Ky. L. Rptr. 759, 764-65 (1883);

[99] *See* RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 9 (1995); *see also* 1 MCCARTHY § 4:4, at 4-4 (defining technical trademarks as marks that were "fanciful, arbitrary, distinctive, non-descriptive in any sense and not a personal name").

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

Comments and Questions

1. *"Technical trademarks", "trade names", and intent*. In addressing the role of intent in late nineteenth century American unfair competition law, McKenna cites *The Restatement (Third) of Unfair Competition*. The *Restatement* explains:

> In both England and the United States {in the late nineteenth century}, the property conception of trademark rights extended only to certain designations. When the defendant imitated a designation that was clearly distinctive of the plaintiff's goods, the natural inference that the defendant intended to deceive prospective purchasers eventually led to a conclusive presumption of fraud. Thus, in the case of words or other symbols invented by the plaintiff or arbitrary designations that had no apparent relation to the plaintiff's goods except as an indication of source, the courts began to protect the plaintiff's "property" interest in the mark without regard to the presence of any fraudulent intent. Such marks were characterized as "trademarks," and cases involving the unauthorized use of these marks were designated as actions for "trademark infringement." The focus of the inquiry thus shifted from an analysis of the defendant's conduct to a consideration of the nature of the plaintiff's right. Less distinctive marks that had nevertheless come to be recognized by prospective consumers as indications of source were called "trade names." Although not recognized as "property" in the same sense as technical "trademarks," protection for "trade names" remained available through the action for "unfair competition," with its historical emphasis on the fraudulent character of the defendant's conduct.
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> . . . The initial emphasis on fraud and property rights has generally given way to a more explicit analysis of the propriety of the defendant's conduct as a means of competition, and the technical distinctions between the actions for trademark infringement and unfair competition have now been abandoned.

RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 9, cmt. d (1995).

2. *Production marks*. As the McKenna excerpt explains, local guilds required production marks not just to aid in asserting their monopoly but also to fix liability for poorly-made goods that might tarnish the reputation of the guild. An early example of quality enforcement—and of trademark adjudication—comes to us in the remarkable story of the fourteenth-century bladesmith John Odinsay. Odinsay was accused of making a sword that broke during combat when one Sir Peter Harpdon used it to defend himself from highway brigands while travelling through Bordeaux in 1345. Sir Peter recovered from his wounds in that skirmish and went on to fight next to the Black Prince in the Battle of Crecy in 1346. But upon his return to London, he pursued the matter of the broken sword. The hallmark suggested that Odinsay had made it (and the penalties for such faulty craftsmanship would have ruined Odinsay and his family), but the mark turned out to be a forgery. The London

bladesmiths' guild discovered that several of its members' marks were being forged, perhaps by smiths in nearby cities. *See* Thomas D. Drescher, *The Transformation and Evolution of Trademarks—From Signals to Symbols to Myth*, 82 TRADEMARK REPORTER 301, 313-18 (1992).

2. [*The Trade-Mark Cases*]

[The opinion in the Trade-Mark Cases is available separately.]

3. The Statutory Development of U.S. Trademark Law

Rep. Fritz Lanham, 1880-1965
(D-Texas, 1919-1947)

Excerpt from Restatement (Third) of Unfair Competition § 9 (1995)

[1] *e*. *Trademark legislation*. The federal government and each of the states have enacted legislation protecting trademarks. The statutes generally provide a mechanism for the registration of trademarks, describe the types of marks that may be registered, and specify the procedural and substantive advantages afforded to the owner of a trademark registration. The statutes, however, do not ordinarily preempt the protection of trademarks at common law.

[2] Although several states had earlier enacted legislation to prevent the fraudulent use of trademarks, the first federal trademark statute was not enacted until 1870. This initial attempt at federal protection proved short-lived, however, when in 1879 the Supreme Court in the *Trade-Mark Cases*, 100 U.S. (10 Otto) 82 (1879), held that the statute had been unconstitutionally grounded on the patent and copyright clause of the Constitution. A second federal statute was enacted in 1881, but in reaction to the *Trade-Mark Cases*, registration under the act was limited to marks used in commerce with foreign nations and the Indian tribes. The first modern federal trademark registration statute was the Trademark Act of 1905, grounded on the commerce clause. In a continuation of the distinction that had developed at common law between technical "trademarks" and "trade names," the Act of

1905 limited registration to fanciful and arbitrary marks, except for marks that had been in actual use for 10 years preceding passage of the statute.

[3] To clarify and strengthen the rights of trademark owners, the Act of 1905 was replaced by the Trademark Act of 1946 (effective July 5, 1947), 15 U.S.C.A. §§ 1051-1127, commonly known as the Lanham Act. The Lanham Act is generally declarative of existing law, incorporating the principal features of common law trademark protection. However, among the major innovations of the Lanham Act were the adoption of a constructive notice rule that effectively expanded the geographic scope of trademark rights, and an attempt to provide a measure of security to trademark owners in the form of "incontestable" rights in certain trademarks. The Lanham Act in § 43(a) also added a general proscription against false designations and representations that has come to serve as a federal law of deceptive marketing.

