

Registering Disagreement: Registration in Modern American  
Trademark Law  
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Trademark scholars widely agree that our current system for evaluating what rights a trademark owner should have over others' uses of their (or similar) marks is broken.<sup>1</sup> Courts too readily find that too many acts are infringing even when they're harmless or actually useful to consumers. Trademark practitioners, meanwhile, while often quite approving of broad interpretations of trademark law, widely recognize that our trademark registration system has significant practical problems. Among other things, a pilot study recently showed that registrants overclaimed the goods and services on which they used marks in nearly two-thirds of registrations: they affirmed to the U.S. Patent and Trademark Office (PTO) that they were using marks on goods when they weren't. In thirteen percent of the examined cases they weren't using the marks at all.<sup>2</sup> "Intent to use" applications also generate significant numbers of paper rights with no ultimate legal existence.<sup>3</sup> This "deadwood" on the register prevents legitimate users from knowing what they can and can't do. Improperly granted registrations are harmful even from the perspective of the greatest trademark expansionists.<sup>4</sup> What we haven't done is try to unite

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<sup>1</sup> See, e.g., Deborah Gerhardt, *Consumer Investment In Trademarks*, 88 N.C.L. REV 427, 430 (2010) ("Trademark law has lost its way.") (footnote omitted); Mark Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 YALE L.J. 1687, 1688 (1999) ("Courts protect trademark owners against uses that would not have been infringements even a few years ago and protect as trademarks things that would not have received such protection in the past.... [T]hese changes have loosed trademark law from its traditional economic moorings and have offered little of substance to replace them.")

<sup>2</sup> Joshua Jarvis, *The Trademark "Chaff" Quandary: PTO Report On Post-Registration Proof of Use*, July 30, 2014, available at <http://www.trademarkandcopyrightlawblog.com/2014/07/the-trademark-chaff-quandary-pto-report-on-post-registration-proof-of-use/>; USPTO, *Post Registration Proof of Use Pilot Status Report (Filings examined through June 30, 2014)*, available at [http://www.uspto.gov/trademarks/notices/Post\\_Registration\\_Proof\\_of\\_Use.doc](http://www.uspto.gov/trademarks/notices/Post_Registration_Proof_of_Use.doc).

<sup>3</sup> A study of applications filed from 1981 through 2007 showed that the overall grant rate for use-based applications was 75% as compared with 37% of intent to use applications from 1989 through 2007. Although at least as many ITUs were allowed as use-based applications, roughly half never filed a statement of use, meaning that they never matured into true registrations. That is, they blocked other pending registrations and showed up in searches by potential competitors, but never had a commercial existence. Barton Beebe, *Is the Trademark Office a Rubber Stamp?*, 48 HOUSTON L. REV. 751, 762, 773 (2011) (showing that roughly 76% of ITUs were published for opposition, but only 49% of those proceeded to registration).

<sup>4</sup> *Laboratoires Goemar SA's Trade Mark (No.1)*, 41 [2002] F.S.R. 51 (Ch. D. 2001) at [19] (describing registered but unused marks as "abandoned vessels in the shipping lanes of

concerns over the expansion of trademark rights with concerns over the registration system and explain their relationship to each other.

Foundational critiques of modern trademark law tend not to address the role of registration. Ralph Brown's landmark 1948 article criticizing trademark law for overprotecting existing producers, for example, does not discuss registration—most likely because the Lanham Act had only recently become effective, and the extent of its changes to previous law were unclear.<sup>5</sup> Daniel McClure's (nearly) comprehensive examination of trademark theory likewise has almost nothing about registration.<sup>6</sup> Stephen Carter examined some criticisms of registration a quarter-century ago, but focused on the provision of nationwide rights without nationwide use and the resulting constraints on distant competitors rather than on the overall effects of a registration system.<sup>7</sup>

Proponents of the Chicago School law and economics approach, whose account of the function of trademark as reducing consumers' search costs is now dominant,<sup>8</sup> likewise have little to say about registration.<sup>9</sup> Other leading voices have persuasively critiqued expansion of likely confusion,

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trade"); Graeme B. Dinwoodie, *Trademarks and Territory: Detaching Trademark Law from the Nation State*, 41 HOUS. L. REV. 885, 898 n. 44 (2004) (noting that clutter interferes with true notice and legitimate economic activity).

<sup>5</sup> Ralph S. Brown Jr., *Advertising and the Public Interest: Legal Protection of Trade Symbols*, 57 YALE L.J. 1165 (1948).

<sup>6</sup> Daniel M. McClure, *Trademarks and Unfair Competition: A Critical History of Legal Thought*, 69 TRADEMARK REP. 305 (1979)

<sup>7</sup> Stephen L. Carter, *The Trouble with Trademark*, 99 YALE L.J. 759, 760, 777 (1990).

<sup>8</sup> See Barton Beebe, *The Semiotic Analysis of Trademark Law*, 51 UCLA L. REV. 621, 623–24 (2004) (“The Chicago School of law and economics has long offered a totalizing and, for many, quite definitive theory of American trademark law. . . . The influence of this analysis is now nearly total. . . . No alternative account of trademark doctrine currently exists.”).

<sup>9</sup> The extremely influential work of Judge Richard Posner and Professor William Landes, to take the most prominent example, devotes little attention to registration, simply assuming that it works. WILLIAM M. LANDES & RICHARD A. POSNER, *THE ECONOMIC STRUCTURE OF INTELLECTUAL PROPERTY LAW* 166–209 (2003). Landes and Posner defend a mixed system of registration and use, using registration to provide cheap notice to potential adopters of similar marks on similar goods and requiring use to avoid rent-seeking behavior by squatters. *See id.* at 179–80, 182, 201–02. They characterize registration as a way to negate potential good-faith defenses for junior users of the same mark on the same goods, consistent with their treatment of registration as providing simple and effective notice. *See id.* at 183. While it's true that registration provides constructive notice of the registrant's use, it's not true that there is in general a good-faith defense to infringement. More generally, as this article will explain, our registration system is neither simple nor particularly effective at providing notice.

but their arguments do not rely on the role of registration.<sup>10</sup> American scholars, in sum, have often treated registration like a borrowed civil-law coat thrown awkwardly over the shoulders of a common-law regime. But we've had registration, in its basic modern form, for nearly seventy years. It's time to recognize that it's our coat, and start making alterations so it fits better.

Registration offers some of the most challenging puzzles in trademark. Consider: If the mark REDSKINS for a football team is disparaging and its trademark registration therefore invalid, can trademark law nonetheless protect the team against unauthorized uses of the term? This question became more than theoretical when a district court recently upheld the invalidation of the REDSKINS registrations, a ruling now on appeal and likely headed to the Supreme Court. Or suppose the PTO determines that, in the abstract, an applied-for trademark is likely to cause confusion with another previously registered mark. If the applicant decides to use the mark anyway, without a registration, should the PTO's determination bind a federal court asked to determine whether the new mark, as actually used, causes confusion with that previously registered mark? The Supreme Court just decided this issue in a way that generated large-scale uncertainty about the new relationship between registration and infringement liability.

These questions, and a number of others, highlight the need for renewed attention to trademark registration as such.<sup>11</sup> Registration provides

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<sup>10</sup> See e.g., Ann Bartow, *Likelihood of Confusion*, 41 SAN DIEGO L. REV. 721, 723-24 (2004) (arguing that modern likelihood-of-confusion standard has made "trademarks normatively stronger, broader, and ever easier to 'protect' for mark holders"); Barton Beebe, *Search and Persuasion in Trademark Law*, 103 MICH. L. REV. 2069-72 (2005) (discussing rise of "sovereign trademark"); Jessica Litman, *Breakfast with Batman: The Public Interest in the Advertising Age*, 108 YALE L.J. 1717, 1721 -25 (1999) (describing extension of actionable confusion within trademark law); Glynn S. Lunney, Jr., *Trademark Monopolies*, 48 EMORY L.J. 367, 486-87 (1999) ("[W]e have divorced trademark law from its historical and sensible policy focus on the probability of material confusion, and crafted an overbroad, ill considered legal regime that serves simply to enrich certain trademark owners at the expense of consumers, the market's competitive structure, and the public interest more generally.").

<sup>11</sup> Cf. ROBERT BURRELL & MICHAEL HANDLER, AUSTRALIAN TRADE MARK LAW 7 (2010) ("[M]erely identifying reasons for providing legal protection for marks does not necessarily tell us why we should provide a facility for trade mark registration. Having such a system requires a substantial expenditure of resources."); see also LIONEL BENTLY & BRAD SHERMAN, INTELLECTUAL PROPERTY LAW 887 (4th ed. 2014) (certainty is an important benefit of registration). With a few exceptions, recent scholarship on non-US law is more attentive to the implications of registration for the overall trademark system than recent scholarship on US law. See, e.g., Michael Handler & Robert Burrell, *Reconciling Use-*

opportunities to limit trademark's current structurelessness. Specifically, registration works best in a system that doesn't aim to search out and extirpate every possible instance of confusion, instead recognizing multiple reasons that we might avoid fact-intensive confusion inquiries and instead either ban or allow certain market behaviors. Moreover, maintaining the registration system requires substantial government and private resources, which are currently almost irrelevant at the enforcement stage. Applicants and the PTO spend much time and effort crafting the equivalent of an exquisitely detailed origami crane; rather than considering the details, courts then ask the equivalent of "is this paper folded?" and move on. Not only is this a waste of resources, but it leads courts to misunderstand the proper scope of a registration.<sup>12</sup>

There are reasons to make registration coextensive with protectability, differing only in procedural matters such as presumptions and burdens of proof. There are also reasons to make registration something stronger, into a regime that can be used to manage relationships between businesses regardless of consumer confusion or nonconfusion. None of the tensions in current law can be entirely resolved to favor only one side. But by understanding their relationship, we may be able to improve the system. Courts and the PTO both have their strengths and weaknesses; just as registration and unregistered marks have functions, *ex ante* and *ex post* analysis each has a place in the inquiry. More comparative thought can improve the essentially random back-and-forth between the largely judicial approach to registration as procedural and the largely administrative approach to registration as substantive.

To explain the stakes, Part I of this article first provides an overview of trademark law and trademark registration. Part II examines a number of ways in which the current registration system interacts and conflicts with

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*Based and Registration-Based Rights Within the Trade Mark System: What the Problems with Section 58A of the Trade Marks Act Tell Us*, 42 FEDERAL L. REV. 91, 91 (2014) ("Reconciling registration and use as mechanisms by which rights can be acquired in a trade mark is inherently difficult."). While the US grafted registration onto a use-based system, many foreign jurisdictions grafted certain use-based protections onto a registration system, and these differing baselines make different questions seem more salient. *Cf.* BENTLY & SHERMAN, *supra*, at 985 (discussing this question in the context of *Specsavers Int'l Healthcare Ltd v. Asda Stores Ltd*, Case C-252/12 (18 July 2013) (ECJ, Third Chamber), which considered defendant's and plaintiff's actual use despite European law's focus on registration).

<sup>12</sup> See Mark A. Lemley & Mark P. McKenna, *The Scope of IP Rights*, available at [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2660951](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2660951) (arguing that failure to define proper scope of IP rights leads to mistakes about protectability and infringement).

the current ideology of consumer confusion as the crucial source of trademark's boundaries.<sup>13</sup> Part III discusses how we could repair the system. There are a number of changes, ranging from small tweaks to sweeping statutory reforms and the rejection of the Supreme Court's ahistorical conclusion that registration is a matter of factual accident rather than an important distinction between types of marks, that could improve the law to the benefit of trademark owners and non-owners alike.

## I. Introduction: Overview of Trademark and Trademark Registration

### A. Trademarks: Rights Based in Use

Trademarks indicate the source of goods and services. Trademark law dictates that no one can lawfully produce "Coca-Cola soda" but the Coca-Cola Company. Protection against consumer confusion is the core of modern trademark law: trademark ensures that people can get what they want when they buy Coca-Cola soda.<sup>14</sup> Until roughly a century ago, courts required a plaintiff to risk losing sales from confusing uses, so the defendant's products had to substitute for the plaintiff's in order for the plaintiff to prevail. After that, the modern view developed that no direct competition was required for infringement if consumers were confused. The trademark owner became an enforcer of consumers' interests in avoiding confusion as it protected its own reputation.<sup>15</sup> Coca-Cola could now suppress Coca-Cola posters without being in the business of selling posters. As the leading treatise, by J. Thomas McCarthy, states, "U.S. trademark law

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<sup>13</sup> Cf. Robert G. Bone, *Hunting Goodwill: A History of the Concept of Goodwill in Trademark Law*, 86 B.U. L. REV. 547 (2006) (arguing that standard boilerplate that trademark law protects "goodwill" actually contradict the expressed justifications for trademark law, protecting consumers and ensuring the truthful flow of information).

<sup>14</sup> See, e.g., *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 157 (1989) (trademark's function is "protecting consumers from confusion as to source. While that concern may result in the creation of 'quasiproperty rights' in communicative symbols, the focus is on the protection of consumers."); Gerhardt, *supra* note [], at 433 ("Many commentators assume that consumer protection is the theoretical heart of trademark law.").

<sup>15</sup> See, e.g., *Four Roses Prods. Co. v. Small Grain Distilling & Drug Co.*, 29 F.2d 959, 959-60 (D.C. Cir. 1928); *Yale Elec. Corp. v. Robertson*, 26 F.2d 972, 974 (2d Cir. 1928) (recognizing that this result was legal innovation); *Standard Oil Co. of N.M., Inc. v. Standard Oil Co. of Cal.*, 56 F.2d 973, 978 (10th Cir. 1932) ("[I]t is now well settled that the law of unfair competition is not confined to cases of actual market competition."); Edward C. Lukens, *The Application of the Principles of Unfair Competition to Cases of Dissimilar Products*, 75 U. PA. L. REV. 197, 200 (1927) ("It is now established beyond controversy that the product need not be the same, in order that relief may be granted.").

is based primarily on a policy of protecting customers from confusion: trademark law is seen as a form of consumer protection.”<sup>16</sup>

Another, often complementary, way to understand trademark law is as a set of instructions for businesses about how they can behave—regulating which terms, product configurations, colors, sounds, and so on they can use—but this concept is decidedly secondary in U.S. law, at least as a matter of rhetoric.<sup>17</sup> Producer protection often appears as the idea of protecting trademark owners’ investment in promoting marks so that they quickly communicate meaning. But this is a circular framing of the producer-oriented view, because the “value” generated by this investment only exists because of trademark law itself, as Felix Cohen explained eighty years ago.<sup>18</sup> Moreover, producers’ investment must be matched by consumers’ response to have any real value. No law can entitle a producer to marketplace success.<sup>19</sup> In part because of the normative shallowness of the investment-protecting justification, consumer protection from confusion offers a far more attractive justification for trademark protection.

To unpack the concept of confusion a bit, the scope of trademark protection today is largely determined by what courts think consumers think.<sup>20</sup> If consumers are likely to believe, because of the defendant’s use of some symbol, that there is an association between the defendant and the plaintiff, then courts will find that the plaintiff has trademark rights in that symbol and therefore that the defendant infringed. This liability is subject to (1) ongoing disagreement about what counts as actionable association, and (2) non-confusion-based defenses that preclude liability, such as functionality (the symbol performs some function that is important for all competitors to be able to use freely, such as a bottle shape that uses less

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<sup>16</sup> 6 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 19:1.75 (4<sup>th</sup> ed. 2009).

<sup>17</sup> Another goal was complying with international treaties, which would assist domestic companies to expand overseas. Because the U.S. markets were so large and dominant, giving local businesses so much room to expand before foreign sales would benefit from strong trademarks, U.S. recognition of the relevance of registration was somewhat delayed compared to the demand for registration systems from traders in other nations, such as the U.K. See Lionel Bently, 5th Annual Trademark Scholars’ Roundtable, Apr. 12, 2013, <http://tushnet.blogspot.com/2013/04/5th-annual-trademark-scholars-roundtable.html>.

<sup>18</sup> Felix Cohen, *Transcendental Nonsense and the Functional Approach*, 35 COLUM. L. REV. 809, 815 (1935).

<sup>19</sup> See Gerhardt, *supra* note [], at 449-67; Jessica Litman, *Breakfast with Batman: The Public Interest in the Advertising Age*, 108 YALE L.J. 1717, 1730 (1999).

<sup>20</sup> See, e.g., Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 Notre Dame L. Rev. 1839, 1898, 1915 (2007) (discussing law’s shift to consumer-focused theories).

material to manufacture) or the First Amendment (the defendant is engaged in constitutionally protected noncommercial speech, such as in a book or movie).

Scholars are in general agreement that trademark law's understanding of confusion has stretched past any meaningful definition of the term; is often a mere label covering disapproval of apparent free riding; lacks an empirically sound basis in consumer psychology; and threatens both free expression (by suppressing communicative uses of trademarks) and consumer welfare (by making it harder for competitors to provide consumers with product features they desire).<sup>21</sup> Much of this criticism, however, has targeted the confusion standard and related defenses, without addressing the effects of overexpansion on the registration system.

#### B. Registration: Rights Tied to a Record

It is possible to argue that the lowering of consumers' search costs is the only legitimate basis for trademark protection.<sup>22</sup> It is also possible to argue that protecting the distinctiveness of a trademark (which also serves the function of rewarding producers' investment) is the only true basis for trademark protection.<sup>23</sup> I believe that trademark serves multiple goals. But whatever the purpose of trademark protection, trademark *registration* is different: it implements the concept of trademark by creating an administrative procedure to define and record trademarks on a publicly accessible registry.

Eleven years after Felix Cohen used trademark as a key example of "transcendental nonsense" in treating legally-generated rights as natural facts, Cohen lost the battle in trademark, where the Lanham Act's version of a comprehensive federal registration for trademarks added a new set of legal fictions to the existing ones he had criticized. Registration creates a legal right with contours that are supposed to be delineated at least in part

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<sup>21</sup> See, e.g., Lemley, *supra* note []; Litman, *supra* note []; Michael Grynberg, *Things Are Worse Than We Think: Trademark Defenses in a "Formalist" Age*, 24 BERKELEY TECH. L.J. 897 (2009); William McGeeveran & Mark P. McKenna, *Confusion Isn't Everything*, 89 NOTRE DAME L. REV. 253 (2013).

<sup>22</sup> See Stacey L. Dogan & Mark A. Lemley, *A Search-Costs Theory of Limiting Doctrines in Trademark Law*, 97 TRADEMARK REP. 1223 (2007).

<sup>23</sup> See Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813, 831 (1927) ("[T]he preservation of the uniqueness of a trademark should constitute the only rational basis for its protection ....").



by the statute, not by the existence of economic value or even, in some cases, by consumer perception.<sup>24</sup>

Trademark registration is available when the PTO determines that a symbol is functioning as a trademark by indicating the source of a product or service (or will immediately do so upon use, in the case of an intent to use application). Rather than having to establish in each individual legal proceeding that its mark is in fact valid, a registrant is accorded a presumption of validity, and under certain circumstances that presumption is irrebutable.<sup>25</sup> Other benefits to the trademark owner are nationwide priority over other users even without nationwide use; eligibility for assistance from the Customs Service in avoiding infringing imports; the ability to use the U.S. registration as the basis for extending protection in other countries; and preemption of certain state laws.<sup>26</sup>

For society, however, the benefits of registration are different:

As with other intellectual property systems, the public benefits that might be said to flow from registration lie, for the most part, in the value of the trademark register as a source of information. The strongest informational argument for the value of trademark registration is that it reduces business clearance costs by enabling

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<sup>24</sup> “The purchasing public knows no more about trademark registrations than a man walking down the street in a strange city knows about legal title to the land and buildings he passes.” Application of Nat’l Distillers & Chem. Corp., 297 F.2d 941, 949 (C.C.P.A. 1962) (Rich, J., concurring).

<sup>25</sup> See 15 U.S.C.A. § 1057(b) (prima facie evidence of validity and ownership); § 1072 (constructive notice of ownership); § 1065 (eventual eligibility for incontestable status, completely preventing challenge on grounds that registrant’s mark is merely descriptive); *Playboy Enterprises, Inc. v. Chuckleberry Pub., Inc.*, 687 F.2d 563, 215 U.S.P.Q. 662 (2d Cir. 1982) (registration indicates that “the mark is not merely descriptive and gives to it a strong presumption of validity”). This benefit was designed to encourage registration. See Hearings on H.R. 82 before the Subcommittee of the Senate Committee on Patents, 78th Cong., 2d Sess., 21, 113 (1944) (testimony of Daphne Robert, ABA Committee on Trade Mark Legislation (“This bill will bring about . . . an incentive to register because it provides in section 15 . . . an incontestable right.”)).

<sup>26</sup> 15 U.S.C. § 1124 (ability to prevent importation of confusingly similar goods); § 1125(b) (Customs assistance); § 1072 (nationwide constructive notice of use and ownership); § 1072 (nationwide rights without nationwide use); § 1141b (simplified process for extending trademark rights to countries that have signed the Paris Convention for the Protection of Industrial Property art. 6quinquies, July 14, 1967, 21 U.S.T. 1583, 828 U.N.T.S. 305); 15 U.S.C. § 1121(b) (preemption of state laws requiring alteration of or addition to a registered mark); § 1125(c)(6) (preemption of state dilution claims).

those engaged in trade to discover quickly and cheaply which signs third parties have already claimed.<sup>27</sup>

A business that is considering multiple possible names may be able to eliminate a number of them upon searching the register. Even if the new business unnecessarily avoids deadwood and has to check for conflicts with common-law rights in unregistered marks, it nonetheless may benefit from lowered if not eliminated search costs. There is, however, an open question about how many businesses choose marks this way. While large producers regularly do investigate multiple possible marks, the small producers who would in theory benefit most from concentrating information in a registry seem less likely to go through the search process.<sup>28</sup>

Overall, however, registration allows businesses to order their affairs more predictably. As the International Trademark Association (INTA) says, registration benefits businesses by providing “a visible deterrent and constructive notice to potential infringers”; allows the trademark registry to cite the registration in refusing to register potentially confusingly similar marks; and allows the trademark owner to more easily license the mark to others in standardized commercial transactions, as well as to show evidence of its rights when seeking to use them as security for loan.<sup>29</sup> Another way to put it is that, even if *trademark* is a matter of consumer protection, trademark *registration* is a matter of industrial policy, contributing to a national unified market by providing incentives for registration, including nationwide priority over other users.<sup>30</sup>

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<sup>27</sup> Robert Burrell & Michael Handler, *Dilution and Trademark Registration*, TRANSNAT'L L. & CONTEMP. PROBS. 1 (2008); see also Robert Burrell, *Trade Mark Bureaucracies*, in TRADEMARK LAW AND THEORY, TRADEMARK LAW & THEORY: A HANDBOOK OF CONTEMPORARY RESEARCH 95 (Mark Janis & Graeme Dinwoodie, eds., 2007) (noting that reducing consumer search costs and protecting producers against misappropriation, the primary justifications for trademark protection, do not themselves justify a registration system and its costs).