[4] Statutes in every state also provide for the registration of trademarks. In 1949 the United States (now International) Trademark Association prepared a Model State Trademark Bill patterned after the federal registration system. The Model Bill, revised in 1964 and 1992, provides the basis for much of the current state legislation.

From Edward S. Rogers, *The Lanham Act and the Social Function of Trademarks*, 14 LAW & CONTEMP. PROBS. 173, 180-83 (1949)

. . . .

[1] The prospect of getting anything through Congress in 1937 was not encouraging. Our committee{, the Trade Mark Committee of the Patent Section of the American Bar Association,} kept notes and I had a scrapbook in which I stuck ideas that came in from all sorts of places. More as a matter of convenience than anything else, I cast those notes and ideas in the form of a draft statute.

[2] In the winter of 1937 the Commissioner of Patents asked me to come to Washington to see him. He said he had had a conference with Fritz Lanham, who was chairman of the subcommittee of the House Patent Committee dealing with trademarks, and asked me to see Mr. Lanham, which I did. Mr. Lanham said that a large number of piecemeal amendments to the 1905 Act had been proposed and that he had been studying the Act and couldn't make head or tail of it; that if it were amended piecemeal it would make incomprehensible what had hitherto been merely obscure. So he asked if anywhere around there was a skeleton draft of a new act that could be used as a sort of clotheshorse to hang things on. I told him I had such a draft and he asked me to leave it with him, which I, of course, was glad to do.

[3] I supposed that Mr. Lanham was just going to study this memorandum and skeleton—it was hardly more than that—and begin to hold hearings. I was surprised when, on January 19, 1938, he introduced it as H.R. 9041.

[4] Immediately bar associations appointed committees which did thoughtful and conscientious work, with the result that we now have a new Trade-Mark Act. Since the last Act was passed in 1905 and the new Act in 1946—forty-one years later—I suspect we are going to have to live with the Lanham Act for a long time.

. . . .

[5] Whenever there was a hearing before any committee on the trade-mark bill, sooner or later there appeared zealous men from the Department of Justice who raised all manner of objections. They asserted that trade-marks are monopolistic and any statutory protection of them plays into the hands of big business and should be discouraged. In vain it was pointed out that what is now big business started as little business—that trade-marks are not, like patents and copyrights, a government grant of an exclusive right, that trade-marks are visible reputation and symbols of good will, that trade-marks are the antithesis of monopoly, and that to protect them is to insure the one whose goods or services they distinguish against fraud and misrepresentation.

[6] No progress seemed to be made with the Department's representatives, who were against not only the protection of trade-marks but trade-marks as an institution. . . .

Comments and Questions

1. *The long road to the Lanham Act*. In his influential treatise, J. Thomas McCarthy records the fate of legislative efforts through the war years leading to the Lanham Act of 1946:

> Hearings on the bill and the various forms in which it was reintroduced were held in March 1938, March 1939, June 1939, and passed the House and Senate in 1939 and 1940. However, the Senate moved to reconsider the bill on June 23, 1940 and it was returned to the calendar and died. In the 77th Congress a reintroduced bill passed the Senate in 1941 and the House in 1942, but the bill died upon being referred back to Committee in 1942. Hearings were held in the 78th Congress in 1943 and 1944, but the bill was not passed. Finally, the 1945 version of the bill (H.R. 1654) was passed by the 79th Congress.

MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 5.4 (2018). If we date the Lanham Act from its first draft in 1937 (or indeed back to the so-called Vestal Bill of 1931), then the Act is almost 90 years old. This may help to explain the existence of certain especially abstruse statutory sections that the student will confront through the course of studying U.S. trademark law.

4. Statutory Developments

The Lanham Act has been amended numerous times since its July 5, 1947 effective date. Listed here are some of the more important amendments, many of which we will refer to through the course of this casebook.

1962 The limiting phrase "purchasers as to the source of origin of such goods or services" was deleted from Lanham Act § 32. 1962 Pub. L. No. 87-772, 76 Stat. 769. This arguably significantly broadened the scope of anti-infringement protection under the Act.

1975 The following sentence was added to Lanham Act § 35: "The court in exceptional cases may award reasonable attorney fees to the prevailing party." 1975 Pub. L. No. 93-600, 88 Stat. 1955.

1975 Congress finally changed the name of the "Patent Office" to the "Patent and Trademark Office." 1975 Pub. L. No. 93-596, 88 Stat. 1949.

1982 The Court of Customs and Patent Appeals became the Court of Appeals for the Federal Circuit. Pub. L. 97-164, 96 Stat. 25.

1984 The Trademark Counterfeiting Act of 1984 was enacted, 1984 Pub. L. No. 98-473, 98 Stat. 1837, amending Lanham §§ 34, 35, and 36, and establishing criminal trademark anti-counterfeiting penalties in 18 U.S.C. § 2320.

1988 The Trademark Law Revision Act of 1988 (TLRA) was enacted, effective November 16, 1989. Pub. L. No. 100-667, 102 Stat. 3935. The TLRA established the "intent-to-use" basis for registration and federal statutory "constructive use" for purposes of priority. It also significantly rewrote Lanham Act § 43(a).

1996 The Federal Trademark Dilution Act (FTDA), enacted and effective January 16, 1996, established a federal cause of action for anti-dilution protection in Lanham Act § 43(c). Pub. L. No. 104-98, 109 Stat. 985. The FTDA has been replaced by the Trademark Dilution Revision Act of 2006.

1996 The Anticounterfeiting Consumer Protection Act of 1996 further enhanced procedures to combat and penalties for trademark counterfeiting. Pub. L. No. 104-153, 110 Stat 1386. The Act also introduced statutory damages for counterfeiting.

1999 The Anticybersquatting Consumer Protection Act (ACPA) established Lanham Act § 43(d) to combat the cybersquatting of domain names confusingly similar to or dilutive of trademarks. Pub. L. No. 106-113, 113 Stat. 1501.

2002 The Madrid Protocol Implementation Act (MPIA), enacted Nov. 2, 2002 and effective Nov. 2, 2003, established Lanham Act §§ 60-74. 116 Stat. 1758, 1913 Pub. L. No. 107-273. With the MPIA, the U.S. became a member of the Madrid System of international trademark registration.

2006 The Trademark Dilution Revision Act of 2006 (TDRA) significantly rewrote Lanham Act § 43(c). Pub. L. No. 109-312, 120 Stat. 1730. It replaced the FTDA of 1996.

2008 The Prioritizing Resources and Organization for Intellectual Property Act of 2008 (PRO-IP Act) enhanced civil damages and criminal penalties for trademark counterfeiting. Pub. L. No. 110-313, 122 Stat. 3014.

2020 The Trademark Modernization Act of 2020 (TMA) instituted various mechanisms for challenging trademark filings making inaccurate claims of use in commerce and established that a finding of a likelihood of confusion or dilution triggers a rebuttable presumption of irreparable harm. Pub. L. No. 116-260, 134 Stat. 118.

Comments and Questions

1. *"The Last Best Place."* One of the stranger moments in the history of U.S. trademark legislation involves the phrase "The Last Best Place." Between 2001 and 2004, a Nevada business named Last Best Beef, LLC filed eight applications at the PTO to register the phrase "The Last Best Place" in connection with various goods and services. In 2005, Congress passed and the President signed into law an appropriations bill with a rider that consisted of the following language: "Notwithstanding any other provision of this Act, no funds appropriated under this Act shall be used to register, issue, transfer, or enforce any trademark of the phrase 'The Last Best Place.'" *See* Pub.L. No. 109–108, 119 Stat. 2290. Upon learning of this statutory command in an appropriations bill that covered the PTO, the PTO suspended all consideration of Last Best Beef's trademark applications and no further applications for the phrase have since been filed. What? In 1988, a Montana writer had entitled an anthology of Montana-oriented poetry and prose "The Last Best Place." The phrase was soon taken up by Montana businesses and state government. In 2005, Montana Senator Conrad Burns attached the rider to the appropriations bill on the ground that the phrase "belongs to the State of Montana." *See* John L. Welch, *Montana Senator Again Blocks "LAST BEST PLACE" Registrations*, The TTABlog, Feb. 27, 2009, http://thettablog.blogspot.com/2009/02/montana-senator-max-baucus-announced.html.

See also The Last Best Beef, LLC v. Dudas, 506 F.3d 333 (4th Cir. 2007) (not seeing a problem with any of this).

B.The Policy Justifications for Trademark Protection

Probably the most oft-quoted passage from the *Trade-Mark Cases* is the paragraph in which the Supreme Court compared trademarks to the two other most significant forms of intellectual property, copyrights and patents (paragraph 11 in the excerpt above). Consider again that paragraph. Is what Justice Miller wrote in 1879 about the development of trademarks still accurate today, that "[t]he ordinary trade-mark has no necessary relation to invention or discovery," that "[i]t is often the result of accident rather than design," that it does not "depend upon novelty, invention, discovery, or any work of the brain," that "[i]t requires no fancy or imagination, no genius, no laborious thought," and that "[t]he trade-mark may be, and generally is, the adoption of something already in existence as the distinctive symbol of the party using it"?