<sup>28</sup> Some major businesses don't even use the registration system until quite late in the process. Neither Pinterest nor Instagram, for example, two of the biggest new internet businesses of the decade, sought registrations until well after their marketplace success. See *The IP of Business Insider's Twenty Most Innovative Startups, Startups and IP Strategy*, Nov. 9, 2011, <http://www.startupsip.com/2011/11/09/the-ip-of-business-insiders-twenty-most-innovative-startups/> (Instagram); PINTEREST, Registration No. 4145087 (filing date March 1, 2011; claimed first use date, March 2010).

<sup>29</sup> INTA further notes that some countries require registration in order to bring an infringement action. INTA, Trademark Registration (Mar. 2015), available at <http://www.inta.org/TrademarkBasics/FactSheets/Pages/TrademarkRegistrationFactSheet.aspx>.

<sup>30</sup> Dinwoodie, notice draft, at 20 (on file with author).

- C. The modern approach: anything can be a mark and anything that is a mark can be registered

In the current version of trademark law, all of the internal boundaries of protectability are based on consumer understanding. There is no ontologically “non-trademarkable” class of symbols.<sup>31</sup> Anything that is capable of distinguishing the source of goods or services—known as being “distinctive”—can serve as a mark. Because the Lanham Act makes registration available, with limited exceptions, to all symbols that are capable of functioning as trademarks, registrability too is now judged by similar or even identical standards as protectability, though historically this was not the case.

Two provisions of the Lanham Act prohibit infringement: Section 32 provides a cause of action for confusing uses of a registered mark, while Section 43 uses even broader language, making actionable the use of any symbol that is “likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of [the defendant] with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person.”<sup>32</sup>

McCarthy’s treatise summarizes the general approach to the relationship between rights and registration:

Government registration in the U.S. is essentially recognition of a right already acquired by use. The underlying right created by use as a mark is recognized by the common law. That is, registration in the U.S. does not create the trademark, the owner creates the underlying right through use in the marketplace. In the marketplace, consumers use the designation as a mark to identify and distinguish source. Registration adds additional rights to the trademark property that already exists.<sup>33</sup>

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<sup>31</sup> *Qualitex v. Jacobson*, 514 U.S. 159, 164 (1995).

<sup>32</sup> §43(a)(1).

<sup>33</sup> 6 MCCARTHY § 19:1.75 (footnotes omitted); see also DAPHNE ROBERT, *THE NEW TRADE-MARK MANUAL* 10 (1947) (“The right to use the mark is not granted by the Government and registration of a mark . . . does not in itself create any exclusive rights. Rights in a mark are acquired by use and use must continue if the rights are to continue. Registration is simply a recognition by the Government of the right of the owner to use the mark in commerce to distinguish his goods or services.”). Most other systems are primarily registration-based, though use can also convey some rights under the general law of unfair competition. See 3 MCCARTHY, *supra*, § 19:1.75 (“These legal systems place primary

That last sentence is where the magic happens. The *right* exists because of use;<sup>34</sup> the *registration* then may add to the scope of the right. Most notably, registration provides nationwide rights even when the registrant is only using the mark in one part of the country.<sup>35</sup> Nonetheless, trademark doctrine teaches that registration doesn't change the standard for assessing whether confusion with another's use is likely, and in that sense the "scope" of the right is the same.<sup>36</sup> Likewise, the remedies available for infringement of registered and unregistered marks are the same, except with respect to counterfeiting.<sup>37</sup> While the Lanham Act's counterfeiting provisions were designed to give special protection against identical or nearly identical copies of registered marks used on products specified in the registration, courts increasingly conflate counterfeiting with confusion (which doesn't require identical copying).<sup>38</sup> This means that, even while

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value on the public notice that flows from government registration. This public notice affords a measure of fairness and publicity for those who are searching to determine if their mark would conflict with previous marks. In those nations, the public record is a much better reflection of legal and commercial reality than in the United States.”)

<sup>34</sup> The US also recognizes intent to use as a basis for registration, but the registration is only perfected, and thus available to stop others from using confusingly similar marks, upon use and filing of an acceptable statement of use.

<sup>35</sup> See Carter, *supra* note [], at 759–60 (noting that registration's automatic nationwide priority, as well as the intent to use system, are features that extend protection far beyond the bounds of the common law).

<sup>36</sup> See, e.g., *Medisim Ltd. v. BestMed LLC*, 861 F.Supp.2d 158, 178 n. 150 (“As the Supreme Court has made clear, the same likelihood of confusion analysis applies regardless of the name given to the trademark claim—e.g. false designation of origin, infringement, or something else.” (citing *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 780 (1992))); *Century 21 Real Estate Corp. v. Sandlin*, 846 F.2d 1175, 1178 (9th Cir.1988) (“The ‘ultimate test’ for unfair competition is exactly the same as for trademark infringement.”); *1–800 Contacts, Inc. v. Lens.com, Inc.*, 722 F.3d 1229, 1238 (10th Cir. 2013) (infringement claim under § 32 is nearly identical to claim under § 43, except that registration serves as prima facie evidence validity and of registrant's exclusive right to use mark in commerce); see generally Mark P. McKenna, *Trademark Law's Faux Federalism*, in *INTELLECTUAL PROPERTY AND THE COMMON LAW* (Shyamkrishna Balganes, ed., 2013).

<sup>37</sup> 15 U.S.C.A. § 1117. Though courts generally reached this result even before Congress made it explicit, see, e.g., *Metric & Multistandard Components Corp. v. Metric's, Inc.*, 635 F.2d 710, 209 U.S.P.Q. 97 (8th Cir. 1980), Congress did so in the Trademark Law Revision Act of 1988; Pub. L. 100-667, 102 Stat 3935. (effective Nov. 16, 1989) (adding to the introductory clause of § 35 a reference to § 43(a)). Failure to mark goods with the ® symbol can sometimes limit the remedies available for infringement of a registered mark, a rule that can't always be avoided by asserting common-law rights in the same mark, but the case law is something of a mess.

<sup>38</sup> See Mark P. McKenna, *Criminal Trademark Enforcement and the Problem of Inevitable Creep* (unpublished draft, 2014); cf. *Calista Enterprises Ltd. v. Tenza Trading Ltd.*, --- F. Supp. 2d ----, No. 3:13-cv-01045, 2014 WL 3896076 (D. Ore. Aug. 8, 2014) (apparently

counterfeiting liability is expanding, the conceptual distinction between having a registration and having a mark that is protectable against confusion is narrowing further.

Because the requirements for registrability have loosened and the concept of infringement has expanded over time, the registry has become less useful, even on the counterfactual assumption that every mark on the register is valid and in use. As further detailed below, the specification of the mark and the list of covered goods and services in the registration increasingly have provided less and less information about what rights actually exist. Though the statute speaks of giving trademark owners an “exclusive” right to use a mark on the goods and services for which it is registered, that right isn’t in fact exclusive but subject to a requirement that the trademark owner prove confusion, so rights might be practically limited to a smaller subset of the listed goods or services. Moreover, even with respect to goods and services not covered by the registration, a similar enough use could still infringe.<sup>39</sup> A term on the registry in standard character form (that is, covering all typographical variants of the registered word) might in practice be limited in its scope of protection to particular stylized versions, colors, or fonts.

Robert Burrell, dealing with Australian law, has eloquently elaborated on the difficulties of meshing a registration system designed to provide formal rules for businesses with a confusion-based system that depends on consumer reactions.<sup>40</sup> In brief: the register lists rights that may not truly exist, while rights may still exist outside the register to surprise actors who proceeded in good faith in reliance on the register. But in the U.S., as McCarthy’s summary indicates, we have told ourselves that both systems, registration and general protection against confusion, have the same goals and the same mechanisms. The result has been increasing

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ignoring statutory command to limit anticounterfeiting protection to the goods or services listed in registrant’s registration, in favor of a market/confusion-based inquiry into the relationship of the parties’ services); *Tiffany & Co. v. Costco Wholesale Corp.*, --- F. Supp. 3d ---, 2015 WL 5231240, No. 13CV1041 (S.D.N.Y. Sept. 8, 2015) (holding that use of “Tiffany” on signs for diamond rings constituted counterfeiting even though rings had non-Tiffany marks inscribed on their inner surfaces and were in non-Tiffany packaging with non-Tiffany paperwork, because the word mark was identical and Tiffany showed actual confusion as well as intent to confuse).

<sup>39</sup> This is a change from the common law and earlier statutory law. The Trademark Act of 1905 barred only unauthorized uses of a registered trademark on “merchandise of substantially the same descriptive properties as those set forth in the registration.” Trade-Mark Act of 1905, Pub. L. No. 58-84, 33 Stat. 727 (1905), repealed by Lanham Act, Pub. L. No. 79-459, § 46(a), 60 Stat. 427, 444 (1946).

<sup>40</sup> See Burrell, *supra* note [].

tension between irreconcilable empirical and conceptual approaches to trademark problems. The following Part discusses some key examples, including problems that have received national attention (the REDSKINS cancellation) and Supreme Court review (preclusion).

## II. Registration as Recognition of Rights or Creation of Rights

Registration often takes the role of managing relations among businesses, determining when rights exist even in the absence of consumer understanding or misunderstanding. Under a pure consumer protection view, by contrast, registration should be procedural and have no independent meaning, with the underlying law of infringement providing all the rights and expanding or contracting the scope of the registration as needed. As this Part explains, the law of registered trademarks resembles a dance in which the system takes one step towards the substantive version of registration, and then one step towards the procedural version—but at unpredictable intervals. Neither direction is inherently bad, but the unpredictability is a problem.

Procedural: courts regularly say that the question of whether a symbol meets the standards for protectability as a mark is the same as whether it meets the standards for registrability. In that case, a mark is unregistered only by factual accident. Substantive: when the mark is unregistrable for a policy reason, such as the fact that it disparages a group of people, it may be that it is still protectable under federal unfair competition law, making registered marks a meaningful subset of protectable marks.

Procedural: the Supreme Court has recently instructed that issue preclusion applies to judgments by the Patent and Trademark Office (PTO) when the issue is whether one mark is likely to cause confusion with another, earlier registered mark, because registration and infringement inquiries are so similar. Substantive: the Court left room for courts to decide that the PTO had answered a different question than whether confusion is likely in the marketplace, though when that can happen is highly unclear. In such cases, the scope of the earlier registration in the registration system will be meaningfully different from its scope in the marketplace.

Procedural: The same infringement standard is applied to registered and unregistered marks, making registration irrelevant for infringement inquiries. The related statutory provisions for “incontestability” likewise

become functionally meaningless. Even the theoretically nationwide scope of a registration is limited by judicial doctrine requiring actual expansion to the defendant's area, or at least actual recognition in the defendant's area, before the plaintiff can take advantage of its registration to suppress the defendant's use, meaning that registration only provides exclusive nationwide use to nationwide users. Substantive: Registered descriptive terms—terms that describe a characteristic of the product or service, such as American for airlines—can still become incontestable, meaning that they will be protected as trademarks even if consumers don't recognize them as marks. And the nationwide scope for local registered marks applies to preclude other registrations, even of distant users, and to provide the right to expel distant junior uses if nationwide expansion does occur.

Procedural: in infringement cases, courts generally evaluate a mark as it's actually used, regardless of how it's registered—as a typewritten word, a word in a particular font, and so on. For example, WINTERFRESH is registered as a standard character mark for gum,<sup>41</sup> and, as far as the PTO is concerned, Wrigley's rights extend to any appearance of that word, but courts will evaluate an allegedly infringing use for its similarity to the word in combination with its design:



Courts also tend to treat a two-dimensional picture and a three-dimensional version of a depicted item as the same, replicating what they understand to be the general fuzziness of consumer perceptions. Substantive: the PTO grants broader protections when a word mark is registered as a typewritten (standard character) mark, considering it to appear in essentially all fonts and configurations even if in practice the registrant's use is far more limited. In registration proceedings, the particulars of a registration are meaningful.

The overall result is a system that protects consumers against confusion, except when it doesn't, and that uses registration as a system of notice of rights, except when the registration doesn't accurately define the actual rights. The following sections explore these incoherences.

A. Disparaging marks: is there matter that is unregistrable but protectable?

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<sup>41</sup> Reg. No. 3064491 (Feb. 28, 2006).

The Lanham Act, §2, precludes registration of matter that is, among other things, “disparaging.”<sup>42</sup> A mark that was disparaging when registered may be cancelled at any time. After extended wrangling, the TTAB recently cancelled a number of REDSKINS football-related registrations for the second time (having been reversed on procedural grounds the first time). The district court for the Eastern District of Virginia upheld the cancellation, and the case is on appeal. The Supreme Court is likely to resolve a First Amendment challenge to the bar on registering disparaging marks.<sup>43</sup>

If the courts sustain the cancellation, Washington’s football team will confront a question to which, surprisingly, there is no clear answer even after nearly seven decades under the Lanham Act: if a mark is *unregistrable* and not just unregistered by factual accident, can it still be federally protected through §43(a)’s coverage of unregistered marks?<sup>44</sup> If the answer is yes, then the team will have suffered a symbolic blow to its mark, but will still be able to enforce it against infringers once it proves that its mark has source-identifying meaning to consumers, a showing that will not likely be difficult.<sup>45</sup> If the answer is no, then the First Amendment challenge to §2(a) (and to the coordinate common-law rule against protecting marks that violate public policy) becomes more significant, since denial of registration will be the death knell for any other form of protection. Moreover, if §43 protection is unavailable, in the many states that follow the federal lead, anyone will be able to use the term, though not the unchallenged team logo or team colors. Because of the importance of merchandising to modern sports teams, the team would predictably change

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<sup>42</sup> §2(a).

<sup>43</sup> See *In re Tam*, 808 F.3d 1321 (Fed. Cir. Dec. 22, 2015) (invalidating §2(a) disparagement bar on First Amendment grounds).

<sup>44</sup> Although the development of the common law largely halted once federal law became available, older authorities suggest that common-law protection could be unavailable for disparaging marks or marks otherwise against public policy. Treatise writer William Henry Browne, writing in the nineteenth century, claimed that “any business conflicting with the morals of the time should not be able to enforce trademark and unfair competition rights.” See Jasmine Abdel-khalik, *To Live in In-“Fame”-y: Reconceiving Scandalous Marks as Analogous to Famous Marks*, 25 CARDOZO ARTS & ENT. L.J. 173, 186 (2007) (citing WILLIAM HENRY BROWNE, A TREATISE ON THE LAW OF TRADE-MARKS AND ANALOGOUS SUBJECTS (FIRM-NAMES, BUSINESS-SIGNS, GOOD-WILL, LABELS, & C.) 342 (Boston, Little, Brown, and Co. 2d ed. 1885)). Browne stated that a mark “must not transgress the rules of morality or public policy.” *Id.* Likewise, earlier federal trademark statutes, which did not create any substantive rights, treated marks similarly. BROWNE, *supra*, at 239; see also *Hughes v. Alfred H. Smith Co.*, 205 F. 302, 315 (S.D.N.Y. 1913).

<sup>45</sup> Its ability to get seizures at the border would be limited, but not to the extent that it continued to rely on its unchallenged registrations for its logo and color schemes.



its name, so (paradoxically?) declaring the term free for anyone to use would almost certainly lead to its commercial extinction.

Whether registration confers substantive rights or is merely procedural, it still might be the case that §2(a) can't constitutionally bar registration of disparaging marks. If an unregistrable term is entitled to trademark protection under §43, that might only affect the contours of the First Amendment analysis. What's notable is that this seemingly basic predicate question—what are the protections available to an unregistrable term under federal law?—can easily be answered two different ways under current law.

1. Registration as Procedural and Coextensive with Protectability—or Not

The argument that registration is limited to a specially favored subset of protectable marks relies on both text and history. As Professor Mark McKenna argues, because §2 reads that “[n]o *trademark* by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless” it runs afoul of one of the provisions in subsections (a)-(f), the statute “implies that the question of whether a claimed designation qualifies as a trademark is logically prior to, and independent of, the question of registrability.”<sup>46</sup> That is, only some subset of trademarks qualify for registration.

McKenna suggests that the concept of unregistrable but protectable trademarks was perfectly sensible to trademark lawyers in the 1940s and 1950s, when a number of valid trademarks were unregistrable—“because they were not used in interstate commerce (a concept that then would have been more limiting), because they were not technical trademarks, or because they failed one of the other statutory requirements.” Such trademarks would only have been protectable in an action for unfair competition, which had more stringent requirements for secondary meaning, deceptive intent, and required plaintiffs to show actual trade diversion instead of just likely harm. However, courts spent the subsequent decades “eviscerating the substantive differences between trademark infringement and unfair competition,” making it hard for them to understand this older conception.<sup>47</sup>

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<sup>46</sup> Mark P. McKenna, *Trademark Year in Review*, Feb. 5, 2015, at 5, available at [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2645863](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2645863) (emphasis added).

<sup>47</sup> *Id.*

The argument that registrability and protectability are coextensive is simple: courts have said so. Almost any symbol, the Supreme Court said in *Qualitex v. Jacobson*, can be a trademark, and if it can serve as a source identifier, it's also entitled to registration.<sup>48</sup> In the 1992 case of *Taco Cabana v. Two Pesos*,<sup>49</sup> the Court first explicitly said that the standard for protectability under §43(a)—the provision of the Lanham Act allowing federal protection against infringement for unregistered marks—was the same as the standard for registrability under §2.<sup>50</sup> *Taco Cabana*, though it didn't reflect the history of registration, profoundly (and negatively) shaped courts' subsequent treatment of unregistered marks.

Of course, the Court's statements were made without explicit consideration of the non-distinctiveness-based limits in §2, including disparagement and scandalousness. Yet there are reasons to think that the exclusions in §2 reflect public policies that also apply to unregistered marks. Section 2 excludes merely descriptive marks and marks that cause confusion with other marks; §43(a) wouldn't protect those either. The other exclusions in §2 mostly cover matter that is potentially deceptive in one way or another, or features that are functional and therefore free for competitors to use as a policy matter, even if consumers associate the features with a particular producer. Deceptive or functional marks are unprotectable under §43(a).<sup>51</sup> The market- and consumer-protection rationales for these exclusions sit at the core of trademark policy.

Given the completely sensible reasons that marks that are unregistrable under most parts of §2 should be unprotectable in general, it seems not wild-eyed lunacy to reason that the remaining exclusions in §2

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<sup>48</sup> *Qualitex*, 514 U.S. 159, 162 (1995); *see also id.* at 171 (using the registration language, 15 U.S.C. § 1052(f), to conclude that a descriptive word may “act as a trademark” (emphasis added) if it has acquired secondary meaning).

<sup>49</sup> 505 U.S. 763 (1992).

<sup>50</sup> *See also* *Two Pesos Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 784 (1992) (Stevens, J., concurring) (“§43(a) is properly understood to provide protection in accordance with the standards for registration in §2.”).

<sup>51</sup> 15 U.S.C. § 1125(a)(3) (barring protection under §43(a) for functional features); *Eco Mfg. LLC v. Honeywell Intern., Inc.*, 295 F. Supp. 2d 854, 876 (S.D. Ind. 2003) (“[T]rademark law never authorized protection of functional product features.”); *Havana Club Holding S.A. v. Galleon S.A.*, 49 U.S.P.Q.2d 1296 (S.D.N.Y. 1998) (rights acquired by deceptive use of unregistered mark would be unenforceable), later proceedings, 62 F. Supp. 2d 1085 (S.D.N.Y. 1999). Older cases granted some limited relief to plaintiffs with functional marks. *See, e.g.*, *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 120 (1938) (holding that defendant was free to use functional shape “subject only to the obligation to identify its product lest it be mistaken for that of plaintiff”); *American Greetings Corp. v. Dan Dee Imports, Inc.*, 807 F.2d 1136, 1141, 1145 (3d Cir. 1986).

are indicators of unprotectability too. The exclusions in §2 that at least arguably don't go to core trademark policy are those for immoral, scandalous, or disparaging marks; flags, coats of arms, and other insignia of political units; names, signatures, or portraits of living persons or of deceased presidents with living spouses without their written consent; geographic indications on wine or spirits identifying someplace other than their origin; and primarily geographically deceptively misdescriptive terms. Some of these exclusions are closer to source significance, and to preventing deception, than others. The legislative history indicates that the prohibition on “disparaging” marks was closely related to the ban on creating a false connection with another entity, the latter of which clearly relates to trademark's anti-confusion policy.<sup>52</sup> It is also worth noting that the “core” exclusions are pretty well mixed in with the non-core ones, so that “deceptive” is listed right in between “immoral” and “scandalous.” Arguably it's all congressional policy about what ought to serve as a mark.

For example, in *Renna v. County of Union*, a district court recently justified the exclusion of flags and other government insignia on the ground that governments ought not to have access to ordinary trademark remedies, given that governments aren't ordinary commercial actors and that the First Amendment risks of allowing such remedies were uniquely high when the government was pursuing a defendant.<sup>53</sup> The court concluded that there was “a difference between a mark that happens to be unregistered, and one that *cannot* be registered as a matter of law”.<sup>54</sup>

The Section 2 restrictions serve a broader purpose to distinguish fit from unfit subjects of trademark protection. To put it another way, a mark is not denied registration under Section 2 because of some

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<sup>52</sup> In the hearings on what ultimately became the Lanham Act, lawyer Edward Rogers—also the primary drafter of the Lanham Act—stated that some may be “prostituting great names” and obtaining “vicarious credit to goods by putting a great man's name on them.” One of his suggested solutions was a prohibition on marks that “bring [someone] into disrepute or ridicule [by] anyone in the place or community he resides.” See Hearings on H.R. 9041 Before the H. Comm. on Patents, Subcommittee on TradeMarks, 75th Cong., 3d Sess. at 79, 80, 81 (1938). Later testimony suggested that the disparagement and scandalousness bars would allow the PTO to refuse, for example, ABRAHAM LINCOLN gin—a classic false connection. Hearings on H.R. 4744 Before the H. Comm. on Patents, Subcommittee on TradeMarks, 76th Cong., 1st Sess. 19 (1939), at 19, 20. Still later, the bill was amended to insert the additional prohibition against “falsely suggest[ing] a connection with”—broader, but not different in kind than the immediately preceding ban on disparagement. H. Journal, 77th Cong., 2d Sess., at 541 (1942).

<sup>53</sup> *Renna v. County of Union*, 88 F. Supp. 3d 310 (D.N.J. 2014).

<sup>54</sup> *Id.* at 320.

quirk of the registration process; it is deemed unregistrable because it is not a suitable, protectable mark.<sup>55</sup>

Furthermore, the court continued, consistency was an “independent virtue.”<sup>56</sup> As McCarthy’s treatise said, “What the law does not need is a separate set of different substantive trademark rules followed in § 43(a) cases.... A plethora of different rules and standards provides neither predictability nor consistency, both hallmarks of a rational and democratic legal system.”<sup>57</sup> The Supreme Court echoed this concern in its recent opinion in *B&B v. Hargis*, reasoning that a federal district court empowered to decide both registrability and infringement shouldn’t be forced to use two different standards.<sup>58</sup>

Relatedly, the *Renna* court believed that the whole point of §43 was to provide unregistered marks with the same protection as registered marks, just without registration’s presumptions—the key move in the modern treatment of unregistered marks, making registration purely procedural. “A mark should not earn extra protection because it is not registered. The Congressional scheme would be scrambled if Section 43(a) were used to protect marks that could never have received any protection as registered marks.”<sup>59</sup> Registered marks are supposed to be superior to unregistered marks, so §43(a) should never assist a claimant more than §32 hypothetically would. This reasoning arguably confuses the existence of rights with their scope once established, but it’s plausible.

Under the same logic, Washington’s football team should be out of luck. Recently, Judge Moore of the Federal Circuit agreed: “[Section] 43(a) protection is only available for unregistered trademarks that could have qualified for federal registration. Thus, no federal cause of action is available to protect a trademark deemed disparaging, regardless of its use in

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<sup>55</sup> *Id.*

<sup>56</sup> *Id.* at 321.

<sup>57</sup> *Id.* (citing MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 27:18). Professor McCarthy’s comments currently found in Section 27:18 first appeared in the second edition (1984). In the second edition, he was primarily addressing the question whether there is any divergence in the likely confusion test for granting relief as between traditional state infringement law and §43(a); the third edition switched the emphasis to whether there was any difference between §32 and §43(a)’s provisions for infringement of registered versus unregistered marks, respectively. However, his point has some force in the context of unregistrable marks as well.

<sup>58</sup> *B&B*, 135 S.Ct. at 1307.

<sup>59</sup> *Renna*, 88 F. Supp. 3d at 321.

commerce.”<sup>60</sup> Subsequently, a majority of the Federal Circuit agreed that protection under §43(a) was likely unavailable to unregistrable marks.<sup>61</sup>

On the other hand, a vigorous dissent in the Federal Circuit disagreed, relying on the arguments of the International Trademark Association.<sup>62</sup> Likewise, a federal district court evaluating the REDSKINS marks held to the contrary, not even considering the question worth careful analysis: registration isn’t required for trademark protection, so cancellation of the marks at issue didn’t deprive them of all legal protection, and didn’t raise significant First Amendment concerns.<sup>63</sup>

## 2. The Thoroughly Modern Nature of the Dispute

When the Lanham Act was enacted, trademark lawyers generally didn’t consider registration coextensive with protectability.<sup>64</sup> A significant number of source identifiers that were entitled to protection against unfair competition were nonetheless not registrable—most notably marks comprising “trade dress,” such as the overall color or general appearance and shape of a product. To prevail in a claim for unfair competition based on unregistrable trade dress required proof of secondary meaning, and also often proof of intentional copying and harm. This treatment is broadly consistent with the idea that inherently distinctive terms—once known as

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<sup>60</sup> *In re Tam*, 785 F.3d 567, 576 (Moore, J., additional views) (citations omitted), *rev’d*, 808 F.3d 1321 (Fed. Cir. 2015).

<sup>61</sup> *In re Tam*, 808 F.3d 1321, 1344 n.11 (Fed. Cir. 2015).

<sup>62</sup> *Id.* at 1375 (Lourie, J., dissenting).

<sup>63</sup> *Pro-Football, Inc. v. Blackhorse*, No. 14-cv-01043, 2015 WL 4096277, at \*8-9 (E.D. Va. Jul. 8, 2015).

<sup>64</sup> See Mark McKenna, *Guest Post by Prof. McKenna: The Implications of Blackhorse v. Pro-Football, Inc.*, Jun. 19, 2014, PATENTLY-O, available at <http://patentlyo.com/patent/2014/06/implications-blackhorse-football.html>. Daphne Robert said, for example, that “All distinctive marks which may lawfully be used are entitled to registration on the principal register by their owners.” DAPHNE ROBERT, *THE NEW TRADE-MARK MANUAL: A HANDBOOK ON PROTECTION OF TRADE-MARKS IN INTERSTATE COMMERCE* 39 (1947); see also *id.* at 226 (“The Lanham Trade-Mark Act erases [previous] limitations, [and] permits registration of all marks which are in lawful use in interstate or foreign commerce ....”). This implied that nothing that was valid was unregistrable. At the same time, she also said that unfair competition additionally applied to “passing off” and trade dress, *id.* at 167, among other things, presumably all of which must be “lawfully used.” This implied that there are symbols that are not “marks” whose misuse is capable of confusing consumers but that are not registrable. Along with then-unregistrable trade dress, the category of “trade names”—names under which an entity did business but with which it did not mark particular goods—would be an example. Current law allows all these things to be registered, eliminating the distinctions Roberts and her contemporaries made.

technical trademarks—are better marks because they are more easily recognized as indications of source, and because there’s no good reason to allow other producers of the same goods to copy them. The law deems inherently distinctive words to automatically tell consumers that they indicate source rather than describing some aspect of the product or ornamenting it—“Xalatan” for drugs or “Apple” for computers, for example.

Today, however, we register trade dress, surnames with secondary meaning, and other previously excluded categories of terms that once had to rely on “unfair competition” instead of “trademark” law. Likewise, infringement of registered and unregistered marks is now tested under the same standard, and infringement of an unregistered mark doesn’t require different proof with respect to intentional copying or harm. The result is that there’s no remaining coherent account of unregistrable matter that is nonetheless protectable.

Even twenty years ago, when Congress passed the NAFTA amendments barring registration of “primarily geographically misdescriptive marks,” it didn’t notice the issue. Congress intended<sup>65</sup> to switch geographically misdescriptive marks from registrable to unregistrable. Thus, Virginia Microchips not made in Virginia would be unregistrable, even if consumers didn’t actually care where the microchips came from (and thus suffered no harm from the misdescription) and even if the term developed secondary meaning. Did Congress also intend to make such marks unprotectable under §43? Our treaty obligation was to provide the means to prevent the *use* of misdescriptive marks that misled the public about the geographical origins of goods, and not just the registration thereof.<sup>66</sup> Perhaps Congress should have expanded the existing prohibition

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<sup>65</sup> An intent vitiated by the Federal Circuit, but still the intent and natural meaning of the law Congress passed. See Robert Brauneis & Roger E. Schechter, *Geographic Trademarks and the Protection of Competitor Communication*, 96 TRADEMARK REPORTER 1, 52-53 (2006) (discussing *In re California Innovations*, 329 F.3d 1334 (Fed. Cir. 2008)). In terms of congressional neglect, Jessica Litman has noted that timing matters: Trademark protection of unregistered marks was generally not considered equivalent to protection for registered marks until the Supreme Court decision in *Two Pesos v. Taco Cabana*, which only came down in the year NAFTA was signed. Thus, neither our trading partners nor Congress had much occasion to consider the interaction between §43(a) and §2.

<sup>66</sup> “Each party shall provide, in respect of geographical indications, the legal means for interested persons to prevent: (a) the *use* of any means in the designation or presentation of a good that indicates or suggests that the good in question originates in a territory, region or locality other than the true place of origin, in a manner that misleads the public as to the geographical origin of the good...” NAFTA Art. 1712(1) (emphasis added); see also TRIPS Art. 22(2) (obliging member states to prevent the use of designations or

on false advertising to cover this situation, but it didn't.<sup>67</sup> Nor does the legislative history contain any hint of concern that someone might evade the prohibition on registration by claiming a right under §43(a).<sup>68</sup> It is perhaps relevant that Congress acted before the Supreme Court said, in *Qualitex* and *Taco Cabana*, that almost anything could be a trademark and that anything that could be a trademark could be registered.<sup>69</sup>

My point here is not to argue that the REDSKINS mark should or shouldn't be protectable under §43 or state common law. Rather, what is interesting about this question is that it has to be asked because of the modern, and historically novel, conception that any symbol that can be protected can be registered. Only on this view of the law does the contrapositive—a symbol that can't be registered can't be protected—become plausible.<sup>70</sup>

The Supreme Court didn't think it was doing anything significant in *Taco Cabana* or *Qualitex*. Its rhetoric suggested that universal protectability and registrability were obvious consequences of Congress's broad language in the Lanham Act. If registration is merely about

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presentations that indicate or suggest that the good in question “originates in a geographical area other than the true place of origin in a manner which misleads the public as to the geographical origin of the good”); see Brauneis & Schechter, *supra* note [], at 56 & n.181. Congress did not amend the Lanham Act to implement this provision, while it amended §2 to deal with registration. Presumably, the assumption was that false advertising law covered the situation already. However, materiality is a requirement under false advertising law—if consumers don't presently care about origin, a misrepresentation isn't actionable. Our trading partners wanted more, because part of the theory behind protecting all geographic indications is that different places should be encouraged to develop reputations for specific qualities. Protection should enable such reputations to develop even if they don't exist now and therefore aren't material now. See Justin Hughes [GIs article].

<sup>67</sup> Current false advertising law requires materiality to a consumer's purchasing decision, while the geographic misdescriptiveness bar does not.

<sup>68</sup> Professor McCarthy (personal communication, June 20, 2014, on file with author).

Perhaps this is related to the fact that most of our treaty partners operate more registration-based systems, and weren't attuned to the fact that the US now offers essentially the same protection to registered and unregistered marks.

<sup>69</sup> For an example of the more restrictive pre-*Taco Cabana* approach to protecting unregistered trade dress, see *Fuddrucker's, Inc. v. Doc's BR Others, Inc.*, 826 F. 2d 837 (9th Cir 1987). I thank Jessica Litman for the example.

<sup>70</sup> In the older view of unfair competition, what was protected wasn't an unregistered mark as such, but rather conduct that (intentionally) deceived consumers. But courts and litigants ultimately pushed for specifications of what it was about the targeted conduct that was deceptive and, once identified, those elements became understandable as trade dress. The older concept of passing off without infringement of a trademark then made less sense the more the only exclusions from trademark protection implemented policy goals (e.g., functionality, genericity, or territoriality).

providing procedural advantages and presumptive nationwide scope (as well as assistance with Customs and eligibility for protection against counterfeiting), then it follows that a registration should have no other effect on the substantive scope of the trademark right. Of course, presumptions of validity can be incredibly important, but if that's all, then registration merely crystallizes the borders of an otherwise existing right.

As the next sections show, however, registration also changes the nature of what's protected, with nationwide geographic scope regardless of actual use being only the most obvious consequence. Because a registration extracts a symbol from its context, a registrability inquiry is carried out through a series of significant abstractions. The registration's specification, which is its definition of the "mark" and of the goods and services for which the mark is to be registered, departs from marketplace realities. Rights stemming from registration therefore only imperfectly follow the primary articulated justification for trademark protection: saving consumers from confusion. Right now, these two versions of rights stemming from registration—the wrapper around an existing common-law right, and the right in its own merit—coexist, but without coherence.

#### B. Likely confusion as a barrier to registration and as an independent cause of action

In *B&B v. Hargis*, the TTAB had found that an applied-for mark was unregistrable under §2 because it was likely to cause confusion with a preexisting registered mark. The Supreme Court held that this finding had preclusive effect in a subsequent trademark infringement case.<sup>71</sup> Because TTAB opposition proceedings brought to prevent registration of a mark were sufficiently similar in procedural protections to court proceedings, and because the question of refusing registration on grounds of likely confusion was sufficiently similar to the question of finding infringement, the Court reasoned, TTAB rulings could be preclusive.<sup>72</sup>

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<sup>71</sup> *B & B Hardware, Inc. v. Hargis Indus., Inc.*, -- U.S. -- 2015 WL 1291915 (Mar. 24, 2015). Section 2(d) of the Trademark Act provides that a registration shall not issue where the applicant's designation "[c]onsists of or comprises a mark which so resembles [another] mark, as to be likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive...." 15 U.S.C. § 1052(d).

<sup>72</sup> *B&B*, 135 S.Ct. at 1308 ("If a mark owner uses its mark in ways that are materially the same as the usages included in its registration application, then the TTAB is deciding the same likelihood-of-confusion issue as a district court in infringement litigation. ... [I]f the TTAB does not consider the marketplace usage of the parties' marks, the TTAB's decision should 'have no later preclusive effect in a suit where actual usage in the marketplace is the paramount issue.'") (citing 6 MCCARTHY § 32:101, at 32–246); *see also id.* at [] (Ginsburg,



While a refusal of registration does not prevent use, the owner of a preexisting mark sometimes sues to prevent the applicant from continuing its unregistered use, claiming that the applicant is infringing on its mark. The Supreme Court's preclusion holding raised the stakes of contested registration proceedings, both for applicants and for opposers, in ways that are not consistent with the oft-stated aim of making the registration process relatively simple and low-cost.<sup>73</sup> Treating registration and infringement inquiries as nearly the same increases uncertainty when, in practice, they differ.

The Supreme Court observed that the governing statutory language for registration and infringement was highly similar, and that a court can cancel a trademark registration as part of an infringement claim. It wouldn't make much sense for that court to have to apply two different standards.<sup>74</sup> And yet, the Court also said that, in many cases, preclusion would be inappropriate because the TTAB would have determined a somewhat different question than that asked by a court deciding an infringement claim.<sup>75</sup> While the *B&B* rule may or may not not apply very often to preclude relitigation of likely confusion,<sup>76</sup> it creates substantial uncertainty for every TTAB likely confusion proceeding.<sup>77</sup> The Eighth

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J., concurring) (emphasizing that preclusion would not apply in many case, where the TTAB compares marks in the abstract).

<sup>73</sup> See *B&B*, 135 S.Ct. at 1306 (acknowledging that issue preclusion may lead parties to devote more resources to TTAB proceedings).

<sup>74</sup> *Id.* at 1306-07.

<sup>75</sup> *Id.* at 1306, 1308.

<sup>76</sup> See Jeremy M. Klass et al., *TTAB Strategy After B&B Hardware*, Venable.com, May 5, 2015, available at <https://www.venable.com/ttab-strategy-after-bb-hardware-05-05-2015/> (noting that TTAB rulings are extremely rare, occurring in less than 1/2 of 1% of all oppositions and cancellations, and noting that the TTAB generally stays its proceedings in most situations involving concurrent civil litigation, though pointing out that the TTAB practice of staying its proceedings may no longer be justified after *B&B*).

<sup>77</sup> *Id.* (the possibility of dispute over whether a factual situation has changed enough to avoid preclusion "opens the door to time-consuming and costly motions practice and possible interlocutory appeals," and "the specter of issue preclusion in future disputes now looms over all inter partes TTAB proceedings"; parties may end up litigating TTAB proceedings more heavily, because the TTAB "may be their only bite at the likelihood of confusion apple," meaning that this application of issue preclusion "may have the perverse net effect of increasing litigation"); see also Alexandra H. Bistline, *Raising the Stakes: Trademark Litigation in the Wake of B & B Hardware, Inc. v. Hargis Industries, Inc.*, 105 TRADEMARK REP. 867, 868 (2015) (concluding that preclusion is likely to apply to most issues the TTAB decides, other than likely confusion, and that the threat of preclusion "significantly raises the stakes (and the corresponding costs) of an opposition or cancellation proceeding before the TTAB," likely driving litigants directly to court rather

Circuit’s recent decision that the TTAB ruling at issue in *B&B* itself qualified to preclude a likely confusion defense, despite that court’s earlier holding that the TTAB hadn’t considered the differences in markets between the parties, may signal a relatively aggressive view of preclusion.<sup>78</sup>

The problem for preclusion is that the PTO’s inquiry into “likely confusion” differs from judicial inquiries into “likely confusion” in significant ways, primarily deriving from the fact that registration requires a specification of what is to be registered, while an infringement case does not. For example, the PTO only considers the applied-for matter, but an infringement case looks at the overall impression created by the defendant’s product or service—additional matter such as “house marks” that name a recognizable national brand, color, or other differences in presentation can avoid confusion even when some part of the defendant’s overall look is similar to the plaintiff’s mark.<sup>79</sup> If the previously registered mark is in standard character form, the PTO will disregard colors, fonts, and other design elements of the mark itself that might serve to distinguish the two in the world outside the PTO, thus making a confusion finding more likely.<sup>80</sup> Courts will not.<sup>81</sup>

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than to the TTAB); *id.* at 918 (predicting that preclusion will also often apply on likely confusion); Steve Baird, *On Unintended Consequences: Will the B&B SCOTUS Ruling Encourage Trademark Bullies?*, Mar. 31, 2015, <http://www.jdsupra.com/legalnews/on-unintended-consequences-will-the-bb-01062/> (arguing that *B&B* will lead companies to default and abandon registration attempts when there is an opposition to avoid the possibility of preclusion, and that this result “will only embolden those who have a bloated view of their trademark rights”).

<sup>78</sup> See *B&B Hardware, Inc. v. Hargis Industries, Inc.*, 800 F.3d 427 (8th Cir. 2015); see also *Ashe v. PNC Fin. Servs. Group, Inc.*, 2015 U.S. Dist. LEXIS 154953 (D. Md. Nov. 17, 2015) (applying *B&B* to find preclusion where TTAB had determined the date of a party’s priority). Arguably, the *B&B* Court might have meant that if the actual goods and channels of trade were no different than those described in the registration, preclusion would apply, even if additional material such as trade dress, house marks, or logos would in practice decrease or increase the likelihood of confusion. Bistline, *supra* note [], at 910.

<sup>79</sup> Compare, e.g., *Alberto-Culver Co. v. Trevive, Inc.*, 199 F. Supp. 2d 1004, 1013–15 (C.D. Cal. 2002) (examining, among other things, location of additional phrases on labeling and packaging, slogans used to promote products, and color and qualities of labels); with, e.g., *Checkpoint Systems, Inc. v. Check Point Software Technologies, Ltd.*, 2002 WL 1181046 (T.T.A.B. May 31, 2002) (“likelihood of confusion is determined only as to the applied-for mark on the applied good, regardless of the context of actual usage”).

<sup>80</sup> *SquirtCo v. Tomy Corp.*, 697 F.2d 1038, 1041 (Fed. Cir. 1983) (a party presenting its mark in standard-character form during registration is barred from asserting a difference based on type style).

<sup>81</sup> *Hornady Mfg. Co. v. Doubletap, Inc.*, 746 F.3d 995, 1002 n.2 (10th Cir. 2014) (in an infringement action, “standard character registration does not override the requirement that likelihood of confusion be measured by the perceptions of consumers in the marketplace, including the effect of packaging”).

Consumer reaction evidence is the most persuasive kind of evidence in infringement cases,<sup>82</sup> but the PTO rarely considers it. Even when the PTO does consider consumer reaction evidence, it understandably requires that surveys must track the specification to be relevant. In order to be relevant to a registration inquiry, therefore, a consumer survey must show a word mark to respondents typed on a white card against a plain background, rather than in a marketplace context.<sup>83</sup> This same procedure would make a survey inadmissible, or at the very least of minimal weight, in infringement litigation because it didn't provide the requisite marketplace context.<sup>84</sup>

More broadly, in a registration case, the PTO deems certain arguments legally irrelevant because they don't address the breadth of the prior mark as registered, or the applied-for mark as applied for, while they might be dispositive in an infringement lawsuit.<sup>85</sup> For example, differences in the parties' products and services can make confusion unlikely. But when an applicant argues that its goods or services differ in important practical ways from an opposer's, the TTAB holds that it's the list in the application that matters, not what the parties actually sell or how they sell it.<sup>86</sup> If the goods listed in the specification are legally identical, the TTAB

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<sup>82</sup> See, e.g., *Alliance Metals, Inc. of Atlanta v. Hinely Indus., Inc.*, 222 F.3d 895, 907 (11th Cir. 2000) ("The most persuasive evidence in assessing the likelihood of confusion is proof of actual confusion."); *Cairns v. Franklin Mint Co.*, 24 F. Supp. 2d 1013, 1041 (C.D. Cal. 1998) ("Survey evidence is not required to establish likelihood of confusion, but it is often the most persuasive evidence.").

<sup>83</sup> See, e.g., *Meier's Wine Cellars, Inc. v. Meyer Intellectual Props. Ltd.*, 2008 WL 902837, at \*4-\*6 (T.T.A.B. Mar. 4, 2008) (finding respondent's survey was "without probative value" for registration because the survey stimulus was a wine bottle, not just the mark).

<sup>84</sup> See, e.g., *THOIP v. Walt Disney Co.*, 690 F. Supp. 2d 218 (S.D.N.Y. 2010) ("[T]he closer the survey methods mirror the situation in which the ordinary person would encounter the trademark, the greater the evidentiary weight of the survey results.") (quoting 6 MCCARTHY §§ 32:163).

<sup>85</sup> See, e.g., *In re New York Football Giants, Inc.*, 2014 WL 3427342 at \*1 (T.T.A.B. July 3, 2014) ("While it is not unusual for an applicant to argue that...confusion is not likely because of marketplace conditions, typically such arguments fail to recognize that the TTAB is required, under applicable precedents...to analyze likelihood of confusion based on the involved identifications."); cf. *Medici Classics Productions, LLC v. Medici Group, LLC*, 683 F. Supp. 2d 304, 311 (S.D.N.Y. 2010) ("Notwithstanding [the infringement] plaintiff's argument that its registered trademark is for 'Medici Classics Productions' 'without claim to any particular font, style, size or color,' this inquiry requires looking not 'just at the typewritten and aural similarity of the marks, but how they are presented in the marketplace.'") (citations omitted).

<sup>86</sup> *Longshore v. Retail Royalty Co.*, 589 Fed. Appx. 963 (Fed. Cir. Sept. 15, 2014) (upholding rejection of applicant's argument that confusion was unlikely because his mark appeared on "inspirational wear," while opposer's mark was used only for women's clothing; likely confusion must be based on the goods as identified in the application and

presumes that they travel in the same channels of trade to the same classes of consumers.<sup>87</sup> In infringement actions, by contrast, differences in types of products or actual channels of trade may render confusion unlikely.<sup>88</sup>

Along with the factors already listed, the PTO doesn't consider differences of price or quality, so the presumptive class of likely purchasers is almost always broader and more likely to overlap with an opposer's than the real class of purchasers.<sup>89</sup> Courts do consider these differences.<sup>90</sup> Widespread use of a term by third parties weakens it in an infringement case, whereas the PTO historically has given little weight to third party registrations or even uses, tilting the confusion inquiry in favor of the prior claimant.

Most of the PTO's rules abstracting the application from its broader context favor prior registrants, and therefore tilt in favor of finding likely confusion.<sup>91</sup> Doubts are resolved in favor of the senior registrant,<sup>92</sup> whereas

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registration); *Canadian Imperial Bank of Commerce v. Wells Fargo Bank, N.A.*, 1 U.S.P.Q.2d 1813 (Fed. Cir. 1987) (likely confusion must be based on the goods or services in the application compared to the goods or services in the registration, regardless of the actual facts about the nature of the goods or services, their channels of trade, or their purchasers).

<sup>87</sup> *Victoria's Secret Stores Brand Management, Inc. v. Yael Mamroud/Cummins*, Opposition No. 91201001 (August 7, 2014).

<sup>88</sup> *Leelanau Wine Cellars, Ltd. v. Black & Red, Inc.*, 502 F.3d 504, 516 (6th Cir. 2007) (where defendant primarily sold its wines through its tasting rooms and plaintiff primarily sold through large retail stores, there existed "very limited overlap" in channels of trade).