By 1942, the Court was describing trademarks and the role of trademark law in different terms. In *Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co*., 316 U.S. 203 (1942), Justice Frankfurter explained:

> The protection of trade-marks is the law's recognition of the psychological function of symbols. If it is true that we live by symbols, it is no less true that we purchase goods by them. A trade-mark is a merchandising short-cut which induces a purchaser to select what he wants, or what he has been led to believe he wants. The owner of a mark exploits this human propensity by making every effort to impregnate the atmosphere of the market with the drawing power of a congenial symbol. Whatever the means employed, the aim is the same—to convey through the mark, in the minds of potential customers, the desirability of the commodity upon which it appears. Once this is attained, the trade-mark owner has something of value. If another poaches upon the commercial magnetism of the symbol he has created, the owner can obtain legal redress.

Id. at 205.

By the 1980s, American courts were describing trademarks and trademark law in yet different terms, terms which still resonate today. Reflecting the rise of the Chicago School economic analysis of law, Judge Easterbrook described the economic benefits of trademarks and trademark protection in *Scandia Down Corp. v. Euroquilt, Inc.*, 772 F.2d. 1423 (7th Cir. 1985):

> Trademarks help consumers to select goods. By identifying the source of the goods, they convey valuable information to consumers at lower costs. Easily identified trademarks reduce the costs consumers incur in searching for what they desire, and the lower the costs of search the more competitive the market. A trademark also may induce the supplier of goods to make higher quality

> products and to adhere to a consistent level of quality. The trademark is a valuable asset, part of the "goodwill" of a business. If the seller provides an inconsistent level of quality, or reduces quality below what consumers expect from earlier experience, that reduces the value of the trademark. The value of a trademark is in a sense a "hostage" of consumers; if the seller disappoints the consumers, they respond by devaluing the trademark. The existence of this hostage gives the seller another incentive to afford consumers the quality of goods they prefer and expect.

Id. at 1429-30.

Which description of trademarks most accurately reflects their characteristics in the present day? Are they often adopted, in the terms of the *Trade-Mark Cases*, as "the result of accident rather than design"? Can we say of the development of trademarks, as of the legal conditions leading to their protection, that "no fancy of imagination, no genius, no laborious thought" is required? Or is it rather that, through the development of a brand name, "[t]he owner of a mark . . . mak[es] every effort to impregnate the atmosphere of the market with the drawing power of a congenial symbol"? Is the consumer in some sense a victim of these machinations of the trademark owner, who through the "commercial magnetism" of the trademark "induces the purchaser to select what he wants, or what he has been led to believe he wants"? Or is it finally not consumers who are victims of the trademark, but the trademark who is a "hostage" of consumers, whom it serves by enabling them to find what they desire and to insist on "the quality of goods they prefer and expect"?

1. The Economic Justification for Trademark Protection

These differing accounts of the trademark and trademark law are probably all more or less true, depending on the trademark, product, and consumer at issue. But it is well-accepted that the last account, based on the economic analysis of law, is currently by far the dominant account of trademark law. In *Qualitex Co. v. Jacobson Products Co., Inc*., 514 U.S. 159 (U.S. 1995), Justice Breyer cited, among other sources, William Landes & Richard Posner, *The Economics of Trademark Law*, 78 Trademark Rep. 267, 271-272 (1988), in support of the following statement of the purposes of trademark law:

> {T}rademark law, by preventing others from copying a source-identifying mark, reduces the customer's costs of shopping and making purchasing decisions, for it quickly and easily assures a potential customer that this item—the item with this mark—is made by the same producer as other similarly marked items that he or she liked (or disliked) in the past. At the same time, the law helps assure a producer that it (and not an imitating competitor) will reap the financial, reputation-related rewards associated with a desirable product. The law thereby encourages the production of quality products, and simultaneously discourages

> those who hope to sell inferior products by capitalizing on a consumer's inability quickly to evaluate the quality of an item offered for sale.

Id. at 163-64 (citations omitted).

The current orthodox view of trademarks, then, is that they (1) minimize consumer search costs, and (2) provide incentives to producers to produce consistent levels of product quality. This latter benefit of trademarks is especially important for certain types of products. In general, products may be understood to possess three types of characteristics: "search" characteristics, such as color or price, which can be inspected prior to purchase; "experience" characteristics, such as taste, which can only be verified through use of the product; and "credence" characteristics, such as durability, which can only be confirmed over time. *See* Phillip Nelson, *Advertising as Information*, 82 J. POL. ECON. 729 (1974). For products such as medicine, automobiles or high-technology goods, the "search" characteristics of which say little about the quality of the product, consumers may rely heavily on the trademark attached to the product in making their purchasing decision. It follows that in a market without reliable source-identification for such products, producers would have little incentive to invest in the production of products of high quality. This is because they would likely be undercut by competitors who would offer cheaper products of lower quality under the same mark. *See* George A. Ackerlof, *The Market for "Lemons": Quality Uncertainty and the Market Mechanism*, 84 Q.J. OF ECON. 488 (1970).