<sup>89</sup> *See, e.g., Canadian Imperial Bank v. Wells Fargo Bank*, 811 F.2d 1490, 1496 (Fed. Cir. 1992) ("The authority is legion that the question of registrability... must be determined on the basis of the identification of goods set forth in the application regardless of what the record may reveal as to... the particular channels of trade or the class of purchasers to which sales of the goods are directed."); *see generally* Pamela Chestek, *How to Write a Good Identification of Goods for Trademark Applications*, [https://docs.google.com/presentation/d/17LSmyQBv4I2Gdlbe\\_La\\_NogmI3o5m5reZS75C5fwelc/edit#slide=id.p8](https://docs.google.com/presentation/d/17LSmyQBv4I2Gdlbe_La_NogmI3o5m5reZS75C5fwelc/edit#slide=id.p8) (presentation, n.d.) (advising applicants not to describe characteristics or uses; channels of trade; or users).

<sup>90</sup> *See, e.g., Continental Plastic Containers v. Owens Brockway Plastic Products, Inc.*, 141 F.3d 1073 (Fed. Cir. 1998) (rejecting argument that consumer base should be retail consumer of bottled beverage, rather than wholesale purchaser of empty bottles; inquiry is about determining the "consumers in the market for the particular product at issue").

<sup>91</sup> *See, e.g., Light Sources, Inc. v. Cosmedico Light, Inc.*, 360 F. Supp. 2d 432, 440 (D. Conn. 2005) (distinguishing registration and registrability from use in marketplace); ANNE GILSON LALONDE, *GILSON ON TRADEMARKS* § 9.01[2][b] (2014) (jurisdiction of federal courts is "much broader" than TTAB's; "much of the evidence relevant to infringement actions... is of little or no import to T.T.A.B. practice"); 6 MCCARTHY § 32:101 ("In an opposition, likelihood of confusion is determined only as to the registrability of the

the senior user bears the burden of proof in infringement cases.<sup>93</sup> Indeed, the one place where the PTO does look for marketplace evidence is where doing so helps the senior registrant. While a proliferation of similar marks can be evidence that a mark is weak, and thus that another similar mark doesn't infringe,<sup>94</sup> the PTO doesn't consider registrations of similar marks to show a given senior mark's weakness absent evidence about their actual presence in the marketplace.<sup>95</sup>

Likewise, infringement law is far more favorable to parodies. Courts often explain that the very humor of a parody signals that it is not the original and thus averts confusion.<sup>96</sup> By contrast, the PTO routinely finds parodic versions of existing marks likely to cause confusion,<sup>97</sup> reasoning that

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applicant's mark exactly as shown in the application and only as to the goods listed, regardless of actual usage.").

<sup>92</sup> See, e.g., *In re Shell Oil Co.*, 992 F.2d 1204, 1209 (Fed. Cir. 1993).

<sup>93</sup> *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 118 (2004).

<sup>94</sup> See, e.g., *Kate Spade LLC v. Saturdays Surf LLC*, 950 F. Supp. 2d 639, 644 (S.D.N.Y. 2013) (fact that the field of marks was crowded reduced the strength of plaintiff's mark SATURDAY SURF NYC and made confusion with KATE SPADE SATURDAY unlikely).

<sup>95</sup> See, e.g., *Longshore v. Retail Royalty Co.*, No. 2014-1448 (Fed. Cir. Sept. 15, 2014) (third-party registration for similar design was of limited probative value given the lack of evidence of actual usage of the mark); *Olde Tyme Foods Inc. v. Roundy's Inc.*, 22 U.S.P.Q.2d 1542, 1545 (Fed. Cir. 1992) ("As to the strength of a mark ... registration evidence may not be given any weight."); *American Hospital Supply Corp. v. Air Prods. & Chems., Inc.*, 194 U.S.P.Q. 340, 343 (T.T.A.B. 1997) ("It is now settled that third-party registrations are of little probative value in determining whether the marks [in a 2(d) situation] are in conflict in the marketplace. As it has often been stated, third-party registrations cannot aid an applicant in registering another confusingly similar mark.") (citation omitted); see also Remarks of David W. Ehrlich, *Trademark Prosecution in the Patent and Trademark Office and Litigation in the Trademark Trial and Appeal Board*, 8 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 451, 474-82 (1998) (noting TTAB's tendency to favor owners of prior rights and skepticism that third-party use reduces the strength of registered marks). But see *Juice Generation, Inc. v. GS Enterprises LLC*, 115 U.S.P.Q.2d 1671 (Fed. Cir. 2015) (telling the PTO to give other marks more weight). Third party registrations can also be persuasive on whether a term is descriptive, see *Dade Behring Inc. v. Bio-Chem Laboratory Sys., Inc.*, Opposition No. 114, 796 (T.T.A.B. 2001).

<sup>96</sup> E.g., *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC*, 507 F.3d 252 (4<sup>th</sup> Cir. 2007) (holding that "Chewy Vuiton" dog toys were obviously nonconfusing parodies).

<sup>97</sup> See, e.g., *Boston Red Sox Baseball Club LP v. Sherman*, 88 U.S.P.Q.2d 1581, 1592 (TTAB 2008) ("In finding that the marks are not similar, we have given no weight to applicant's argument that his mark is a parody. Parody is not a defense if the marks would otherwise be considered confusingly similar."); *In re My Other Bag Inc.*, No. 85521133 (T.T.A.B. Nov. 16, 2015) (finding specification limited to "parodic canvas tote bags screen-printed with an artist's cartoonish rendering of a well-known designer handbag" unregistrable under §2(d)).

when federal courts are dealing with questions of alleged infringement, the protective penumbra of free speech may well support the premise that members of the public have a right to use words in the English language to interest and amuse other persons. However, when this Board is asked the narrower question of applicants' right to *registration* under Section 2(d) of the Lanham Act, the First Amendment claim is not as strong as with issues of restraint on *use*.<sup>98</sup>

But *B&B*'s preclusion holding means that, in a subsequent infringement case, *CRACKBERRY* might be found to infringe the registered mark *BLACKBERRY* despite an otherwise valid First Amendment defense. While many preclusion battles might be resolved by introducing new evidence of the actual marketplace context, the First Amendment rule used by the TTAB is not evidence-based. Arguably the issue with parody is merely that one decisionmaking body is using the wrong standard,<sup>99</sup> but the divergence highlights the practical disparity between the courts and the PTO.

The upshot is that, if the applicant chooses to use her mark without registering it and the opponent sues for infringement, the very arguments that failed at the PTO might secure her victory before a court.<sup>100</sup> This

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<sup>98</sup> *Research in Motion Ltd. v. Defining Presence Mktg. Grp., Inc.*, 102 U.S.P.Q.2d 1187, 1192 (T.T.A.B. 2012).

<sup>99</sup> The TTAB has, in addition to its dislike of parody in infringement oppositions, applied dilution more broadly than at least some courts. When a symbol is used as a mark, it's not entitled to the statutory exemptions for non-trademark uses in federal dilution law, see 43(c)(3): applying to register a mark is clearly intent to use the symbol as a mark. Nonetheless, the dilution plaintiff must still prove likely dilution, even for symbols used as marks. As a result, the Fourth Circuit held that *CHEWY VUITON* dog toys did not dilute Louis Vuitton's famous mark because the parody reinforced the fame of LV's mark. *Louis Vuitton*, 507 F.3d at 267. By contrast, the TTAB has rejected that reasoning, holding that the (inapplicable) statutory exclusions are parody's only hiding place. *New York Yankees Partnership v. IET Products and Services, Inc.*, 114 U.S.P.Q.2d 1497 (T.T.A.B. 2015) (“[G]iven the circumstances generally presented by opposition and cancellation proceedings based on allegations of dilution, we find it virtually impossible to conceive of a situation where a parody defense to a dilution claim can succeed in a case before the Board.”).

<sup>100</sup> Registration-based systems more often engage in the same partly artificial inquiry as the PTO does when they assess infringement: looking at the specification—the mark on the page, and the goods or services listed in the registration—would the defendant's registration or use be likely to cause confusion with the plaintiff's mark as registered, not as used? *Burrell & Handler*, *supra* note [], at 12.

disincentive to applying to register, while marginal, is contrary to the overall information-disclosure purposes of the registration system.

The TTAB's rules are mostly sensible in the registration context. Good specifications are written to preserve the registration even if a party's sales channels, price range, or target consumers evolve over time, and even to give some flexibility about the covered goods. Woe betide the musical group whose registration covers "cassette tapes" but not CDs or music downloads.<sup>101</sup> Abstracting somewhat away from actual marketplace conditions means there's less need for costly factfinding. Likewise, discovery is sharply limited in TTAB proceedings in order to keep them limited and manageable.<sup>102</sup> The desire for greater efficiency, however, conflicts with the more fact-intensive inquiry of judicial determinations of likely confusion. These limits frame registration as a question of business management: administrative burdens are an important part of the relevant considerations for putting marks on the registry, whereas we will accept more costs to determine confusion when there is allegedly a live conflict in the market.

*B&B's* claim to self-limitation is that the PTO will regularly not consider the mark in its full marketplace context, meaning that the §2(d) and subsequent §32 or §43(a) questions will not always be the same. But if the standard by which marks are evaluated is different for infringement and registration, then why *shouldn't* an infringing mark be registrable? Perhaps the idea is that any mark that is confusing in practice is confusing in the abstract as applied to the relevant goods or services, and marketplace factors can only decrease likelihood of confusion. In that case, no infringing mark would be registrable even if the standards differ, while some nonconfusing marks would nonetheless be properly refused even in the presence of

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<sup>101</sup> The PTO has a pilot program to update some descriptions of goods and services in specifications to account for technological change, as long as there's no prejudice to other rightsholders. Among other things, this program would treat the updated goods and services as not incontestable, regardless of the previous status of the registration. Announcement of Pilot Program to Allow Amendments to Identifications of Goods and Services in Trademark Registrations Due to Technology Evolution, available at [http://www.uspto.gov/sites/default/files/documents/Technology\\_Evolution\\_Pilot\\_Program.docx](http://www.uspto.gov/sites/default/files/documents/Technology_Evolution_Pilot_Program.docx).

<sup>102</sup> See Trademark Trial and Appeal Board Manual of Procedure §§ 402.01, 402.02, available at <http://tbmp.uspto.gov/RDMS/detail/manual/TBMP/current/tbmpd1e2.xml#/manual/TBMP/current/TBMP-400d1e1.xml> (noting that, "in view of the [TTAB's] limited jurisdiction, the narrowness of the issues to be decided by the [TTAB], and the concerns existing with respect to excessive e-discovery, the burden and expense of e-discovery will weigh heavily against requiring production in most cases").

sufficient evidence that confusion was unlikely in practice.<sup>103</sup> This understanding of registration—as a means to block some registrations even if the corresponding uses can't be barred—provides a coherent treatment of registration, but it also opens up a gap between registrability and validity. Strategic considerations may widen this gap, as well-informed applicants will now attempt to describe their goods and services in ways that diverge enough from the actual marketplace facts to ensure that an adverse PTO ruling won't be preclusive against them in a subsequent infringement suit.<sup>104</sup> *B&B* contained statements consistent with both the substantive and the procedural views, perpetuating the conflict in current law and leaving future courts unclear about which view ought to dominate.

### C. Confusion in the courts: what effect does a registration have?

When we move to conflict originating in the courts, registration takes on a new character: the fact of registration itself becomes a potential factor in the likely confusion inquiry. The presumptive (and sometimes conclusive) validity of a registered mark is a legal fiction added as an element to an otherwise empirically oriented test.

The significance of a plaintiff's registration to a likely confusion claim is not immediately relevant. While different circuits phrase their multifactor likelihood of confusion tests differently, they are the same whether the plaintiff is suing for an infringement of a registered mark or an unregistered mark.<sup>105</sup> For example, the Ninth Circuit considers (1) the strength of the mark; (2) the proximity of the goods; (3) the similarity of the marks; (4) evidence of actual confusion; (5) marketing channels used; (6) type of goods and the degree of care likely to be exercised by the purchaser;

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<sup>103</sup> A second possibility is that the standards for registration and confusion could truly be the same, but the evidence available in the average registration proceeding is limited. This second view allows us to see some registrations as mistaken in that registration should never have been granted had the true likelihood of confusion been understood, and some refusals as mistaken if the PTO only considered the specification and not the practical reality. This view, however, seems inconsistent with the idea of a specification.

<sup>104</sup> See Shane Olafson & Sean Garrison, *United States: The Preclusive Effect of Trademark Trial and Appeal Board Decisions*, WORLD TRADEMARK REV., Jan. 1, 2016, available at <http://www.worldtrademarkreview.com/Magazine/Issue/59/Country-correspondents/The-preclusive-effect-of-Trademark-Trial-and-Appeal-Board-decisions> (advising this strategic practice, as well as others related to foreign applications).

<sup>105</sup> See, e.g., *Brookfield Commc'ns, Inc. v. W. Coast Entm't Corp.*, 174 F.3d 1036, 1046 n. 6 (9th Cir. 1999); *Gucci America, Inc. v. Duty Free Apparel, Ltd.*, 286 F. Supp. 2d 284, 287 (S.D.N.Y. 2003).



(7) defendant's intent in selecting its mark; and (8) likelihood of expansion into other markets.<sup>106</sup>

The United States is unusual in treating registered and unregistered marks so similarly. Countries such as Australia, New Zealand and the United Kingdom have statutes governing registered marks that have "more or less no role to play in determining whether an unregistered mark has been infringed." Instead, unregistered marks are protected by the tort of passing off. Whereas registration entitles the registrant to various presumptions in its favor, a passing off plaintiff must meet the burden of showing each element of the "classical trinity" of goodwill, misrepresentation, and damage.<sup>107</sup> The U.S. equalization of registered and unregistered marks was also accomplished by courts, rather than by any legislative instruction. There was thus little statutory guidance to courts about how to merge the historical concepts of unfair competition or passing off with the action for infringement of a trademark.

Given the unitary infringement test, U.S. courts have sometimes attempted to determine the relevance of a registration, insofar as it represents the PTO's determination that a symbol is serving as a mark. Unfortunately, they have reached no consensus. Incontestably registered marks, a subcategory of registered marks, have caused even more conceptual problems.

### 1. Registration and Strength

In theory, a registration means that the PTO has determined that a symbol has cleared the minimum barrier to being a mark at all: it's either inherently distinctive or descriptive with secondary meaning. On the spectrum from "weak" to "strong" marks, all we know from a registration is that it is somewhere on that spectrum, or, where a registration was issued without proof of secondary meaning, that the PTO determined that the mark was inherently distinctive without assessing its marketplace strength.<sup>108</sup>

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<sup>106</sup> *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979).

<sup>107</sup> *Reckitt & Colman Products v Borden* [1990] 1 WLR 491; Robert Burrell & Michael Handler, *supra* note [] [Dilution and Trademark Registration] (footnotes omitted).

<sup>108</sup> *Lovely Skin, Inc. v. Ishtar Skin Care Products, LLC* (8th cir. Mar. 13, 2014) ("Whether a mark is federally registered does not bear on a mark's strength or affect the likelihood of confusion analysis."); *Gen. Mills, Inc. v. Kellogg Co.*, 824 F.2d 622, 626 (8th Cir. 1987) ("[A] mark's registered status is only an evidentiary tool, and the fact of registration does not affect the plaintiff's ultimate burden of proof in an infringement action."); *American Society of Plumbing Engineers v. TMB Pub., Inc.*, 109 Fed.Appx. 781 (7th Cir. 2004).

However, there is a vein of U.S. case law that says that registration not only makes a mark presumptively valid, but also presumptively strong. This is important because the stronger a mark is, the more likely courts deem confusion to be when someone else uses a similar mark.<sup>109</sup> The Second Circuit, for example, has stated that registration offers “the utmost degree of protection” and creates a presumption of an exclusive right to use the mark for the goods or services for which it is registered.<sup>110</sup>

A presumption of strength based on registration mistakes the legal meaning of registration: that the mark has crossed the minimum threshold, either by being inherently distinctive or by way of consumer recognition in the marketplace. It’s true that the test for whether a symbol has that minimal distinctiveness is often unclear. The amount of secondary meaning required to register is itself uncertain and often merely guessed-at; an applicant who provides evidence of five years of exclusive use can be accorded a presumption of secondary meaning for registration purposes regardless of its success or lack thereof in the marketplace.<sup>111</sup> Registration simplifies matters of validity by allowing courts to presume that the threshold has been crossed.

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<sup>109</sup> See Barton Beebe, *An Empirical Study of the Multifactor Tests for Trademark Infringement*, 94 Cal. L. Rev. 1581, 1610, 1623 (2006) (finding that strength is one of the key factors predicting results in infringement cases). Especially with a famous mark, consumers might easily recognize variations, especially in the case of parody. But for these purposes, I will stick with the general black-letter doctrine that a mark’s greater strength weighs in favor of an infringement plaintiff. Beebe suggests that courts often articulate reasons to support a result they’ve already reached based on general reactions, *see id.* at 1616-17; that phenomenon might mean that mentions of registration are meaningless additions, but articulated reasons may still guide others’ behavior in and out of court—and they can affect what seems intuitively correct to the next set of judges.

<sup>110</sup> *Savin Corp. v. Savin Group*, 391 F.3d 439, 457 (2d Cir. 2004); *see also, e.g., Americana Trading Inc. v. Russ Berrie & Co.*, 966 F.2d 1284, 1287, 1290 (9th Cir. 1992) (“[Plaintiff] holds a registered and presumptively strong mark.”); *Sanrio Co., Ltd. v. J.I.K. Accessories*, 2012 WL 1366611 (N.D. Cal. Apr. 19, 2012) (“First, the Hello Kitty mark is protected on the principal register, creating a presumption that the mark is strong.”); *Road Dawgs Motorcycle Club of the U.S., Inc. v. Cuse Road Dawgs, Inc.*, 679 F. Supp. 2d 259, 286 (N.D.N.Y. 2009) (registration means mark is presumptively strong); *French Transit, Ltd. v. Modern Coupon Systems, Inc.*, 818 F.Supp. 635, 637-38 (S.D.N.Y. 1993) (“plaintiff’s ... mark [ ] obtains a presumption of strength by virtue of its registration”) (citation omitted); *Choice Hotels Intern., Inc. v. Patel*, 1994 WL 621668, at \*2 (N.D. Cal. Nov. 3) (“[T]he Court presumes the strength of Plaintiff’s marks since they are registered.”); *Dollar Rent A Car Systems, Inc. v. Sand Dollar Car Rentals, Inc.*, 765 F.Supp. 876, 879 (D.S.C. 1990) (“The registration of a mark creates a strong presumption that the mark is strong.”); *Polo Fashions, Inc. v. Gordon Group*, 627 F. Supp. 878, 887 (M.D.N.C. 1985) (“The fact that the Polo trademarks are the subject of U.S. trademark registrations, in addition to creating a strong presumption of validity, stands as proof of the strength of the marks.”).

<sup>111</sup> 15 U.S.C.A. § 1052(f).

Without explicitly justifying it, the minority of courts that say that registration presumptively makes a mark strong are treating registration as an increase in strength and thus supporting a model of registration as business regulator. They will pretend, based on the registration, that confusion with some other mark is always more likely than it was before the registration. Then, courts state that they will also weigh other factors more tied to empirical reality, but with the registration as a thumb on the scale.<sup>112</sup>

In this scheme, which treats registration as substantive, the registered mark has a greater scope to prevent the use of other, similar marks than a valid but unregistered mark with exactly the same degree of inherent distinctiveness or marketplace strength. This result might provide an incentive to register and thus to provide a more public signal of a claim of right, but it isn't about consumer confusion. If the only question trademark infringement law seeks to answer is whether confusion is likely, then it doesn't make sense to add in a booster that pretends that confusion is more likely than the facts show it to be. However, the multifactor likely confusion test itself is so inchoate that courts have not noticed the incommensurability between the "legal" strength of a mark and the other, more market-based confusion factors.<sup>113</sup>

## 2. Incontestability and the related puzzle of descriptive fair use

Incontestability presents courts with another opportunity to consider the effect of registration on strength. After a mark has been registered without contest for five years, the registrant can file a declaration of incontestability. An incontestable mark cannot be invalidated for being merely descriptive even if someone else proves that the mark lacks secondary meaning and thus does not in fact provide consumers with information about source: a form of adverse possession or quieting title in

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<sup>112</sup> See, e.g., *Current Communications Group, LLC v. Current Media, LLC*, 76 U.S.P.Q.2d 1686, 2005 WL 1847215, at \*7 (S.D. Ohio) ("Plaintiff's strongest argument is that its marks are registered and therefore presumptively strong. Nevertheless, the strength of the marks is undercut because they have not been promoted extensively, because there is substantial third-party use of the word 'current,' and because Plaintiff's marks are not known outside of the limited area in which it presently offers broadband services.").

<sup>113</sup> Cf. *Barbecue Marx, Inc. v. 551 Ogden, Inc.*, 235 F.3d 1041, 1044 (7th Cir.2000) ("The likelihood of confusion test is an equitable balancing test. . . . [N]o single factor is dispositive and courts may assign varying weights to each of the factors in different cases....").

the existence of the trademark.<sup>114</sup> While some courts hold that incontestability creates a presumption of strength,<sup>115</sup> the majority of courts hold that the fact that a mark is un rebuttably *protectable* does not make it *strong*.<sup>116</sup>

What could it mean to say that a mark such as “Park N Fly” is incontestably serving as a mark in a case involving alleged confusion, if we were confident that in fact consumers don’t recognize those words as indicating the source of goods or services but rather deem them to describe characteristics of the relevant service? It seems paradoxical to ignore evidence of lack of function as a mark when evaluating whether someone else’s use of a similar “mark” is likely to confuse consumers. Consider the

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<sup>114</sup> 15 U.S.C.A. § 1065; *id.* § 1115(b) (establishing that incontestability of a registered mark is conclusive evidence of the validity of the registered mark and of the registration of the mark, of the registrant’s ownership of the mark, and of the registrant’s exclusive right to use the registered mark in commerce). This statutory language sounds broader than the statement in text, but there are a number of defenses/exceptions to incontestability that cut down its effect substantially. The key benefit of incontestability is that an incontestable mark can’t be challenged on the ground that it’s merely descriptive and lacks secondary meaning. *Park ‘N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189 (1985). Thus, even if it’s actually not serving as a mark—a symbol consumers use to identify a particular producer—the registrant still has trademark rights, though it may have some difficulty proving infringement by other users.