As indications of quality, trademarks signify and allow firms to develop commercial *goodwill*, which for many firms may be by far their most valuable asset. The concept of goodwill encompasses the reputation of the firm and its products and the probability, based on this reputation, that consumers will continue to patronize the firm in the future. A nineteenth-century court described goodwill in these terms:

> When an individual or a firm or a corporation has gone on for an unbroken series of years conducting a particular business, and has been so scrupulous in fulfilling every obligation, so careful in maintaining the standard of goods dealt in, so absolutely honest and fair in all business dealings that customers of the concern have become convinced that their experience in the future will be as satisfactory as it has been in the past, while such customers' good report of their own experience tends continually to bring new customers to the same concern, there has been produced an element of value quite as important—in some cases, perhaps far more important—than the plant or machinery with which the business is carried on.

Washburn v. National Wall-Paper Co., 81 F. 17, 20 (2d Cir. 1897).

2. Criticisms of the Economic Justification for Trademark Protection

The example of Coca-Cola and brands like it may lead many readers to doubt the sufficiency of the economic account of trademark law, focused as it is on search costs and incentives to produce quality goods. After all, many trademarks, such as COKE, do more than merely indicate the source of the goods to which they are affixed, and strictly speaking, some trademarks don't even do that. A t-shirt bearing the trademark ARSENAL is not intended to indicate and is not read by consumers to indicate that Arsenal soccer players knitted the shirt themselves. The trademark primarily functions instead as a "badge of support for or loyalty or affiliation to the trademark proprietor." *Arsenal Football Club Plc v. Matthew Reed*, Case C-206/01, [2003] ETMR 19, ¶ 15. This same function may be attributed to many trademarks, and not simply to high-fashion marks such as POLO or PRADA, but also to more mundane marks such as PEPSI or FORD, whose owners have quite consciously sought to build "consumption communities"[4] around these brands. *See Int'l Order of Job's Daughters v. Lindeburg & Co.*, 633 F.2d 912, 918 (9th Cir. 1980) (recognizing that "[w]e commonly identify ourselves by displaying emblems expressing allegiances. Our jewelry, clothing, and cars are emblazoned with inscriptions showing the organizations we belong to, the schools we attend, the landmarks we have visited, the sports teams we support, the beverages we imbibe"). In such situations, the mark itself is often the primary product characteristic that the consumer wishes to acquire, and the underlying material good, if any, is merely a means of conveying that characteristic and an alibi for the consumption of that characteristic.[5] We typically think of a trademark as supplementary in relation to the goods to which it is affixed, as something added to preexisting goods. But certain doctrines in trademark law may make sense only if one appreciates that for certain brands, this relation is reversed. The brand is prior and the physical goods are supplementary to it, supporting and enhancing the brand's value, so that a firm (for example, a fashion house) may first design a brand and then produce or license tangible or intangible goods consistent with that brand.

Even when the consumer is interested in the quality of the material good, the trademark may contribute to deleterious "artificial product differentiation," as when consumers pay a premium for branded versions of pharmaceuticals when lower-cost generic versions are required by government regulation to meet exactly the same quality standards as the more expensive branded versions. This argument, which associates trademarks with the purported evils of some forms of advertising, first gained significant influence with the publication in 1933 of the economist Edward Chamberlin's book *The Theory of Monopolistic Competition*, which systematically formulated the artificial product differentiation view.[6] Chamberlin's work proved to be especially influential in mid-twentieth century trademark commentary[7] and is reflected to some degree in Justice Frankfurter's discussion of

[4] DANIEL J. BOORSTIN, AMERICANS: THE DEMOCRATIC EXPERIENCE 145 (1974).

[5] For further discussion of the trademark "merchandising right," see Stacey L. Dogan & Mark A. Lemley, *The Merchandising Right: Fragile Theory or Fait Accompli?*, 54 EMORY L.J. 461 (2005).

[6] *See also* Joan Robinson, The Economics of Imperfect Competition 89 (1933).

[7] *See generally* Glynn S. Lunney, *Trademark Monopolies*, 48 EMORY L.J. 367, 367-69 (1999) (discussing the influence of Chamberlin's work on trademark commentary). *See also* Sherwin Rosen, *Advertising, Information,*

trademarks in *Mishawaka Rubber*. Other courts sometimes picked up on Chamberlin's ideas. *See, e.g.*, *Smith v. Chanel, Inc.*, 402 F.2d 562, 567 (2d Cir. 1968) (proposing that, through the trademark, "economically irrational elements are introduced into consumer choices; and the trademark owner is insulated from the normal pressures of price and quality competition. In consequence the competitive system fails to perform its function of allocating available resources efficiently.").