<sup>115</sup> The Eleventh Circuit holds that incontestable marks are “presumed to be at least descriptive with secondary meaning, and therefore a relatively strong mark.” *Dieter v. B & H Indus.*, 880 F.2d 322, 329 (11th Cir.1989); *see also Jet, Inc. v. Sewage Aeration Systems*, 165 F.3d 419 (6th Cir. 1999) (incontestable registration makes mark strong for infringement analysis). This could be understood merely to elevate descriptive marks with secondary meaning over inherently distinctive marks without secondary meaning, but the minority of courts following this rule have not so limited their pronouncements. *Cf. Aero-Motive Co. v. U.S. Aeromotive, Inc.*, 922 F.Supp. 29, 37 (W.D. Mich. 1996) (stating that the presumption of strength “may be rebutted by demonstrating that the [incontestable] mark, while inherently distinctive, is nevertheless not distinctive in the marketplace due to certain acquired characteristics”). Interestingly, inherent distinctiveness involves the same legal fiction as incontestability: because the mark satisfies some formal qualification, we treat it as if it serves the function of distinguishing goods or services for consumers. *See Robert G. Bone, Enforcement Costs and Trademark Puzzles*, 90 VA. L. REV. 2099, 2132 (2004) (“Because of the high probability that these marks already have or will soon acquire secondary meaning, the conclusive presumption is very likely to be correct most of the time. Moreover, the conclusive presumption saves the litigation costs of actually proving secondary meaning in individual cases.”).

<sup>116</sup> *See, e.g., Gruner + Jahr USA Publishing v. Meredith Corp.*, 991 F.2d 1072, 26 U.S.P.Q.2d 1583, 1586-87 (2d Cir. 1993) (holding that an incontestable mark may be “strong” for the purpose of validity but “weak” for the purpose of infringement); 6 MCCARTHY § 32:155 (4th ed.) (“[T]he majority of courts hold that [incontestability] does not prevent defendant from questioning the *strength* and hence the scope of protection of the mark as to different goods in determining likely confusion.”) (footnote omitted).

limit case: when the incontestable mark at issue wasn't recognized by anyone as indicating the source of goods or services, and consumers were therefore never likely to be confused about source or sponsorship by anyone else's use of the same term. The registrant could *never* win a trademark infringement claim against any other user if confusion were empirically assessed. In what sense is this registrant's mark "valid"?<sup>117</sup> Because of the incontestability provisions of the Lanham Act, the trademark registration couldn't be cancelled for descriptiveness. But the registrant would have adversely possessed a right that did not permit it to exclude anyone else, which seems inconsistent with the idea of adverse possession.

The majority view that incontestability means nothing about strength indicates that the mark in this limit case would be valid, though unenfranchisable. The minority view might ignore the lack of true secondary meaning if the defendant's use were sufficiently similar to the registered mark. This "incontestability must mean *something*" approach would be a truly substantive use of registration, similar to Europe's double identity rule (to be discussed further below) in its lack of interest in actual confusion.

If we operated on a more business-relations-oriented model, we could simply treat the registrant's exclusive right to use the mark for the registered goods and services as settled, regardless of consumer reactions, providing the certainty that businesses prefer.<sup>118</sup> The incontestability provision of the Lanham Act, after all, does refer to incontestability as the trademark owner's "exclusive" right to use the mark for the relevant products.<sup>119</sup> But then there would be no point in conducting a fact-based confusion analysis.

Incontestability and standard likely confusion analysis are orthogonal. Because all infringement questions are now subsumed into

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<sup>117</sup> The registrant might be able to keep other people from registering similar marks, use the U.S. registration as a basis for foreign registrations, or perhaps even keep some goods out at Customs (though those goods wouldn't be confusing, so maybe not). But how much this would benefit the registrant remains unclear. One might also argue that the registrant could win claims against someone using both the same term and some other features of the registrant's overall trade dress—but then we've changed what the protectable mark is, limiting it to the term used in conjunction with those other features.

<sup>118</sup> Hearings on H.R. 4744 before the Subcomm. on Trade-Marks, Comm. on Patents, 76th Cong., 1st Sess., 128 (1944) (statement of Earl H. Thomson) ("a trademark adopter, when he has registered his trade-mark, wants to feel that after a period of time, certainly he will know that he owns that trade-mark and can maintain his right"); F.T. Alexandra Mahaney, *Incontestability; The Park 'N Fly Decision*, 33 U.C.L.A. L. REV. 1149, 1186 (1986) (recognizing that incontestability provides security and stability for mark owners).

<sup>119</sup> 15 U.S.C. §1065.

confusion, US trademark law is forced into a contradiction: on the one hand, the incontestable mark must be valid; on the other, it may lack both inherent distinctiveness and secondary meaning, making actual confusion impossible.

In *KP Permanent Make-Up v. Lasting Impression I*,<sup>120</sup> the Supreme Court was offered a way to resolve the contradiction that would implicitly have acknowledged a non-confusion-based purpose for incontestability, but it declined to do so. *KP Permanent* involved a defense known as descriptive fair use: regardless of any registration, others are entitled to use a term fairly in its descriptive sense, and not as a mark. Thus Ocean Spray could describe its juices as “sweet-tart” despite the registration of SweetTarts for candy.<sup>121</sup> The Ninth Circuit held that, if confusion was likely, then no descriptive fair use defense was possible for the plaintiff’s use of the term “micro colors” to describe pigment for permanent makeup.<sup>122</sup> The Supreme Court reversed, reasoning that the Ninth Circuit had stripped any meaning from the descriptive fair use defense: since confusion is a predicate to liability in the first place, no defendant would ever be protected by the defense, as opposed to a failure of the plaintiff’s proof on its prima facie case.<sup>123</sup> Instead, the descriptive fair use defense reflected a congressional judgment that some likely confusion would have to be tolerated, at least at the margin, in order to preserve others’ freedom to use terms that accurately described their own goods and services.<sup>124</sup>

This reasoning makes sense in the confusion-over-all paradigm. But the losing side offered an account of trademark that could have made the Ninth Circuit’s rule understandable. The respondent in *KP Permanent* argued that, in the original understanding, incontestability really was an *exclusive* right to use the mark on the goods or services at issue, similar to the current “double identity” rule in Europe, which does not require any inquiry into likely confusion when the defendant’s mark and goods or services are identical to the registrant’s mark and goods or services.<sup>125</sup>

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<sup>120</sup> 543 U.S. 111 (2004).

<sup>121</sup> *Sunmark, Inc. v. Ocean Spray Cranberries, Inc.*, 64 F. 3d 1055, 1059 (7<sup>th</sup> Cir. 1995).

<sup>122</sup> *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 328 F. 3d 1061, 1072 (9<sup>th</sup> Cir. 2003).

<sup>123</sup> 543 U.S. at 118, 120.

<sup>124</sup> *Id.* at 122.

<sup>125</sup> *See, e.g.*, Burrell & Handler, *supra* note [], at 11 (Australian law); BENTLY & SHERMAN, *supra* note [], at 1038. Article 16(1) of the TRIPS Agreement requires WTO members to create a presumption of likelihood of confusion in cases where third parties use a sign identical to a registered mark in relation to the goods or services identified in the specification. The U.S. has not specifically enacted legislation setting out a double identity

Indeed, the respondent's proposed rule would have tracked the pre-Lanham Act rule often applied in the U.S. for "technical" trademarks—arbitrary or fanciful marks, as opposed to descriptive terms that had acquired secondary meaning—which granted relief against uses of similar marks on the same goods even in the absence of any additional evidence of likely confusion.<sup>126</sup> As a matter of history, it's probably fair to say that some of the proponents of the Lanham Act endorsed the respondent's position, while others opposed it, and Congress declined to resolve the issue, leaving it for the courts to work out as best they could.

Assuming that the respondent in *KP Permanent* was correct that the rule was that infringement would be automatic upon use for the registered goods or services, the descriptive fair use defense would serve a very real function even if one element of the defense were showing that confusion is unlikely. Descriptive fair use would identify cases in which an exception to the general blanket-liability rule was justified because of the value of the term in describing the defendant's products, and because the defendant's nonconfusing use wasn't harmful to consumers. Unfortunately for the respondent, this completely coherent system is not our current system. The idea that trademark registration might serve other market-regulating functions, sometimes in tension with preventing confusion, seems alien.<sup>127</sup>

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rule, but there's little doubt that this is the ordinary result of the current likelihood of confusion test. *See, e.g., Philip Morris USA, Inc. v. Shalabi*, 352 F.Supp.2d 1067, 1073 (C.D. Cal. 2004) (virtually identical marks are "inherently confusing"); 4 MCCARTHY § 23:20 ("Cases where a defendant uses an identical mark on competitive goods hardly ever find their way into the appellate reports. Such cases are 'open and shut' and do not involve protracted litigation to determine liability for trademark infringement.").

<sup>126</sup> See Milton Handler & Charles Pickett, *Trade-Marks and Trade Names-An Analysis and Synthesis: II*, 30 COLUM. L. REV. 759, 781 (1930) ("In unfair competition, [which covered symbols that were not technical trademarks,] confusion of source (at least) must exist before relief will be granted; in trade-mark law, confusion of source is irrelevant where the marks are identical or all but identical."); Milton Handler & Charles Pickett, *Trade-Marks and Trade Names-An Analysis and Synthesis: I*, 30 COLUM. L. REV. 168, 169 (1930) ("If a [technical] trade-mark is substantially copied, its use will be enjoined notwithstanding that it is accompanied by such distinguishing features as render it unlikely that the public will mistake the goods bearing the simulated mark for those stamped with the original."); see also Robert G. Bone, *Taking the Confusion out of "Likelihood of Confusion": Toward a More Sensible Approach to Trademark Infringement*, 106 N.W.U. L. REV. 1307, 1322 (2012) ("In the late nineteenth century, the tort of trade-mark infringement was based on a formalistic property theory.... Anyone who used an identical or nearly identical mark on directly competing goods infringed the owner's property right and was liable without regard to likely confusion.").

<sup>127</sup> See also §33(b) (1989 amendment, making incontestability subject to proof of infringement).

In a completely confusion-based system, however, incontestability serves no appropriate function. Only acknowledging the other regulatory aims of trademark registration can explain it. In Part III, I will discuss in greater detail what those aims might be, including the promotion of business certainty served by incontestability.

#### D. Territoriality versus specification: Extending legal rights beyond the scope of actual use

##### 1. Scope in Infringement Cases

According to standard infringement doctrine, registration does not expand the scope of a mark in terms of its visual appearance. As mentioned in Part A, if a registrant has a standard character registration, but routinely uses the mark in a particular font or with a particular design, courts will take that into account, and those presentation differences can make confusion unlikely even if there's great similarity between the defendant's use and the standard character version of the plaintiff's mark.

One could argue that, for the registration in standard character form to have meaning, some independent weight must be given to the fact of a registration for the standard character form, not just for a particular font or color.<sup>128</sup> This would be similar to the European approach to registration, which treats the specification as controlling the scope of a registrant's right in an infringement case. But this would be doctrinal innovation in a U.S. infringement case. We give meaning to the standard character registration only by blocking other attempted registrations based on their similarity to the standard character form, even when the applicant's font and colors are substantially different from the way the registrant presents its mark in the marketplace.

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<sup>128</sup> In the infringement case *Pom Wonderful LLC v. Hubbard*, 775 F.3d 1118 (9th Cir. 2014), for example, Pom had a registration for the standard character mark POM for fruit juices. This established "Pom Wonderful's exclusive right to use the mark in connection with fruit juices." *Id.* at 1124. Because it was a standard character mark, the court of appeals reasoned, it covered all design variations, though it cited only registration cases and not infringement cases to support this claim. "Therefore, Pom Wonderful's exclusive right to use its 'POM' standard character mark is extremely broad, covering the word in all types of depictions." *Id.* at 1125. But then the court of appeals went on to conduct an ordinary likely confusion analysis. It did not appear that the claim about the breadth of the mark made any difference. *Id.* at 1127-28 (evaluating similarity in the marks as used, not as registered).



Yet courts are sometimes quite careless about the scope of a registration.<sup>129</sup> For example, in the registration process, applicants may “disclaim” elements of their marks, usually generic or descriptive words, stating that no claim is made to those elements except as part of the overall mark. However, in subsequent infringement actions, the disclaimer has essentially no weight, and the disclaimed matter can be considered in determining whether there’s a likelihood of confusion.<sup>130</sup> After all, ordinary consumers “neither know nor care about disclaimers.”<sup>131</sup> The result is that trademark registrants can shrink their claims to get registrations, then expand them in infringement cases.

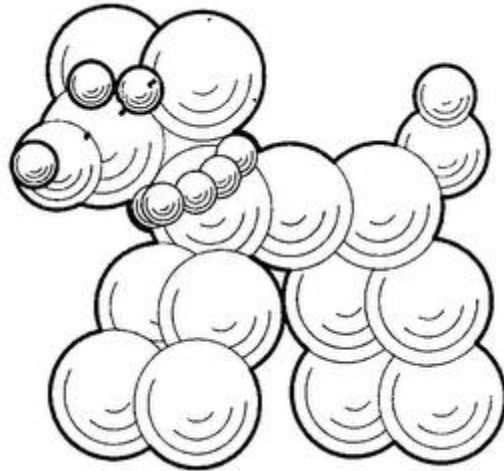
Another hazard of an incompletely understood registration system is that courts that think they’re doing infringement analysis don’t notice that they’re ignoring limits on the registration. In a case involving a registration for an image of a “Mardi Gras bead dog,” for example, the plaintiff had a registration for a specific two-dimensional image:

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<sup>129</sup> *Park `N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U. S. 189, 191 & n.2 (1985) (treating registered design mark as if the words were all that were relevant); *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 328 F.3d 1061, 1068 (9<sup>th</sup> Cir. 2003) (same), rev’d on other grounds, 543 US 111 (2004). European courts are not immune to this problem either; the divergence between right-granting authority and right-interpreting authority poses its own problems. *Whirlpool Corp. v. Kenwood Ltd.* [2010] ETMR 7 (finding that the drawing of a KitchenAid food mixer with the word “KitchenAid” on it, which was registrable because it wasn’t *exclusively* an unregistrable shape under Art. 7(I)(e)(ii) or (iii) of the Community Trade Mark Regulation, now qualified the shape of the mixer for protection as a “mark with a reputation”).

<sup>130</sup> 3 MCCARTHY § 19:72 (“For purposes of determining the likelihood of confusion concerning a registered composite mark of which portions are disclaimed, the disclaimed matter cannot be ignored. Even if a portion of a composite registered mark has been disclaimed, the total composite (including the disclaimed matter) will be considered in determining a likelihood of confusion concerning the composite mark.”) (footnotes omitted); *In re Vittera Inc.*, 671 F.3d 1358, 1366 (Fed. Cir. 2012) (because “the dominant portion of a composite word and design mark is the literal portion, even where the literal portion has been disclaimed,” XCEED was confusingly similar to prior registered mark, X-SEED with the word “seed” disclaimed).

<sup>131</sup> 3 MCCARTHY § 19:72.



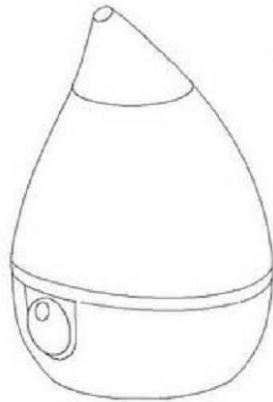
The court nonetheless allowed litigation against actual jewelry in the shape of bead dogs.<sup>132</sup>



Symbolic scope—the *meaning* of the mark that’s protected, here what it signifies visually—can thus become broader than the mark as registered. The TTAB recognized the problem when it refused registration to a two-dimensional image of a dehumidifier, on the grounds that consumers would understand this to be equivalent to the shape of the dehumidifier itself.<sup>133</sup>

<sup>132</sup> Nola Spice Designs, LLC v. Haydel Enterprises Inc., No. 13-30918, -- F.3d – (5th Cir. Apr. 8, 2015).

<sup>133</sup> In re Crane USA, Inc., 2015 WL 5118052, No. 86172232, at \*2 (T.T.A.B. Aug. 7, 2015) (“[W]hat Applicant seeks to register is a depiction of its product. Applicant’s attempt to register the mark with a description of it as ‘a two-dimensional depiction of a three-dimensional housing’ does not alter the likely consumer perceptions, or for that matter perceptions of competitors, that what is claimed is the trade dress as otherwise depicted in the drawing and the description.”).



Similar issues arise with the scope of a registration in terms of covered products. Trademark registration requires a careful identification of the goods and services on which the registrant is actually using the mark. Though enforcement of this requirement is minimal, registrants and the PTO nonetheless spend a fair amount of time at the front end of the application process specifying covered goods and services. Once an infringement inquiry begins, however, the plaintiff's rights aren't limited to the registered goods and services. Rather, the scope of the mark depends on both its strength in the market and the relatedness of the parties' goods and services. Even if the plaintiff doesn't make the same kind of things as the defendant, courts ask whether consumers might nonetheless think it did.

By contrast to symbolic and product scope, registration *is* supposed to expand the scope of a mark in terms of its geographic reach. A registrant gets nationwide rights over all territories except in the unusual case where there's a local pre-registration senior user. As a matter of law, the registrant has rights even though it has no recognition in areas where it hasn't yet expanded.<sup>134</sup> But it need never expand in the U.S. to maintain nationwide

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<sup>134</sup> MCCARTHY § 26:42 ("If a federal registrant of a descriptive, geographically descriptive, or personal name mark is required to prove secondary meaning in an area before it can enjoin a junior user's use, then such marks are a kind of second-class citizen in the world of registered marks.... All that the Act requires is a likelihood of confusion, and that will occur the moment the federal registrant is likely to enter the market with either sales or advertising."). As discussed *supra* note [] and accompanying text [*Dawn Donut*], courts' equitable discretion to deny relief is a limit on this principle of nationwide rights without use, and part of the contradictions embedded in the Lanham Act's treatment of registration as substantive but procedural. See Karol, *supra* note [], at 40 ("The drafters simply could not find a way to reconcile the views of those who wanted to give the federal trademark

rights as long as there's local use. We have decided that the registrant is the proper holder of rights even for sections of the country it's not (yet or ever) operating in.<sup>135</sup> Just as formalist is the fact that trademark rights end at national boundaries, except in the Ninth Circuit, which recognized a partial exception for "famous foreign marks."<sup>136</sup> With that limited exception, trademark status in Mexico does not give a user any rights in the U.S.

Why do we treat territorial, symbolic, and product aspects of marks so differently? Part of this may have to do with the technology of registration. It seemed logical that a registration system needed some way of distinguishing what goods a registrant would get protection for and what goods they wouldn't. Policymakers never thought it was sensible to protect an average mark across all classes of goods and services. For territoriality, by contrast, federal registration is an exercise in capitalist nation-building: the federal government built a single national market through the use of political boundaries, enabling predictability for businesses operating within that market.<sup>137</sup> Legally rigid boundaries, however permeable in practice, are essential to sovereignty, and the geographic scope of trademark rights can be mapped onto those boundaries.<sup>138</sup> As a result, we have rules for territoriality, in which examining the record can provide all the necessary information, and standards for product markets and symbolic scope, in which a case-by-case determination is required.

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law substance, by giving an exclusive federal right, with those who did not, preferring to keep the common law scheme. So it granted an exclusive right, but reserved to the courts discretion to enforce it. That is an exclusive right to judicial discretion: in other words, no exclusive right at all.").

<sup>135</sup> One could argue that blocking registration of marks from other areas prevents confusion in the long run when one or another business expands and then encounters a similarly named competitor, but (1) most businesses never expand in that way, so this is a very expensive solution to a rare problem, and (2) of course, barring registration doesn't bar use, so the problem of colliding expansion can still exist, and is especially likely for entities that start small and, usually, without trademark counsel. So, while it is possible to imagine an empirical story defending nationwide priority in confusion terms, and while courts have accepted worse confusion theories, I consider this reasoning a back-formation from the true explanation, which is that nationwide registration is extremely useful for businesses ordering their affairs.

<sup>136</sup> *Grupo Gigante SA De CV v. Dallo & Co., Inc.*, 391 F.3d 1088, 1094 (9th Cir. 2004).

<sup>137</sup> Likewise, the EU deliberately attempted to create a unified common market in part through its Trademark Directive, requiring members to harmonize their systems.

<sup>138</sup> Graeme B. Dinwoodie, *Trademarks and Commercial Reality*, manuscript at 20 (on file with author) (registration systems are matters of industrial and economic policy, designed to create larger, more unified trading units and political communities); *see also* Graeme Dinwoodie, *Trademarks and Territory: Detaching Trademark Law from the Nation-State*, 41 HOUS. L. REV. 885 (2004).

It's easier to draw arbitrary, *ex ante* lines for political borders than it is when changeable product markets are at stake. However, courts have then softened those arbitrary lines, both for use in the U.S. and outside, because courts think that they're arbitrary. In this article's terms, geographic scope is substantive: registrations end at or extend to national boundaries even though consumer understanding doesn't work that way. But U.S. courts have reintroduced a procedural conception of trademark rights through the *Dawn Donut* rule, which allows registrants to exercise their nationwide rights to suppress junior users only when they are actually entering a particular geographic area.<sup>139</sup> In 2015, for example, a court declined to find likely confusion when the defendant's mark was a direct copy of the plaintiff's registered logo, used on the same goods, but a thousand miles away from the plaintiff's actual trading area.<sup>140</sup> Likewise, as noted above, the Ninth Circuit adopted a famous foreign marks exception to territoriality, doing some violence to the Lanham Act's language.

The legislative choice to introduce substantive rights makes sense as a nation-building project. Providing one producer with the right to expand in another market (whether product or geographic) in which it is not presently active is a political choice about structuring commercial relationships, not solely a consumer issue.<sup>141</sup> But the judicial reaction also makes sense from the perspective of consumer perception, which is the only principle courts now understand as animating trademark law. This is similar to the dynamic that Carol Rose described with respect to property law generally: the legislature makes crystalline rules, and the courts muddy them up in an attempt to do equity.<sup>142</sup>

Are geographic unity and sovereignty so much stronger as policies than consumer protection that the substantive approach to registration is appropriate for territoriality, but the procedural/"registration is

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<sup>139</sup> *Dawn Donut Co., Inc. v. Hart's Food Stores, Inc.*, 267 F.2d 358, 364 (2d Cir. 1959); cf. Peter J. Karol, *An Exclusive Right to Judicial Discretion: Learning from eBay's Troubled Extension to Trademark Law*, available at <http://ssrn.com/abstract=2672633> at 1 (Oct. 8, 2015) (discussing the tension between exclusive rights and the *Dawn Donut* rule). In theory, the registrant need not expand into the junior user's exact trading area as long as the registrant expands enough that confusion becomes likely, but either way courts will deny relief to the owner of "exclusive" nationwide rights.

<sup>140</sup> *Stone Creek Inc. v. Omnia Italian Design Inc.*, 2015 WL 6865704, No. CV-13-00688 (D. Az. Nov. 9, 2015).

<sup>141</sup> Cf. Dinwoodie, *supra* note [], manuscript at 22 ("In Europe, registration has a quite different conceptual basis: the trade mark registration creates rights. This is true throughout the countries of the European Union ....").

<sup>142</sup> Carol M. Rose, *Crystals and Mud in Property Law*, 40 STAN. L. REV. 577 (1988).

meaningless” approach is appropriate for other scope inquiries? We have not asked that question, even though clarity and predictability are also values when it comes to these other axes on which a mark’s scope might be plotted, such as predictability for businesses.

## 2. Scope in Dilution-Based Preemption Cases

“Dilution” is a concept that has grown over the past few decades. It’s both highly intuitive, especially to trademark owners, and extremely hard to define or prove. Trademark dilution is some sort of interference with the uniqueness or distinctiveness of a mark. Dilution can come through blurring, or the proliferation of trademark meanings even in the absence of confusion (e.g., Delta Airlines, Delta Dental, Delta Faucets); or tarnishment, the growth of negative associations surrounding the mark (e.g., associating Reese’s Peanut Butter Cups with drugs through the “Reefer Cup” combining marijuana and chocolate<sup>143</sup>).

Dilution began as a state-law concept and was not initially incorporated into the Lanham Act. In order to partially harmonize the law of dilution, Congress added federal protection against dilution of “famous” marks. More importantly for registration purposes, however, it also preempted state dilution claims against federally registered marks,<sup>144</sup> a significant move both because some states protect nonfamous marks against dilution and because some states arguably define “dilution” more broadly than federal law does. Thus, a federally registered mark is protected against certain challenges that might otherwise be brought against it.

But what exactly constitutes the mark that’s registered? Recall that, when the PTO issues a registration for a word or words in standard character form, the registration isn’t limited to any particular design.<sup>145</sup> So what should happen when another trademark owner claims that the design

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<sup>143</sup> Kristen Drew, *Seattle Pot Co-Op Sued by Hershey’s for Trademark Infringement*, KOMONEWS.COM, Jun. 4, 2014, available at <http://www.komonews.com/news/local/Chocolate-company-suing-Seattle-pot-co-op-for-trademark-infringement-261905731.html>.

<sup>144</sup> 15 U.S.C. §1125(c)(6) (“The ownership by a person of a valid registration . . . shall be a complete bar to an action against that person, with respect to that mark, that—(A) is brought by another person under the common law or a statute of a State; and (B) (i) seeks to prevent dilution by blurring or dilution by tarnishment; or (ii) asserts any claim of actual or likely damage or harm to the distinctiveness or reputation of a mark, label, or form of advertisement.”).

<sup>145</sup> See 37 C.F.R. § 2.52(a) (defining registration in standard character form as one “without claim to any particular font style, size, or color”).

the registrant has chosen dilutes its mark under state law? Recently, Exxon litigated this issue against Fox's FXX network. Fox owns a registration for the standard character mark FXX. But when it adopted a version of the logo in which the Xs overlapped, Exxon sued it for dilution under Texas law.



Both parties had very simple but contradictory arguments. Fox's syllogism was (1) standard character registrations cover all forms of the mark, however stylized;<sup>146</sup> (2) registrations bar state dilution claims.<sup>147</sup> On the other side, Exxon argued that, if that were so, McDonald's could never assert dilution claims against people who registered standard character marks including the letter M and who then imitated the Golden Arches in their designs.

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<sup>146</sup> See TRADEMARK MANUAL OF EXAMINING PROCEDURE §1207.01(c)(iii) (Oct. 2015) (“[a] registrant is entitled to all depictions of a standard character mark, regardless of the font style, size, or color, and not merely ‘reasonable manners’ of depicting such [a] mark.”). When an application being considered in a 2(d) analysis is for a standard character mark without any stylizations or designs, or when a previously registered mark in standard character form is assessed for potential confusion, the Federal Circuit has held that the PTO should consider a “broader range” than the “reasonable manners” in which such a mark may be displayed. In *Re Viterra Inc.*, 671 F.3d 1358 (Fed. Cir. 2012). Apparently the PTO should also consider at least some unreasonable variants, though it didn't explicitly mandate consideration of any given mark in the Coca-Cola font. The PTO is allowed to consider “illustrations of the mark as actually used ... in visualizing other forms in which the mark might appear.” *Citigroup Inc. v. Capital City Bank Group, Inc.*, 637 F.3d 1344, 1353 (Fed. Cir. 2011).

<sup>147</sup> Defendant's Reply Brief in Support of Rule 12(b)(6) Motion to Dismiss Count V of Plaintiff's Amended Complaint, *Exxon Mobil Corp. v. FX Networks LLC*, 13-cv-02906 (S.D. Tex. filed Feb. 4, 2014).



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In my opinion, Fox had the better of the argument—federal dilution claims, not to mention state and federal confusion claims, would still remain available to McDonalds in the hypothetical, so the consequences of preemption are hardly catastrophic. And if a plaintiff can avoid preemption by arguing that its state-law dilution claim extends to the particular font or design in which the defendant has used its registered mark, preemption would essentially never be available, defeating Congress’s attempt to protect registered marks.<sup>149</sup>

Congress offered a justification for preemption consistent with the initial aims of registration: “the provision was designed to encourage Federal registration of trademarks, a worthy policy goal that prevents state laws from interfering with federally-protected marks and ensures that registered marks are protected nationwide.”<sup>150</sup> But if standard character marks don’t cover all variations, then the incentive to register is decreased and the registry becomes even less useful as a guide to what other businesses can do. However, the legislative history is not directed at this

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<sup>148</sup> Plaintiff’s Response to Defendant’s Rule 12(b)(6) Motion to Dismiss Count V of Plaintiff’s Amended Complaint, *Exxon Mobil Corp. v. FX Networks LLC*, 13-cv-02906 (S.D. Tex., filed 2014), at 7.


<sup>149</sup> *See Pharmacia Corp. v. Alcon Laboratories, Inc.*, 201 F. Supp. 2d 335, 386 (D.N.J. 2002) (state dilution claim dismissed on preemption grounds because of federal registration for defendant’s work mark, but plaintiff’s challenge included the similar coloration of the product packages). The legislative history is silent on this issue, in part because the House’s initial version of the bill did not include a preemption provision. *See* H. Rpt. 104-374, Federal Trademark Dilution Act of 1995, P.L. 104-98, 109 Stat. 985, (Enacted Bill) 104 H.R. 1295 at 6, 8. The enacted version did include a preemption provision. Pub. L. 104-98 sec. 3(c)(3) (signed Jan. 16, 1996) (preempting state claims “with respect to that [registered] mark”). The pattern repeated with the Trademark Dilution Revision Act of 2006. *See* H. Rpt. 109-23, P.L. 109-312, 120 Stat. 1730, (Enacted Bill) 109 H.R. 683, at 8 (no preemption provision); Pub. L. 109-312 Sec. 2(1)(c)(6) (similar in relevant part to previous preemption provision). A drafting mistake made the preemption provision extend to federal dilution claims; the numbering of the provision was fixed, again without discussion of the meaning of “that mark.” Trademark Act of 1946 Correction, P.L. 112-190, 126 Stat. 1436, (Enacted Bill) 112 H.R. 6215.

<sup>150</sup> Committee on the Judiciary of the House of Representatives, H. Rpt. 112-647, at 3, Trademark Act of 1946 Correction, P.L. 112-190, 126 Stat. 1436, (Enacted Bill) 112 H.R. 6215.



problem, so references to “complete” preemption do not directly foreclose a narrow reading of the “mark” that is “complete[ly]” protected, though I think they counsel against it.<sup>151</sup>

The court agreed with Exxon’s position, given that Fox could have received a standard character registration simply by making use of the term “FXX” in any font or design, including ones very unlike Exxon’s mark.<sup>152</sup> And Exxon’s argument was not without its attractions, because of the current tensions between registration-based and use-based doctrine. If the standard character mark really does include all possible fonts, then what are we to make of the PTO’s common practice of issuing registrations for a distinctive standard character mark and for a stylized version of that same mark, when the PTO also says it doesn’t issue duplicate registrations?<sup>153</sup> Why isn’t the stylized version, like every other stylized version, inherent in the standard character version? And, if a standard character registration is evidence that the registrant has the right to use the mark in any design, then shouldn’t almost all standard character marks encroach on marks with famous fonts? Consider the effect of this switch:



<sup>151</sup> See *id.* at 5. Earlier testimony had likewise argued for national uniformity, a goal that could support reading the preemption provision broadly, but did not specifically engage with the scope of a registered mark. See Hearing, HRG-1995-HJH-0054, “Madrid Protocol Implementation Act and Federal Trademark Dilution Act of 1995,” Hearing before the Subcommittee on Courts and Intellectual Property of the Committee on the Judiciary of the House of Representatives, July 19, 1995, P.L. 104-98, 109 Stat. 985, (Enacted Bill) 104 H.R. 1295, at 122, 128 (Statement of Thomas E. Smith, Chair, Section of Intellectual Property Law, American Bar Association) (noting that “the existing patchwork of state antidilution statutes, each of which comes with its own idiosyncracies, renders it difficult for businesses to implement a truly national brand management strategy”); *id.* at 209-10 (Statement of Michael K. Kirk, Executive Director, American Intellectual Property Law Association, arguing for strong preemption on national uniformity grounds). Nothing in the subsequent revisions changed the preemption situation, as far as witnesses noticed. See Trademark Dilution Revision Act of 2006, P.L. 109-312, 120 Stat. 1730, (Enacted Bill) 109 H.R. 683, House Hearing, HRG-2005-HJH-0147, “Trademark Dilution Revision Act of 2005,” Hearing before the Subcommittee on Courts, the Internet, and Intellectual Property of the Committee on the Judiciary of the House of Representatives, at 17 (Prepared Statement of Anne Gundelfinger, President, International Trademark Association, stating that registration is and should remain “a complete bar” to a state dilution claim).

<sup>152</sup> Exxon Mobil Corp. v. FX Networks LLC, 39 F.Supp.3d 868 (S.D. Tex. 2014).

<sup>153</sup> TRADEMARK MANUAL OF EXAMINING PROCEDURE §703 (stating policy against issuing duplicate registrations).

<sup>154</sup> Roundpeg, *Font Swap*, available at <http://www.roundpeg.biz/2012/02/font-swap/>.

So HARRY POTTER shouldn't be entitled to a standard character registration; it should only be entitled to register stylized versions that don't infringe other marks or dilute famous marks. Relatedly, Fox's position would imply that, in assessing whether a standard character mark ought to be registered, the PTO ought to imagine it in every possible font, and deny the registration if any of those fonts were likely to cause confusion.<sup>155</sup> It's hard to imagine many standard character mark registrations issuing under that rule. (Perhaps that would be a good thing.)

This immediate question about dilution is an echo of a broader one: dilution eschews any consumer protection purpose. It is about protecting trademark owners, whether that protection is framed as rewarding investment, protecting property rights, or safeguarding dignity. As a result, confusion serves no function in delineating the boundary of the trademark right at issue. Since, in the rest of trademark law, confusion is now the *only* thing that matters (absent functionality or free speech concerns), it's very hard to figure out where the dilution right should end or what should count as dilutive. Indeed, the tests for whether dilution is "likely" are essentially meaningless, since it isn't an empirical concept.<sup>156</sup> Instead, it is a regulatory issue: how far should a trademark owner's rights extend beyond the specification of the mark and the goods and services to which it applies?

One implication is that we might be better served by requiring registration before allowing *any* dilution protection (thus preempting state law more generally, and tightening the federal fame standard). Indeed, we might go so far as to require owners of famous marks to register them as famous before offering dilution protection, since we are giving rights that are no longer defined in any respect by consumer confusion.<sup>157</sup> Because federal dilution is only for the biggest producers, the usual concerns for small businesses ignorant of the law don't apply; a dilution claimant ought

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<sup>155</sup> Cf. *ExxonMobil*, 39 F. Supp. 3d at 872 (suggesting that under Fox's interpretation mark owners would have to oppose any potentially overlapping standard character applications).

<sup>156</sup> Rebecca Tushnet, *Gone in 60 Milliseconds: Trademark Law and Cognitive Science*, 86 TEXAS L. REV. 507 (2008).

<sup>157</sup> See Kenneth L. Port, *The Trademark Super Register: A Response to Professor Smith*, 94 TRADEMARK REP. 881 (2004); Lars S. Smith, *Implementing a Registration System for Famous Trademarks*, 93 TRADEMARK REP. 1097 (2003). Burrell & Handler argue that a fame registration system didn't work well in Australia, because of pervasive uncertainty about which classes of goods and services would be covered. Burrell & Handler, *supra* note [] [Dilution and Trademark Registration], at 33. Because federal dilution protection in the U.S. requires fame among the general consuming public, a fame registry in the U.S. could cover all goods and services (while existing defenses and limits on dilution would remain, so Big Apple Tours would have nothing to fear from Apple Computers).

to know it should register. A registration requirement would therefore help clear out some (though not all) bad dilution claims, especially in the trademark context.

### III. Rationalization or Continued Uncertainty?

Registration's core problem is that it tries to serve two goals that are only partially compatible: helping businesses order their affairs and matching rights with consumer understanding. While consumer protection has pride of place in our current system, other values prevent us from adopting a purely confusion-based system, and it is time to use that insight to do something more than expand producers' rights. The registration system was a casualty of confusion's expansion, but can be part of the solution. My proposals are imperfect, and perfect congruence between the registration and the real-world scope of a mark is likely unattainable. But we can still improve.

One might well note that incoherence and the pursuit of conflicting goals are normal features of law; why should trademark law be different? There's not even a consensus about what trademark is *for*—only protecting consumers or also rewarding producer investment and enhancing competition? Carol Rose has addressed a similar issue in her work on crystals and mud in real property law, with “crystals” standing for rules that clearly instruct parties on exactly what they must do to obtain or enforce rights, and “mud” representing standards that bring in contextual considerations and try to give meaning to the parties' intent.<sup>158</sup> She concludes that legal regimes seesaw between them because each has features that operate as necessary correctives to the other. Legislatures make hard-edged rules and courts tend to soften them for equitable reasons. After a long enough period in which the strict rules become fuzzy around the edges, the legislature imposes a new, crystalline regime, onto which courts again splash mud.

In trademark, by contrast, instead of a cycle of reform, we purport to have a crystalline registration system, but the common-law mud always underlies it. The crystals do most of the work in the absence of live disputes, and it's the mud that determines what rights courts will actually enforce. It's certainly plausible that retrospective review by courts has advantages over prospective decisions by an agency. Courts deciding

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<sup>158</sup> Rose, *supra* note [].

specific disputes can develop factual records; agencies trying to predict the appropriate scope of a right may find doing so much more difficult.

On the other hand, when the agency establishes the right but leaves its scope ill-defined, that creates its own problems of inequity and unpredictability. Robert Burrell and Michael Handler persuasively contend that the best reason to have a registration system, not just a trademark system, is to allow businesses to determine what they can and cannot do in their own operations.<sup>159</sup> Yet combining registration with general protection for unregistered marks interferes with this function, because looking at the specifications in the registry cannot on its own assure a business that it will have freedom to operate—or that it won't.<sup>160</sup> Given that we're spending a lot of resources on the registration system but still mired in the mud, a number of potential reforms could improve matters.<sup>161</sup> In particular, embracing a substantive approach to registration could resolve many issues more easily, and not always in the direction of increasing trademark owners' rights.

#### A. Fewer Marks

We should register fewer marks and cancel more. This is appropriate whether we decide to make registration more procedural or substantive. Deadwood on the register harms either type of system. Even the industry organization that constantly advocates for broader rights for trademark owners, INTA, supports making removing deadwood easier.<sup>162</sup>

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<sup>159</sup> Burrell & Handler, *supra* note [], at 7 (“The best explanation for why we provide a facility for trade mark registration is that the existence of a trade mark register provides the business community with a valuable source of information. Most importantly, a trade mark register helps reduce business ‘clearance costs,’ that is, it helps traders to discover which signs are already owned by third parties, thereby assisting them in choosing marks that can be used safely. In order to perform this function effectively it is essential that the register provides as accurate a source of information as possible.”) (footnotes omitted).

<sup>160</sup> *See id.* at 7 n.20.

<sup>161</sup> Often IP reform proposals have to deal with potential effects on our treaty obligations. The good news here is that most imaginable changes to our registration system will be acceptable, since many other countries in the IP treaty regime have a registration-based system; whether we make registration stronger or weaker, we are unlikely to go outside the boundaries of what's permissible.

<sup>162</sup> *See* International Trademark Association, Board Resolutions: Standing Requirements in Connection With Non-Use Cancellation Actions, Nov. 13, 2103, available at at <http://www.inta.org/Advocacy/Pages/StandingRequirementsNonUseCancellationActions.aspx> (arguing that standing requirements for cancellation for nonuse should be minimal or nonexistent where possible); INTERNATIONAL TRADEMARK ASSOCIATION, MODEL LAW GUIDELINES: A REPORT ON CONSENSUS POINTS FOR TRADEMARK LAWS (revised November 2007), 1.5, at 4 (proposing simplified cancellation proceedings for nonuse).

## 1. The Harms of Registration Without Use

Roughly seventy-five percent of trademark applications are ultimately approved.<sup>163</sup> However, many of these are approvals of intent to use (ITU) applications, which are pretty much what they sound like: applications filed in advance of actual use in the marketplace. Nearly half of approved ITU applications never file a statement of use, meaning that at any given time there are 50,000 marks that are practically unavailable for others but will never become valid for the applicant.<sup>164</sup> These symbols are really not trademarks, but nonetheless capable of creating legal rights and thus block market entry. Even with use-based applications and with renewals of existing registrations, the standard for use or continuing use is low and not very well-policed, suggesting that, of the 100,000 marks registered or renewed each year,<sup>165</sup> a substantial number do not reflect real use.

It's easy to use a registration to threaten other market participants either into ceasing use of often useful or sales-promoting terms, or into taking an unnecessary license.<sup>166</sup> For example, notorious trademark troll Leo Stoller maintained registrations for numerous "Stealth" marks; many small businesses took licenses because of his threats until Stoller's enterprises ultimately collapsed under pressure from a defendant with enough stamina to choose an expensive defense over a relatively cheap license.<sup>167</sup> Similar business models are not unknown.<sup>168</sup> Even enterprises

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<sup>163</sup> See Beebe, *supra* note [] [Rubber Stamp], at 762.

<sup>164</sup> *Id.* at 764 tbl. 2, 773.

<sup>165</sup> U.S. Patent & Trademark Office, 2010 Performance and Accountability Report 142 (2010).

<sup>166</sup> See, e.g., Kenneth Port, *Trademark Extortion: The End of Trademark Law*, 65 WASH. & LEE L. REV. 585 (2008) (reviewing published cases); Gallagher, *Trademark and Copyright Enforcement in the Shadow of IP Law*, 28 SANTA CLARA COMPUTER & HIGH TECH. L.J. 453, 487 (2012) (concluding, based on interviews with lawyers, that "aggressive and bullying enforcement tactics can work and are sometimes part of the IP owner's overall enforcement strategy. They are effective, in part, because many targets do not have the resources to defend a trademark or copyright claim on the legal merits in court.").

SBecause of the minimal enforcement of the use requirement, use is unable to serve its otherwise promising role in deterring trademark trolls. Cf. Michael S. Mireles, *Trademark Trolls: A Problem in the United States?*, 18 CHAP. L. REV. 815, 816, 827 (2015) (arguing that trademark law's use requirements prevent classic "trolling," that is, lying in wait until another user shows up); cf. *id.* at 831 & n. 96 (asserting, without evidence, that "potential trademark owners ... conduct relatively extensive searches before adopting a mark or filing a federal registration" and that they "often" search "international[ly]," so they won't be surprised by trolls).

<sup>167</sup> See, e.g., *Cent. Mfg., Inc. v. Brett*, 492 F.3d 876 (7th Cir. 2007) (dealing with Stoller's claim to own STEALTH as a mark for many, many goods and services); see also Google,

that didn't begin in bad faith can, when unsuccessful or even defunct, take their registrations as reason to claim massive damages from a later user.<sup>169</sup>

But does a registration have a greater chilling effect than a simple letter claiming trademark rights? If not, easy registration isn't worsening the problem of abusive trademark threats. There is not much empirical evidence, but anecdotally, a registration plays a big role in the effectiveness of cease and desist letters, and small businesses without legal counsel may mistake the meaning of a registration, especially given the statutory language of "exclusive right," which trademark owners are happy to quote despite its limited practical meaning.<sup>170</sup> Consider also the effects of having a registration, with its potential suggestion of a government imprimatur, on willingness to *assert* rights, among ordinary businesspeople who don't know that the registration has almost no effect on the scope of rights.

Registrations unsupported by use, or broader than their actual scope of use, also interfere with *ex ante* searches by businesses trying to proceed cautiously, but are of little value in any contested case because any actual confusion inquiry will discover there isn't use. The current system therefore favors big firms that know enough to research actual use before making legal decisions, as compared to small firms that know only enough to know that a registration matters.<sup>171</sup> Thus, these registrations aren't justified either in consumer protection or business management terms. If

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Inc. v. Cent. Mfg., Inc., 316 F. App'x 491, 492 (7th Cir. 2008) (dealing with Stoller's claim to own GOOGLE).

<sup>168</sup> See, e.g., *Amscan Inc. v. Shutter Shades, Inc.*, No. 13-CV-1112 (S.D.N.Y. Apr. 30, 2015) (registrant used trademark registration to extract license fees from multiple parties that persisted until a deep-pocketed defendant found it worth challenging).

<sup>169</sup> See, e.g., *Specht v. Google Inc.*, 747 F.3d 929 (7th Cir. 2014) (claim to Android for e-commerce software); *Monster Productions, LLC v. Monster Cable Products, Inc.*, 2006 WL 2193190 (D.S.C. Aug. 1, 2006); *Chance v. Pac-Tel Teletrac Inc.*, 242 F.3d 1151 (9th Cir. 2001); Jessica M. Kiser, *To Bully or Not To Bully: Understanding the Role of Uncertainty in Trademark Enforcement Decisions*, 37 COLUM. J.L. & ARTS 211 (2014); Jason Vogel & Jeremy A. Schachter, *How Ethics Rules Can Be Used to Address Trademark Bullying*, 103 TRADEMARK REP. 503, 510-11 (2013); cf. *Procter & Gamble Co. v. Johnson & Johnson Inc.*, 485 F.Supp. 1185 (S.D.N.Y. 1979) (large company kept portfolio of registered but not truly used marks and asserted them against competitor's new product).

<sup>170</sup> See Leah Chan Grinvald, *Shaming Trademark Bullies*, 2011 WIS. L. REV. 625, 644 (discussing relationship between registration and exaggerated claims of strength).

<sup>171</sup> Jessica Silbey's qualitative work, discussed in her book *The Eureka Myth*, revealed that lawyers and in-house counsel used registrations as a matter of course, while individual creators and business owners often didn't seek to register. Communication with Jessica Silbey, Oct. 12, 2015, on file with author.

registration is to be meaningful—whether as providing notice or providing substantive rights—it needs to be cleaned up.

Nearly two-thirds of the renewals in the PTO’s recent pilot study couldn’t show use on some or all of the goods for which they’d paid renewal fees.<sup>172</sup> The move towards fewer registrations should therefore involve requiring more proof of use on the listed goods and services. Ideally, registrants should provide proof of use for each category of goods and services claimed, both at registration and on renewal, which initially occurs after five or six years and then every ten years. There should be meaningful penalties for intentional misstatements of use, and a substantial, negligent overstatement should invalidate the entire registration, leaving the claimant with whatever common-law rights it had managed to acquire.