Since the 1980s, however, mainstream economic thought has grown increasingly hostile toward, even dismissive of, the argument that, as Landes and Posner characterize it, trademarks "promote social waste and consumer deception" through "the power of brand advertising to bamboozle the public and thereby promote monopoly."[8] Instead, economists have generally come to view trademarks and advertising in a much more positive light. *See* George Stigler, *The Economics of Information*, 69 J. POL. ECON. 213 (1961). The orthodox view now is that advertising cheaply conveys information to consumers, particularly with respect to "experience goods." *See* Phillip Nelson, *Advertising as Information*, 82 J. POL. ECON. 729 (1974). Advertising also signals that the advertiser believes its goods to be of sufficiently high quality to benefit from advertising. "The higher quality brand will, other things being equal, have a comparative advantage in acquiring more customers by advertising—since it will retain a larger fraction of them on repeat sales." *See* Jack Hirshleifer, *Where Are We in the Theory of Information?*, 63 AM. ECON. REV. PROC. 31, 38 (1973).[9] Finally, consumers may greatly benefit even from supposedly "artificial" product differentiation and may enjoy—and willingly pay for—the consumption of high-performance and high-status goods. *See* Jake Linford, *Placebo Marks*, 47 PEPP. L. REV. 45 (2020).

Despite the current consensus in economic and legal thought that advertising serves important informational functions in markets, criticisms of branding and advertising remain influential in popular thought. *See, e.g.*, NAOMI KLEIN, NO LOGO: TAKING AIM AT BRAND BULLIES (2000); JULIET B. SCHOR, BORN TO BUY: THE COMMERCIALIZED CHILD AND THE NEW CONSUMER CULTURE (2005). For readers sympathetic to these criticisms, two questions arise with respect to trademarks and trademark law. First, is it fair to apply general criticisms of advertising to trademarks specifically? Though trademarks are usually central to most forms of advertising, aren't trademarks themselves mere informational devices? Second and related, how, if at all, can trademark law be modified to limit such alleged harms as artificial product differentiation or the "bamboozle[ing]" of the public? Stated differently, how can

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and Product Differentiation, *in* ISSUES IN ADVERTISING: THE ECONOMICS OF PERSUASION 161-91 (David G. Tuerck ed., 1978) (summarizing the artificial product differentiation view). *See generally* Beverly W. Pattishall, *Trademarks and the Monopoly Phobia*, 50 MICH. L. REV. 967 (1952) (criticizing the artificial product differentiation view).

[8] Landes & Posner, *supra*, at 276-77.

[9] *See also* Mark Lemley, The *Modern Lanham Act and the Death of Common Sense*, 108 YALE L.J. 1687, 1690 (1999) (paraphrasing, though not necessarily endorsing, this theory as "In effect, 'we advertise, and therefore we must sell a good of sufficiently high quality that we can afford this high-cost expenditure.'").

trademark law continue to promote the ability of marks to *inform* consumers without also promoting the ability of marks to *persuade*? How practically speaking can trademark law minimize persuasion but still preserve information?[10] Any serious criticism of the role that trademark law plays in perpetuating status consumption or introducing "economically irrational elements" into purchasing decisions should be able to answer these questions. Perhaps limiting the scope of trademark rights or the kinds of commercial signifiers that can be protected as trademarks would lessen the persuasive impact of strong brands. But it may be that minor modifications to trademark law will not help to ameliorate the effects of deeply-engrained consumption practices, and efforts to reform these practices will be more effective if undertaken elsewhere.[11]

Opponents of overly expansive trademark rights (and defendants in trademark cases) may find more traction by appealing to what is arguably the true overarching goal of trademark law, one which subsumes the goals of lowering consumer search costs and incentivizing consistent levels of product quality. Trademark law's overarching goal is to foster competition, primarily by enabling the efficient communication of information in the marketplace. When trademark law overprotects, it impedes the optimal flow of information to consumers, tends to give undue market power to incumbents, and can significantly disrupt the efficient operation of the patent and copyright systems (a possibility which we will address in a moment). The argument from competition speaks the language of mainstream economics but often does so in favor of limiting rather than expanding trademark property rights.

Comments and Questions

1. *Trademark law and "property*." Critics of the expansion in the subject matter and scope of trademark protection often accuse the law of having lost its purportedly traditional focus on consumer protection and having instead embraced a property-rights rationale for trademark protection. Elsewhere in the article excerpted above, McKenna directly challenges this view:

> {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. Courts did focus on consumer deception in these cases, but only because deception distinguished actionable unfair competition from mere competition, which was encouraged. In fact, courts denied relief in many early trademark cases despite clear evidence that consumers were likely to be confused by the defendant's

[10] *See* Barton Beebe, *Search and Persuasion in Trademark Law*, 103 MICH. L. REV. 2020 (2005).

[11] For the seminal discussion that anticipates nearly all of trademark commentary on these issues since, see Ralph S. Brown, Jr., *Advertising and the Public Interest: Legal Protection of Trade Symbols*, 57 YALE L.J. 1165 (1948).

> use. Invariably they did so because the plaintiff could not show that the defendant's actions were likely to divert customers who otherwise would have gone to the plaintiff.
>
> Moreover, American courts protected producers from illegitimately diverted trade by recognizing property rights. This property-based system of trademark protection was largely derived from the natural rights theory of property that predominately influenced courts during the time American trademark law developed in the nineteenth century . . . .
>
> Critics cannot continue simply to claim that modern law is illegitimate because it does not seek to protect consumers. Because it never really did.

Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 NOTRE DAME L. REV. 1839, 1841, 1916 (2007). For an alternative reading of the history of American trademark law, see Robert G. Bone, *Hunting Goodwill: A History of the Concept of Goodwill in Trademark Law*, 86 B.U. L. REV. 547 (2006). For an authoritative history of the impact of the concept of "goodwill" on American trademark law, see Barbara Lauriat, *Borrowing Goodwill: The True History of American Trademark Law* (working paper).

2. *Beware of the term "consumer."* Trademark talk habitually uses the term "consumer" and only that term to describe members of the public. Dustin Marlan criticizes the term for "(1) its connotation of humans as reductive market-based objects; (2) its anti-ecological bent; and (3) its nonsensical nature." Dustin Marlan, *Is "Consumer" Biasing Trademark Law?*, 8 TEX. A&M L. REV. 367, 377 (2021). He argues that "the biasing effects of *consumer* may be contributing to trademark law defining the public in a manner that is patronizing, biased, insulting, and indulgent of likelihood-of-confusion claims." *Id*. at 373. He advocates "one of two approaches: (1) take active steps to phase out use of *consumer* and replace it with more respectful and appropriate terminology such as *citizen*; or (2) simply maintain the status quo in using *consumer*, but each time be conscious of the biasing effects that the *consumer* construct may have for the law and us as its subjects." *Id*. at 373-74.

3. *Do trademarks indicate source or obscure it?* It is routinely stated that trademarks' chief function is to indicate the source of the goods to which they are affixed. But depending on how one defines "source," many trademarks arguably function to *disguise* the true source of their goods. Does the mark NIKE tell us anything more about where exactly our shoes were manufactured or who manufactured them and under what working conditions than, say, the term "imported"? When in 2001 Jonah Peretti, then a graduate student at MIT, sought to use Nike's own shoe customization program to call attention to the manufacturing conditions for Nike's shoes, Nike refused to print on the shoes he had ordered from them the word he specified: "sweatshop." Peretti's email exchange with Nike went viral and damaged Nike's brand image. *See* Kathleen Elkins, *How a Fight With Nike Led Buzzfeed's Jonah Peretti to Create a Billion-Dollar Media Empire*, CNBC.com, Aug. 3, 2017, https://www.cnbc.com/2017/08/02/how-jonah-peretti-created-buzzfeed-a-billion-dollar-

media-empire.html. (Peretti went on to cofound *Huffington Post* and then found BuzzFeed.com.)

4. *Other general theories of trademark law*. The economic account of trademark law remains dominant, but students may be interested in alternative general approaches. *See, e.g.*, Barton Beebe, *The Semiotic Analysis of Trademark Law*, 51 UCLA L. REV. 621 (2004) (using semiotic theory to analyze trademark law); Jeremy Sheff, *Marks*, *Morals*, and *Markets*, 65 STAN. L. REV. 761 (2013) (using utilitarian and contractarian moral theory to analyze trademark law). For a study of a self-regulating system of designation that operates outside of formal intellectual property law, see David Fagundes, *Talk Derby to Me: Intellectual Property Norms Governing Roller Derby Pseudonyms*, 90 TEX. L. REV. 1093 (2012).

C. Trademark Law Within the Larger Scheme of Intellectual Property Law

As the excerpt above from the *Trade-Mark Cases* suggests, when seen from the perspective of trademark law, copyright law and patent law can appear to be closely similar to each other and quite different from trademark law—so much so that it is not unreasonable to ask why trademark is grouped with patent and copyright under the rubric of "intellectual property law" rather than separated out as some hybrid of competition law and intellectual property law. As the table at the conclusion of this section summarizes, both copyright and patent are based on the Intellectual Property Clause of the Constitution, which empowers Congress "{t}o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." U.S. Const. art. I, § 8, cl. 8. The Constitution thus requires copyright and patent to promote innovation, human creativity, or more generally, human "Progress," with patent focusing primarily on incentivizing the invention of new technologies, such as new pharmaceuticals, better machines, or more efficient methods of manufacture, and copyright focusing on incentivizing the production of "works of authorship," such as novels, music, and motion pictures (and this textbook).

Inventions and works of authorship share important characteristics (akin to "public goods")[12] that make intellectual property protections useful. Both tend to be expensive to

[12] See Wendy J. Gordon, Fair Use As Market Failure: A Structural and Economic Analysis of the Betamax Case and Its Predecessors, 82 COLUM. L. REV. 1600 (1982). Gordon describes "public goods" as follows:

> A public good is often described as having two defining traits. First, it is virtually inexhaustible once produced, in the sense that supplying additional access to new users would not deplete the supply available to others. Second, and more important for the instant purposes, persons who have not paid for access cannot readily be prevented from using a public good. Because it is difficult or expensive to prevent "free riders" from using such goods, public goods usually will be under-produced if left to the private market. A familiar example of a public good is national defense. Since it is not possible to use a radar early-warning network in a way that discriminates between one person who has paid for defense and his neighbor who has not, a less than optimal

develop, but once developed, they are relatively inexpensive to reproduce in copies. It can cost $1 billion to develop a successful pharmaceutical and bring it to market and potentially only a few dollars or less per copy to manufacture it. The consumption of inventions and works of authorship also tends to be "non-rivalrous." A potentially unlimited number of people can benefit equally from the same idea or listen each to their own copy of the same recording of the same musical work. Finally, without recourse to prohibitions established by law, it is often exceedingly difficult to exclude people from and thus charge a price for the benefit of an invention or work of authorship. This condition has only intensified with improvements in reproduction and distribution technologies, whether they take the form of ever more flexible assembly lines, automated manufacture, 3D printing, or the reproduction of digital files on a home computer or the internet.

To address these problems, patent law and copyright law provide limited terms of protection to qualifying works, with patent's term significantly shorter in duration than copyright's. In essence, the public makes a bargain with inventors and authors. To incentivize them, we give them exclusive rights in their innovations so that they can recoup the costs of and perhaps profit from their innovating activity, but in exchange, we eventually claim their innovations for the public domain, where these innovations become free for all, including subsequent inventors and authors, to use.

In contrast to copyright and patent law, trademark law is based not on the Intellectual Property Clause, but the Commerce Clause. Its goal is not to promote the progress of "Science and useful Arts" but rather to promote fair and efficient competition. Its term of protection is unlimited in time provided that the trademark owner continues to use the trademark in commerce. And the utilization of trademarks is arguably rivalrous. If two firms share the same trademark for the same type of product in the same marketplace, the utility of both trademarks will be severely diminished.

For all of the differences among copyright, patent, and trademark law, note that these separate regimes of intellectual property law can simultaneously protect the same thing. For example, a logo might qualify for both copyright and trademark protection. A particular product feature, such as the shape of a mobile phone, might qualify for trademark protection and design patent protection. A particular furniture design might qualify for trademark protection, design patent protection, and copyright protection as well.

These overlapping regimes of exclusive rights can create significant problems in intellectual property law, some of which we will engage later in this casebook. For example, what should happen when the term of copyright protection in a particular work of authorship

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> amount of national defense will be produced if its purchase is left to the usual consensual market mechanisms of voluntary purchase. Some sort of compulsory payment, such as taxation, and central decision-making may be necessary to eliminate free riders and obtain the socially desirable amount of defense.

Id. at 1610-11 (footnotes omitted).

expires, but that expression also functions as a trademark? Should trademark law allow the Walt Disney Company to continue to assert exclusive rights in images of Mickey Mouse after its copyright in those images has expired? More significantly, should companies be able to assert trademark rights in product features that also qualify for utility patent protection, or at least that perform some mechanical function in addition to serving as designations of source?

Comments and Questions

1. Do we want to incentivize more *trademarks*? We generally seek through patent and copyright law to incentivize the production of more patentable inventions and more copyrightable works of authorship. Should we similarly design trademark law to incentivize the production of more trademarks? Is there anything intrinsically valuable about trademarks? Do more trademarks indicate or themselves constitute “Progress”? Could there be situations (or market sectors) in which there are too many trademarks?

	Trademark Law	**Copyright Law**	**Utility Patent Law**	**Design Patent Law**
Protectable Subject Matter	Designations of commercial source, including brand names, logos, product packaging, and product configurations	Works of authorship, including literary, musical, sculptural, graphic, and architectural works, motion pictures, computer software, and sound recordings	Inventions, including processes, machines, manufactured articles, and compositions of matter	Ornamental designs for articles of manufacture
Constitutional Basis	Commerce Clause	Intellectual Property Clause	Intellectual Property Clause	Intellectual Property Clause
Statutory Basis	Lanham Act, 15 U.S.C. § 1051 et seq.	Copyright Act, 17 U.S.C. § 101 et seq.	Patent Act, 35 U.S.C. § 101 et seq.	Patent Act, 35 U.S.C. § 101 et seq.
Basic Requirements for Protection	Distinctive of source; used in commerce; not functional	Fixed in a tangible medium of expression; originality	Novel, non-obvious, and useful	Ornamental, novel, and non-obvious
Term of Protection	Registration lasts 10 years; perpetually renewable as long as the mark is distinctive and used in commerce	Life of the author plus 70 years; for works for hire, 95 years from date of publication	20 years from filing date of patent application	15 years from date of grant of patent for applications filed on or after May 13, 2015; 14 years from date of grant of patent for applications filed before May 13, 2015
How Rights Are Acquired	"Common law" rights through use in commerce; registered rights through registration at PTO	Through fixation; registration not required	Patent application at PTO	Patent application at PTO