Another, less radical proposal would be an expedited nonuse procedure, similar to that available in Canada, but that would require an opponent who knew enough to seek cancellation for nonuse. A related suggestion is that the PTO should be allowed to charge more for broader registrations or applications of the type that are likely to cause more trouble (colors or other forms of trade dress, standard character marks instead of stylized marks, ITUs).<sup>173</sup> Any of these suggestions would require statutory change, but the latter ones might not be as controversial as other, more aggressive reforms.

## 2. Higher Standards for Marks and for Confusing Uses

How rigorous should examination be?<sup>174</sup> Graeme Dinwoodie says that “[i]t is undisputed that the U.S. system, with its use requirement and its

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<sup>172</sup> The PTO has itself suggested possible reforms for further exploration, including requiring more proof of use, a streamlined non-use procedure for eliminating previously claimed goods and services from a registration, and further random audits of the register. See USPTO, Post Registration Proof of Use Status Report, *supra* note [], at 2-3.

<sup>173</sup> See Burrell & Handler, *supra* note [], at 714-15 (noting the awkward fit between dilution and normal registration). INTA reports a mixed experience with such registries. International Trademark Association, Board Resolutions: Well-Known Mark Registries, Nov. 9, 2005, available at <http://www.inta.org/Advocacy/Pages/Well-KnownMarkRegistries.aspx> (Chinese and Mexican well-known mark registries assist in enforcement against infringement; but many trademark owners found that these registries underperformed and were unduly difficult).

<sup>174</sup> There’s a related debate over patents and the appropriate amount of “rational ignorance” at the Patent Office. See, e.g., Mark Lemley, *Rational Ignorance at the Patent Office*, 85 NW. U. L. REV. 1495 (2001); Jonathan S. Masur, *Costly Screens and Patent Examination*, 2 J. LEGAL ANALYSIS 687, 688 (2010) (arguing that costly utility patent-granting mechanisms are justified where they lead private actors to self-select against pursuing

rigorous examination system, turns up fewer false positives” than a registration-based system that doesn’t require use to establish rights, as exists in Europe.<sup>175</sup> Yet there’s more to be done to limit the marks that are granted registration to the truly deserving (with weaker unfair competition protection remaining to other symbols that might sometimes indicate source) and to limit the scope of those marks once granted.

First, the PTO should be very willing to find marks to be descriptive instead of inherently distinctive, requiring the applicant to show real secondary meaning in the market.<sup>176</sup> Mistaken registrations of descriptive terms are anti-competitive, and a higher standard would have the benefit of channeling aspiring trademark owners towards more clearly arbitrary or fanciful marks.<sup>177</sup> Currently, after a procedurally valid application is filed, the statute provides that a registration “shall” issue unless a statutory barrier

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patent rights that aren’t worth much); David Fagundes & Jonathan S. Masur, *Costly Intellectual Property*, 65 VAND. L. REV. 677 (2012) (applying theory to copyright and concluding that rigor is less appropriate for copyright). Given the differences in intellectual property regimes, the level of rigor should depend on trademark-specific concerns. First, the trademark inquiry is different than the patent inquiry: whether a symbol serves to indicate the source of goods or services is a measure of relative distinctiveness in the marketplace, not of novelty and nonobviousness. This may usually be easier for nonexperts to evaluate because it is about signs rather than specific technology. Second, nominally trademark is about consumer protection and/or trade regulation, rather than being an incentive regime—can we trust the PTO more with one over the other? It’s not clear which way this would cut. Third, the effects of a bad grant or a bad denial may differ. With patents, an applicant can get some claims approved and not others, so it’s not an absolutely binary decision, but the patent process is still more absolute than trademark registration, where some common-law protection against passing off could remain even if registration were denied. Thus the marginal effects of both bad grants and bad denials might be more limited in trademark, justifying somewhat more confidence in the PTO.

<sup>175</sup> Dinwoodie, *supra* note [] [notice draft], at 7; *see also* INTERNATIONAL TRADEMARK ASSOCIATION, EMERGING ISSUES COMMITTEE: USE-BASED SYSTEM SUBCOMMITTEE, REPORT AND RECOMMENDATION: USE-RELATED REQUIREMENTS FOR ISSUANCE AND MAINTENANCE OF TRADEMARK REGISTRATIONS (January 2005) (arguing that use requirements make the registration system more likely to reflect the marketplace).

<sup>176</sup> *Cf.* Lisa P. Ramsey, *Descriptive Trademarks and the First Amendment*, 70 TENN. L. REV. 1095 (2003) (arguing that the First Amendment requires great care in granting trademark rights).

<sup>177</sup> For business reasons, sellers often choose marks that are as descriptive as they can get away with because those marks convey useful information. *See, e.g.*, PHILLIP H. SMITH, INTENT-TO-USE TRADEMARK PRACTICE §2-3 (1992) (“[B]usiness persons and marketing managers sometimes prefer the adoption of suggestive or descriptive marks [thinking] such marks are easier to promote and advertise and will be of more help in establishing a new market as compared to highly.”). A fortunate side effect, from their perspective, is that trademark rights in descriptive terms can hamper competitors. *See* Carter, *supra* note 7, at 774, 760. The law could provide a counterbalance.



applies. The PTO has the burden of proof in finding an applied-for symbol to be descriptive.<sup>178</sup> Shifting the burden to the applicant to show protectability would be a small step towards preventing the register from being further clogged.<sup>179</sup> And it would not necessarily increase the burden on examiners, since the onus would be on the applicant to come forward with sufficient proof of registrability.<sup>180</sup>

The PTO should also recognize the existence of “limping marks”—marks that are always accompanied by, and need the support of, other marks, rather than serving on their own to identify a particular brand, or to create a separate commercial impression. Various precedents in other countries indicate that limping marks are not entitled to registration because they’re not being used to distinguish goods or services, although they could in theory do so.<sup>181</sup> For example, an English court recently found that the

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<sup>178</sup> *In re Merrill Lynch, Pierce, Fenner & Smith, Inc.*, 4 U.S.P.Q.2d 1141, 1143 (Fed. Cir. 1987) (PTO has burden of proof on mere descriptiveness rejections).

<sup>179</sup> The PTO does not currently do a good job of assessing secondary meaning, so one might reasonably ask whether it should be asked to do more of this. To the extent that we are concerned with predictability, the current standard has some merit: if the applicant has had substantially exclusive use of the mark for five years or more, the examiner may, but need not, infer that there is secondary meaning. If the burden were on the applicant to show that the use was substantially exclusive, for example by submitting search results, instead of simply having to aver it, the results might be better.

<sup>180</sup> We might also need to devote more resources to registration. There is room to do this from fee increases, especially for renewals. See USPTO Fee Schedule, Jan. 1, 2016, available at <http://www.uspto.gov/learning-and-resources/fees-and-payment/uspto-fee-schedule> (setting forth fees for trademark-related matters that are often significantly lower than patent-related fees).

<sup>181</sup> *Woolworths Limited v. BP Amoco PLC*, ATMO 27 October 2000, at 12. (“[T]he yellow letters BP, rather than the background color, are the predominant item, the driving force in any identification of the applicant. Because of this, showing that the background color is capable of distinguishing becomes much more difficult. The color green is, in such a case, what judge Jacob referred to as a ‘limping mark,’ one ‘always used with what is obviously a proper trade mark.’) (citation omitted); *Case C-215/14 Société des Produits Nestlé SA v Cadbury UK Ltd.*, CJEU (AG Wathelet’s advisory opinion) (recommending that recognition should not be enough to justify registration without proof that “only the trade mark in respect of which registration is sought, as opposed to any other trade marks which may also be present, indicates, without any possibility of confusion, the exclusive origin of the goods or services at issue”); *Philips Electronics NV v Remington Consumer Products* [1998] ETMR 124 (a limping trade mark is a mark that is never used by itself and which gains support from the “crutch” of another, far stronger trade mark); *Discount Drug Stores Pty Ltd* [2014] ATMO 66, *Discount Drug Stores* (color combination not entitled to registration where the colors were subsidiary to and not separate from other marks used in conjunction with them); *CLUBCARD 0-451-13 & 0-450-13* (U.K. Trademark Registry) (extensive use of “Clubcard” was usually in conjunction with the famous TESCO mark or slogan, and thus would not be recognized by consumers as a trade mark itself indicating trade origin); *Discovery Holdings Ltd. v. Sanlam Ltd.*, (8995/2012) [2014] ZAWCHC 109;

shape of the four bars in a Kit Kat chocolate bar was not entitled to registration because, even if consumers recognized the shape as associated with Kit Kat, they used other marks to identify the source of the goods.<sup>182</sup>

A trademark owner could overcome the presumption that a mark was limping through empirical evidence of recognition absent the other elements of its products' overall presentation. For example, the Snickers font and color combination, which has been used to advertise Snickers bars with the word "Snickers" replaced with coinages such as "Hungerectomy," has an independent life and creates a separate commercial impression; so does the Coca-Cola bottle. These are examples of deliberate and successful efforts to teach the public that there is trademark meaning in these elements alone. Practical considerations could also bear on whether a mark has an independent existence, as in *Qualitex v. Jacobsen*, where the claimed mark for the color of dry cleaning pads could be seen and recognized in situations when a brand name on a hidden label wouldn't be. By contrast, the Reese's Peanut Butter yellow, orange, and brown color combination doesn't have an independent existence as a mark, because it always appears with word marks and candy designs.

Many patterns and statements on T-shirts and other items chosen for their display value are ornamental: they serve primarily aesthetic or communicative purposes. The concept of ornamentality provides a model for identifying limping marks. Both determinations depend on an evaluation of the claimed mark in the context of its actual use.<sup>183</sup>

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2015 (1) SA 365 (WCC) (3 July 2014) (failure to use claimed mark in isolation from its house mark meant that the consumer was not given an opportunity to disassociate the product mark from the house mark, and thus the term couldn't have acquired distinctiveness); In the Matter of Trade Mark Application No. 2012210 by British Steel PLC To Register the Mark Heritage Green, May 8, 1998 (UK) (where both the registrant and third parties always used a more well-known mark with the relevant term, evidence showed that third parties were not using the relevant mark to distinguish source and thus that the mark lacked a reputation). *But see* Philips Electronics N.V. v. Remington Consumer Products Ltd. (1999) RPC 809 (not giving much weight to the fact that other marks appeared with the matter at issue).

<sup>182</sup> *Soci t  des Produits Nestl  SA v. Cadbury UK Ltd*, [2016] EWHC 50 (Ch) (Jan. 20, 2016) ("[I]n order to demonstrate that a sign has acquired distinctive character, the applicant or trade mark proprietor must prove that, at the relevant date, a significant proportion of the relevant class of persons perceives the relevant goods or services as originating from a particular undertaking *because of* the sign in question (as opposed to any other trade mark which may also be present).")

<sup>183</sup> *See* *Accolade Wines Australia Ltd, Pernod Ricard Winemakers Pty Ltd, Treasury Wine Estates Ltd and Australian Vintage Limited v Delegates Wine Estate Limited* [2014] ATMO 76 (22 August 2014).

Ornamentality, as used by the PTO, is not an empirical concept specific to a particular application, but rather a set of presumptions about how consumers react to symbols, particularly symbols that take up a large portion of the surface of a product. The PTO already uses ornamentality to reject certain specimens of use, and it could extend this practice to limping marks, which in practice are not bearing the weight of identifying a source.

Courts too should use both limping marks and ornamentality on a more regular basis, especially when the claimed matter is unregistered.<sup>184</sup> Claims based on the alleged confusing similarity of secondary product features should therefore generally be rejected unless there is evidence of actual confusion.<sup>185</sup>

Disclaimers are also a routine part of registrations: they explain that no claim to the disclaimed matter is made apart from its appearance in the mark as a whole. For example, AMERICAN AIRLINES might make no claim to each word individually. Barton Beebe suggests that, while the PTO routinely relies on disclaimers in approving marks, courts ignore them when they compare marks as a whole.<sup>186</sup> The substantive approach I suggest would provide a basis for changing that. A substantive approach could establish that confusing similarity can't result from the disclaimed term, just as it can't result from functional features.<sup>187</sup>

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<sup>184</sup> The question would then arise whether parodies should be registrable on the same terms as non-parodies, such as the parody brand South Butt that mocks North Face. Assuming that such parodies are registrable, they may then be off-limits to others who desire to parody the original brand. See Stacey L. Dogan & Mark A. Lemley, *Parody as Brand*, 47 U.C. DAVIS L. REV. 473 (2013). Limiting the rights of parodists to suppress other parodies could be part of a greater recognition that many communicative uses simply don't serve as marks. The problem with parodies is not that they're confusing, but that they're referential—similar to descriptive marks—and usually shouldn't be registered because of that dependent meaning.

<sup>185</sup> Mark McKenna has persuasively criticized the vulnerability of such limiting principles to courts' fear of confusion. Mark P. McKenna, *Trademark Use and the Problem of Source*, 2009 ILL. L. REV. 773 (2009). An actual confusion requirement, as opposed to the capacious multifactor test not requiring confusion evidence, might guard somewhat against this risk.

<sup>186</sup> See, e.g., *Bos. Duck Tours, LP v. Super Duck Tours, LLC*, 531 F.3d 1, 22 (1st Cir. 2008) (“it is inappropriate to give the presence or absence of a [trademark] disclaimer any legal significance”); 3 McCarthy §19:72 (“For purposes of determining the likelihood of confusion concerning a registered composite mark of which portions are disclaimed, the disclaimed matter cannot be ignored.”) (citing cases).

<sup>187</sup> This process could be compared to copyright's abstraction and filtration approach to unprotectable matter—though that too has its problems when courts turn to holistic evaluations of the work in its entirety.

Finally, we should also require factfinders to ensure that any actionable confusion is based on similarity in the nondescriptive elements of the defendant's use. This solution is more formalist than some others, but if confusion occurs based on similarity between descriptive elements of the parties' marks, that is really the fault of the trademark owner, who should be encouraged to find a more distinctive way of communicating its identity to consumers.<sup>188</sup> The descriptive fair use defense already recognizes that a trademark owner's choice of a descriptive term can be the proximate cause of confusion, and therefore a defendant's non-trademark use of a term can be protected despite some consumer confusion. When the defendant is using a symbol as a mark, the confusion standard should likewise be based on the protectable elements of the mark. The competitive justifications for allowing the defendant's use remain the same.<sup>189</sup>

### 3. Diminishing Crowding on the Register: More Sweeping Changes

Our freewheeling registration system lacks its promised information benefits in part because of crowding in the marketplace. Given the

<sup>188</sup> Cf. *W.T. Rogers v. Keene*, 778 F.2d 334, 347 (7th Cir. 1985) (burden is on user of functional feature to find nonfunctional distinctive symbols to use). Graeme Dinwoodie suggests that, because consumers may choose to find unexpected elements of a product's design to be distinctive, secondcomers are often in a better position, both practically and as a matter of equity, to choose distinguishing features. Graeme B. Dinwoodie, *The Death Of Ontology: A Teleological Approach To Trademark Law*, 84 IOWA L. REV. 611, 743 n.478 (1999). I don't think there's an empirical basis for that claim, but in any event the value of encouraging trademark claimants to move away from trying to monopolize descriptive terms seems to me to be worth the extra burden.

<sup>189</sup> The forthcoming revision of the European Trademark Directive includes a new Article 14(1)(b) that may accomplish this unification of the role of descriptiveness in Europe. It provides that

A trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade: ... (b) signs or indications which are not distinctive or which concern the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of the service, or other characteristics of goods or services; ... where the use made by the third party is in accordance with honest practices in industrial or commercial matters.

Directive (EU) 2015/... Of the European Parliament and of the Council, 28 Oct. 2015, available at <http://data.consilium.europa.eu/doc/document/ST-10374-2015-INIT/en/pdf>. The revision was endorsed by the European Parliament in December 2015 and will enter into force in 2016. See European Parliament backs key trade mark reform for European businesses and citizens, Dec. 15, 2015, available at <http://www.alde.eu/nc/press/press-and-release-news/press-release/article/european-parliament-backs-key-trade-mark-reform-for-european-businesses-and-citizens-46480/>. One plausible, though not guaranteed, reading of this provision is that it allows others to use descriptive elements of marks both as elements of their own marks and purely descriptively.

proliferation of symbols, a registry that aims to include as much as possible is tempted to grant too much weight to stylization or other small distinctions between symbols. A better solution would be to decline to grant rights heavily dependent on visual stylization—a variant of Lisa Ramsey’s argument against allowing protection for descriptive terms.<sup>190</sup> Since one problem is that registrants overclaim the scope of registered marks, “[t]rade mark registries should be astute to this consequence of registering [stylized] descriptive marks under the figurative figleaf of distinctiveness and refuse registration of such marks in the first place.”<sup>191</sup> Registrations should not be granted if they’re going to have a scope that should properly be extremely narrow. As Mark Lemley and Mark McKenna have explained, a decisionmaker that grants a right on the expectation that its scope will be narrow may do great mischief if a later decisionmaker, charged only with determining infringement and not validity, agrees with a plaintiff’s claim that its rights are in fact broader.

The pro-registration Federal Circuit recently instructed the TTAB to allow a registration when there were already multiple similar marks, reasoning that, with so many weak marks already in the marketplace, another one wouldn’t cause trouble.<sup>192</sup> Under our current regime, the new registration is now on the books, unclear in its scope. In the Federal Circuit’s view, the symbolic system is already so crowded that, if any further registrations are to occur, fine distinctions must be made—and of course, further registrations should occur. It’s the last premise I wish to dispute, especially when the rest of trademark doctrine doesn’t trust consumers to make those fine distinctions. In a world with so many marks, most of them can’t have strong rights. But the current separation of the PTO’s role in delineating the specification from the courts’ infringement inquiry makes it hard to appreciate that truth.

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<sup>190</sup> See Ramsey, *supra* note []; see also Suman Naresh, *Incontestability and Rights in Descriptive Trademarks*, 53 U. CHI. L. REV. 953, 985, 991-92 (1986) (encouraging registrations of descriptive marks is undesirable because such terms work better in the public domain); *Procter & Gamble Co. v. Johnson & Johnson Inc.*, 485 F.Supp. 1185, 1210-11 (S.D.N.Y. 1979) (Leval, J.) (arguing that accepting highly descriptive marks leads to a crowded field that does not aid consumers).

<sup>191</sup> Now TV [2012] EWHC 3074.

<sup>192</sup> *Juice Generation, Inc. v. GS Enterprises LLC*, 115 U.S.P.Q.2d 1671 (Fed. Cir. 2015) (reversing refusal of PEACE LOVE JUICE and design for juice bar services; existence of registration for PEACE & LOVE for restaurant services was no bar because of a number of other third-party uses, even though there was no specific evidence about the extent and impact of those uses); *Jack Wolfskin Ausrüstung für Draussen GmbH & Co. KGaA v. New Millennium Sports, S.L.U.*, 116 U.S.P.Q.2d 1129 (Fed. Cir. 2015) (reversing refusal to register paw print design for clothing because so many other paw print designs already existed).

Even from a producer-oriented perspective, the proliferation of similar symbols poses significant problems. The assumption that trademarks are in infinite supply is no longer plausible, as empirical research in progress by Beebe and Fromer shows.<sup>193</sup> To illustrate the issue, consider one of the cases the Federal Circuit decided, involving a refusal to register a paw print design for clothing because of a prior paw print registration.

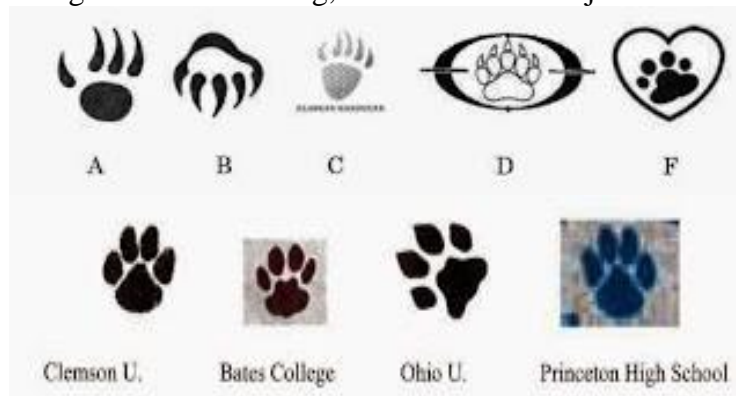


Prior registration



Applicant's claimed mark

The Federal Circuit noted the numerous other paw prints already in use on or registered for clothing, and reversed the rejection.



<sup>193</sup> Barton Beebe & Jeanne Fromer (in progress); *cf.* William M. Landes & Richard A. Posner, *Trademark Law: An Economic Perspective*, 30 *J.L. & Econ.* 265, 274, 290 (1987) (asserting that “the distinctive yet pronounceable combinations of letters to form words that will serve as a suitable trademark are as a practical matter infinite,” and that the supply of “unusual symbols and shapes or combinations of well-known symbols, shapes, and colors” is “virtually unlimited”).



It's not that the Federal Circuit is inherently wrong about the need for fine distinctions. But if its reasoning is to avoid making the trademark system even more arbitrary and unfair, then it has to be combined with substantive rights that are clearly limited as a matter of law, and not expandable later through arguments about likely confusion despite differences in the marks or goods. That is, if registrable, these marks should stay narrow. Courts should be willing to dismiss cases very early where a field is crowded and the similarities between the plaintiff's and defendant's mark are no greater than the similarities between the plaintiff's mark and other marks. One way to implement this rule would be to hold that none of the paw prints alone were registrable: only paws in conjunction with other symbols or possibly specific color combinations should be registered.<sup>203</sup>

This result could be encouraged by a rule of prosecution history estoppel, binding trademark registrants to statements they made about the narrowness of their marks in order to avoid refusals for descriptiveness or likely confusion with existing marks. Currently, there's no downside for aiming for ambitious trademark claims and scaling back those claims during

<sup>194</sup> University of New Mexico paw print cited by Federal Circuit.

<sup>195</sup> Penn State paw print cited by Federal Circuit.

<sup>196</sup> University of Montana paw print cited by Federal Circuit.

<sup>197</sup> Loyola University of Chicago paw print cited by Federal Circuit.

<sup>198</sup> University of New Hampshire paw print cited by Federal Circuit.

<sup>199</sup> Wayne State College paw print cited by Federal Circuit.

<sup>200</sup> Boyds Collection paw print cited by Federal Circuit.

<sup>201</sup> Chester Cheetah mark with paw print cited by Federal Circuit.

<sup>202</sup> Garanimals mark with paw print cited by Federal Circuit.

<sup>203</sup> A narrow registration alternative would still allow registrants to change their marks over time, as long as new designs were similar enough that they would be perceived as having continuity. See *Hana Fin., Inc. v. Hana Bank*, —U.S. —, 135 S.Ct. 907, 909 (2015) (discussing “tacking” of different marks).

the registration process.<sup>204</sup> If registration can be preclusive after *B&B v. Hargis*, then similar justifications counsel in favor of applying the related principle of estoppel.

## B. Stronger Registrations, Weaker Unregistered Marks

Courts have been very concerned about avoiding consumer confusion, so they adopt the procedural approach to unregistered marks and treat them as if they were registered, with the often irrelevant exception of automatic nationwide scope. But courts haven't shown similar concern for the other aspects of a well-functioning market, such as predictability and robust competition, that are served by a registration system with more substantive effects. Those conditions also ultimately benefit consumers.<sup>205</sup> We should therefore separate the concept of consumer *protection* from that of consumer *confusion*. Not all confusion harms consumers, and they need no protection from harmless confusion. And reciprocally, fair competition protects consumers' other interests in product diversity and lower prices. A substantive approach to registration could recognize these varied consumer interests.

### 1. A Possible Procedural Turn?

It would be possible to try to resolve the contradictions of the current registration system by going in the other direction and casting off as much of its substantive elements as possible. If our only concern is confusion, the current registration system is perplexing and nearly useless except as a (very) messy signal. For purely perception-based rights, registration should be essentially meaningless and ministerial, with minimal examination, as copyright registration currently is.

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<sup>204</sup> See, e.g., *Stone Lion Capital Partners, L.P. v. Lion Capital LLP*, 746 F.3d 1317 (Fed. Cir. 2014) (registrant claimed its mark was limited to secure registration, then asserted broader rights to preclude future registrations). Under my proposed reforms, the specification should be given extra weight, and the plaintiff should have to prove a change in scope through showing that other marks cited by the examiner and used to narrow the registration have ceased trading.

<sup>205</sup> Cf. Graeme B. Dinwoodie, *Ensuring Consumers 'Get What They Want': The Role of Trademark Law*, Oxford Legal Studies Research Paper No. 34/2015 (2008), available at [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2613160](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2613160), at 15 (noting that consumers want, in addition to protection from deception, cheaper products and useful information about products); Michael Grynberg, *Trademark Litigation as Consumer Conflict*, 83 N.Y.U. L. REV. 60 (2008) (arguing for more attention to the interests of nonconfused consumers).



Although the Supreme Court's preclusion holding in *B&B v. Hargis* depended on an equation between the registration and infringement inquiries, in a fully procedural system, *B&B* preclusion would no longer be appropriate, because examination would no longer be substantive enough to justify preventing full-scale litigation in the courts. The existing registration apparatus could be cut back, especially the aspects that attempt to determine whether an applied-for mark is likely to cause confusion with another mark already on the registry. Registration would only be presumptive evidence of validity in the absence of any other evidence, and incontestability should be eliminated.<sup>206</sup> We should also require the registrant to prove use as part of its prima facie infringement case in order to avoid holdup costs.

Among the risks of a procedural turn would be that small companies might not understand that a registration isn't everything. The overdeterrent effect of registrations, however weightless in litigation, on potential competitors might be damaging enough to make the procedural turn into more trouble than it's worth. Small companies might also overestimate the rights that flowed from a successful registration—assuming, for example, that because their own marks were registered, they couldn't infringe another's mark.<sup>207</sup>

A key question is whether we believe that an agency will do a better job of identifying that a symbol is serving as a trademark signal than a court would on a case by case basis.<sup>208</sup> A procedural approach leaves almost all decisions about validity and scope to the courts. One reason to prefer courts

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<sup>206</sup> See Suman Naresh, *Incontestability and Rights in Descriptive Trademarks*, 53 U. CHI. L. REV. 953 (1986) (arguing that incontestability supports monopolization of descriptive terms and encourages sellers to register descriptive terms); Jason K. Levine, *Contesting the Incontestable: Reforming Trademark's Descriptive Mark Protection Scheme*, 41 GONZ. L. REV. 29 (2006) (“[P]rotection for descriptive marks in their current fashion is anti-competitive....Furthermore, the evidence that descriptive marks are not needed for success today is all around us...”).

<sup>207</sup> Regardless of what other changes to the registration system we make, we could help small companies navigate the registration process by staggering registration fees and/or providing assistance with registration—again, a solution at the level of industrial policy (here, supporting small businesses) rather than one directly concerned with confusion. The PTO's online resources for applicants are already very good, and its pilot program partnering with law school clinics to help applicants is also extremely promising.

<sup>208</sup> Cf. Kenneth L. Port, *Open Letter to Director David Kappos of the United States Patent and Trademark Office*, 2 CYBARIS AN INTELL. PROP. L. REV. 13, 21-22 (2011) (citing an instance in which a registrant convinced an examiner that the word “koi”—which means “carp”—had no meaning in Japanese or any other language and was a valid mark for Japanese restaurants).

to agencies is that an agency is subject to capture by its clients (here, trademark claimants) and may act to aggrandize itself out of self-preservation. Moreover, trademark law doesn't involve determining a safe number of parts per million of particulate matter, so it doesn't require scientific expertise, which is a countervailing benefit that often offsets risks of agency capture.

I am nonetheless unconvinced that a procedural turn would be worth its costs. First, it may be impossible to stick to. Procedural rights tend to turn substantive over time, as has already halfway occurred in our system. It's difficult to imagine a system in which the government grants a right and the court gives it no weight. Even copyright registrations, which are barely examined at all, have some presumptive weight, giving the court a starting point so it knows who prevails on issues of validity and ownership in the absence of further evidence. Furthermore, registration serves as validation of a claimant's ownership interest, and that badge of approval matters to registrants' behavior.

Second and relatedly, a procedural turn might prove more difficult than it would with other recording systems. With intangibles like trademark, we often need to ask whether the object claimed even exists: is it ownable, and, if it's ownable, does anyone own it? This problem rarely arises with land or personal property, or even stock. Substantive examination outside a contested litigation makes more sense for such rights, especially when, as with trademark and patent (but not copyright), the standard for protection is high enough that a substantial number of claimed rights will in fact be invalid.

A procedural turn would minimize PTO errors, because few refusals would issue and grants would rarely be erroneous because they'd rarely mean anything. But courts' errors would loom larger, and the impulse to do equity when a defendant appeared to be free riding on a plaintiff's goodwill would likely continue to push courts into ever-more-expansive concepts of confusion.

## 2. A Substantive Turn and a Greater Role for the Specification

A substantive role for registration, by contrast, would be consistent with the reality that trademark's boundaries are not purely perception- and confusion-based.<sup>209</sup> Territoriality, functionality, and the systemic values of

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<sup>209</sup> See Dinwoodie, *supra* note [] [What Consumers Want], at 7 ("By discounting some level of consumer confusion, as it does, current trademark law already makes ...

notice and predictability, among other competing interests, have roles to play in boundary definition. Under a more substantive view of registration, registration should be hard to achieve and hard to defeat with respect to the registered goods or services. Outside the specification, we should rigorously require a registrant to show likely confusion and harm.

Substantive registration would mean a strength gap between registered and unregistered marks. But, because overall trademark protection is currently so strong, increasing protection for registered marks would mainly have anticompetitive and/or free speech-suppressing effects. Most of the gap should be opened up by decreasing the protection for unregistered marks beyond the existing difference of putting the burden of proof on the plaintiff to prove that an unregistered symbol is protectable as a mark.

a. Double Identity

In the substantive model, double identity—the use of a commercially indistinguishable mark on commercially indistinguishable goods and services—would be presumptively within the scope of the trademark owner’s rights and infringing without any requirement of proof of other harm. *B&B v. Hargis*’ preclusion holding would be more coherent because the infringement inquiry would, like the registration inquiry, be somewhat abstracted from actual use, and rely more on the scope of the registration than present infringement cases do.

Double identity could also resolve the long-standing dispute over whether so-called “post-sale confusion” is actionable when the actual purchaser of a counterfeit item knows that it’s not genuine. Under double identity, the judicial system no longer needs to strain to identify someone—relevant to a purchase or not—who is confused about *something* about the counterfeit (e.g., that the person holding it has enough money to buy the real thing). The counterfeit is actionable because it falls within the scope of the registrant’s property-like right. Getting rid of the pretense that confusion is involved would help prevent the spread of weak theories of confusion, which are particularly destructive applied outside the context of counterfeits.<sup>210</sup>

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prescriptive choices in a number of settings, and it would hardly be radical to make them more explicit on a more frequent basis.”).

<sup>210</sup> See Jeremy N. Sheff, *Veblen Brands*, 96 Minn. L. Rev. 769 (2012).

Double identity would also require a set of exemptions such as fair use and comparative advertising that likewise shouldn't require too much assessment of the real world context. Such exemptions are required because otherwise, under a double identity regime, comparative advertising such as "Coke is better than Pepsi" would constitute infringing use simply because it was the same mark applied to the same goods for which Pepsi had a registration. The concept of "trademark use" or "use as a mark," which is commonly present in registration-based systems, can serve the necessary limiting function. In comparative advertising, Coke is not using Pepsi as a mark for its own goods, even if it is using Pepsi on its goods.<sup>211</sup> Although courts in the U.S. have largely rejected the idea that "use as a mark" is itself a requirement before there can be infringement,<sup>212</sup> the concept is so intuitive and useful that the very same courts keep reinventing the concept in new contexts to bridge otherwise embarrassing gaps in their reasoning.<sup>213</sup> A substantive approach could bolster the "trademark use" concept because it would embrace the idea that fact-intensive confusion inquiries are often more trouble than they're worth.

A potential objection based on comparisons to other nations is that registration-based systems, with their rigid rules and historical intolerance for practices like parody and comparative advertising, may also seem overprotective of trademark owners. But a substantive system could be improved over its foreign cousins. It is the substance of those substantive rights that determines whether free speech and competition can thrive. One additional reason for hope is that foreign registration-based systems do often set aside confusion-based theories to apply conceptual restrictions on what can be registered or on what can infringe (for example, a defendant that made toy cars didn't "use" the plaintiff's trademark "as a mark").<sup>214</sup>

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<sup>211</sup> The "trademark use" issue has been extensively discussed elsewhere. *See, e.g.,* Stacey L. Dogan & Mark A. Lemley, *Trademark and Consumer Search Costs on the Internet*, 41 HOUS. L. REV. 777 (2004). "Use as a mark" reasoning assumes that we can tell what mark Coke is "using" without asking about consumer confusion, but such inquiries are common in trademark, and identifying a mark that Coke clearly *is* using is a good first step to determining what it's *not* using.

<sup>212</sup> *See, e.g.,* *Rescuecom Corp. v. Google Inc.*, 562 F.3d 123, 129-30 (2d Cir. 2009); McKenna, *supra* note [] [*Trademark Use*] (arguing that an independent trademark use requirement poses practical difficulties).

<sup>213</sup> *See, e.g.,* *Christian Louboutin S.A. v. Yves Saint Laurent America Holdings, Inc.*, 696 F.3d 206, 228 (2d Cir. 2012) (holding that an all-red shoe was not a "use" of Louboutin's trademark in a red sole with a contrasting upper, without conducting a likely confusion analysis).

<sup>214</sup> Case 48/05, *Adam Opel AG v. Autec AG*, 2007 E.C.R. I-01017, 2007 ECJ EUR-Lex LEXIS 1972 (Jan. 25, 2007) (Ger.).

Focusing more on the specification in identifying trademark owners' rights could also help deter abusive claims by providing more certainty for trademark owners. Trademark owners often claim that they "have" to police unauthorized uses in order to preserve their marks against abandonment. While this is a useful tactic for deflecting charges of bullying when a trademark owner threatens an individual who designed a funny T-shirt and offered it for sale online, it's not required by current law.<sup>215</sup> A more registration-focused system could make very clear that failure to police uses on T-shirts was absolutely irrelevant to a mark whose specification is for anything other than T-shirts.

b. Infringement Without Double Identity: The Return of Unfair Competition

Registration rights should be strong but narrow, whereas unfair competition under §43 should be weak and hard to prove because of its breadth. Uses for which a plaintiff lacks a registration should be presumptively outside the scope of the plaintiff's rights. Infringement should require true proof of harm, which would require a profound change in how courts deal with harm now.<sup>216</sup>

The key question is whether a realm of smaller rights can be maintained against the hydraulic pressure from trademark claimants to get more rights from unregistered terms, until their rights are once again essentially equivalent to those of registrants. Experience with patent law indicates that when you put a lot of pressure on the registration document, you get arguments to a court that the PTO didn't strike the right balance, so you need a doctrine of equivalents or the like expanding the concept of infringement (and diminishing the notice function of the registration). Rather than force courts to say that rights have to be strong or nothing, a weak safety valve, which is to say a weak cause of action for unfair competition, might be appropriate to give courts reassurance that remedies remain for true abuses even in the absence of registration.<sup>217</sup>

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<sup>215</sup> See Kiser, *supra* note [], at 229-32; Irina D. Manta, *Bearing Down on Trademark Bullies*, 22 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 853 (Summer 2012).

<sup>216</sup> What if state law filled in that gap and started to mirror/exceed the scope of current protection under §43(a)? At that point, there'd be an argument for preemption, and if we made trademark less about confusion, there'd be even more reason to treat it like patent and copyright for preemption purposes.

<sup>217</sup> Dinwoodie, *supra* note [] [notice draft], at 38-39.

Returning §43 to its grounding in unfair competition would support a requirement that a plaintiff show lost sales, whether from substitution or from an actual harm to the plaintiff's reputation. Combined with robust defenses—especially those related to free speech, functionality, and comparative advertising, grounded in our commitments to the First Amendment and to market competition—this change could allow the U.S. to improve on existing registration systems.

Such limiting changes are not impossible. When Congress first enacted a federal dilution statute, trademark owners of all stripes insisted that they were “famous,” and courts often went along with those claims. However, courts ultimately interpreted the dilution statute quite narrowly,<sup>218</sup> and Congress responded by amending the statute to restore some of its scope—allowing relief upon a showing of “likely” rather than “actual” dilution. At the same time, Congress added significant limits on the concept of fame, requiring nationwide, household-name status, which has proven more resistant to manipulation.<sup>219</sup>

### c. Incentivizing Registration

We can try to force owners to reveal their estimates of the strength and value of their rights by seeing whether they opt into registration.<sup>220</sup> The specification exists before any particular infringement action, forcing registrants to delineate their claims in advance.<sup>221</sup> By contrast, plaintiffs without registrations, especially those claiming trade dress rights, craft their definitions of what they claim as marks to fit most closely what the defendant is doing.<sup>222</sup> Because they involve product features beyond words on the product, trade dress cases are also likely to pose problems of deterring legitimate competition, as well as of providing notice to competitors about what features are free to copy. At the very least, the pre-

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<sup>218</sup> *V Secret Catalogue Inc. v. Moseley*, 537 U.S. 418 (2003).

<sup>219</sup> Trademark Dilution Revision Act of 2006, § 1(1,2), 15 U.S.C.A. § 1125(c)(1). *See, e.g.*, *Maker's Mark Distillery, Inc. v. Diageo North America, Inc.*, 703 F. Supp. 2d 671, 699–700 (W.D.Ky. 2010) (well-known liquor seal, like well-known Texas Longhorns mark, was not famous), *aff'd in relevant part*, 679 F.3d 410 (6th Cir. 2012). However, when defendants fail to insist on the federal standard, courts may neglect the fame requirement.

<sup>220</sup> *Cf. Michael W. Carroll, One Size Does Not Fit All: A Framework for Tailoring Intellectual Property Rights*, 70 OHIO ST. L.J. 1361 (2009) (arguing for increased tailoring in patent and copyright).

<sup>221</sup> Jeanne C. Fromer, *Claiming Intellectual Property*, 76 U. CHI. L. REV. 719 (2009).

<sup>222</sup> *Cf. Hershey Foods Corp. v. Mars, Inc.*, 998 F. Supp. 500 (M.D. Pa. 1998) (Reese's claimed to have unregistered rights in its color combination beyond its registration for its overall trade dress).

*Taco Cabana* view of some courts that all forms of unregistered trade dress should have to show secondary meaning in order to sue has merit. Without a registration, a judicial determination that a mark is inherently distinctive should be insufficient to warrant protection. Indeed, we could readily go further and say that all unregistered marks should have to show secondary meaning in order to be protected, even if they are conceptually inherently distinctive. Without meaning to consumers, the possibility that consumers could recognize source from a particular symbol remains only theoretical. A plaintiff who doesn't want to show secondary meaning in an infringement case should submit its claim to the review process provided by registration, which also provides competitors with notice of possible claims.

Pleading standards are our present substitute for registration for trade dress. Courts dismiss complaints if they don't sufficiently identify the trade dress the plaintiffs claim to own.<sup>223</sup> That's one way of dealing with the problem of anticompetitive false positives, but probably not the best one. No one other than the judge has been tasked with defining the trade dress for legal purposes, and doing that definition at the pleading stage under *Iqbal/Twombly*, without factfinding, is non-ideal. Using registration as a substitute for judicial on-the-fly definition may therefore have advantages for predictability, costs, and anticompetitive behavior.

Further incentives should include the potential to recover the defendant's profits, rather than just damages, for a claimant who has registered and defined its claim in advance. Especially because every type of symbol is theoretically registrable, from smells to product shape to colors, lack of registration deserves more weight in the system. A plaintiff who has opted out of an available means for claiming a right, like one who fails to timely register her copyrights, merits less in the way of available remedies. Also similar to the rule in copyright, attorney's fees should only be available for infringement of a registered mark.

#### d. Fewer Trademark Cases

If registration should be more important, that implies that the PTO should be more important. Irina Manta has proposed to use administrative dispute resolution to deal with the costs of trademark bullying: a threat of a trademark infringement lawsuit, whether based on a registered or an

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<sup>223</sup> See, e.g., *Fair Wind Sailing, Inc. v. Dempster*, 764 F.3d 303, 309-10 (3d Cir. 2014) (holding that plaintiff failed to plead a specific trade dress); 1 McCarthy § 8:3 (“[T]he discrete elements which make up the [trade dress claim] should be separated out and identified in a list.”).

unregistered mark, should be resolvable by the PTO, whose determination on likely confusion would be presumptively persuasive to a court though rebuttable.<sup>224</sup> This proposal has promise, if coupled with other limiting reforms. There is a risk of agency capture if we ask the PTO to make more infringement inquiries. But agency capture is self-limiting here. We can't both give *lots* of rights (ever-increasing numbers of registered marks) and *broad* rights, because trademarks are not like patents or copyrights. They are inherently relative. A captured agency would be torn between granting and not granting rights because producers are themselves so torn. At the very least, the agency would be made forcibly aware that what it does on the intake side (granting rights in the abstract) has effects on output (infringement claims), where the separation from infringement litigation now allows it to grant supposedly narrow rights that broaden in practice.

e. Other Benefits of a More Explicitly Substantive Approach

The substantive view is consistent with the historical understanding.<sup>225</sup> Prior to the Lanham Act, federal registration conferred no substantive rights, and could even be seen as narrowing rights by limiting the goods and services to which the registrant lay claim.<sup>226</sup> The people who evaluated the Lanham Act at the time of its enactment generally considered it to have substantive effects on the meaning of trademark rights, particularly though not exclusively with respect to incontestability and constructive notice of nationwide rights.<sup>227</sup>

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<sup>224</sup> Manta, *supra* note [].

<sup>225</sup> For my purposes, I need not take a position on how exactly to understand the historical justification for trademark law (as opposed to registration specifically) in the U.S. Compare Robert G. Bone, *Hunting Goodwill: A History of the Concept of Goodwill in Trademark Law*, 86 B.U. L. REV. 547, 572 (2006) (arguing that the concept of protecting goodwill allowed courts to merge a property-based theory of trademark infringement with the fraud-based tort of passing off/unfair competition), with Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 NOTRE DAME L. REV. 1839 (2007) (arguing that trademark law historically was designed to protect producers from trade diversion and that newer consumer protection rationales furthered rather than limited the law's expansion to noncompeting goods).

<sup>226</sup> *The Necessity for Competition in Trade-Mark Infringement Cases*, 32 VA. L. REV. 637, 641 (1946) (citing *Walgreen Drug Stores v. Obeart-Nester Glass Co.*, 113 F. 2d 956 (8th Cir. 1940)); Note, *The 1946 Trade Mark Act*, 33 VA. L. REV. 303, 310 (1947) [hereinafter *1947 Note*].

<sup>227</sup> *1947 Note, supra*, at 310 (“[T]he new Act gives substantive rights for registration, which in turn, it is hoped, will induce all users of trademarks to register.”); Rudolph Callmann, *The New Trade-Mark Act of July 5, 1946*, 46 COLUM. L. REV. 929, 939 (1946); *id.* at 940-41 (“It can hardly be denied that there is no distinction between an incontestable, exclusive right and a property right so that the new Act implicitly demonstrates Congressional willingness to recognize the trade-mark as a property right.”); Walter J.



Other nations already take a substantive approach, and international firms already use registration as a signaling and certainty-promoting device. This is another reason that the U.S. should consider a substantive approach, not because harmonization is a good in itself, but because we are already suffering the costs of the substantive approach, without enough of its benefits.<sup>228</sup>

Finally, how would the non-confusion-based exclusions from §2 fare under my proposed treatment? My proposal would not require any changes to them, but would put them on a firmer conceptual basis. Registration is based on the insight that confusion isn't everything, and that predictability and notice have vital functions; so do other considerations. Even if one concludes, as one might, that disparagement and scandalousness are unconstitutional because of First Amendment constraints, other non-confusion-based exclusions, such as special treatment for geographic indications for wine and spirits, are less problematic.<sup>229</sup>

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Derenberg, *The Patent Office as Guardian of the Public Interest in Trade-Mark Registration Proceedings*, 14 L. & CONTEMP. PROBS. 288, 288 (1949); Beverly W. Pattishall, *Two Hundred Years of American Trademark Law*, 68 TRADEMARK REP. 121, 139 (1978); cf. *S.C. Johnson & Son v. Johnson*, 175 F.2d 176, 178 (2d Cir. 1949) (Learned Hand, J.) (“Clearly a change, and a most substantial change, was intended [by the Lanham Act], and the question is what that was.”). Peter Karol has argued that deep divisions about whether trademark rights should be procedural or substantive were glossed over by the drafters of what ultimately became the Lanham Act because they simply couldn't agree, Karol, *supra* note [], at 30-34, but the preservation of equitable defenses to which Karol points didn't remove the fundamentally substantive nature of the new rights granted by federal registration. Nonetheless, I agree with Karol that the Lanham Act has profound internal tensions. See McClure, *supra* note [], at 334 (“Despite its pretensions to bringing orderliness to trademark law by restating and modernizing the law, in many ways the Lanham Act did not solve the key controversies in trademark and unfair competition, leaving the courts in much the same position as before. One commentator stated that the statute ‘is inspired by divergent philosophical theories of trade-mark protection which were not effectively reconciled.’”) (citation omitted).

<sup>228</sup> Various practical problems would have to be worked out. For example, under the substantive approach, should a registrant's rights contract over time if actual use is limited in a particular way? COKE is registered in standard character form, but Coca-Cola always uses a distinctive font for it. This should not diminish Coca-Cola's rights in COKE, as long as there is some relevant use, because a registration should have some scope. We might treat use on specific goods differently from use of a word mark in a specific font. If the mark is itself distinctive, then use in a particular font should entitle the registrant to a standard character registration, even though use on subway cars shouldn't necessarily entitle the registrant to a registration for “vehicles” generally. This distinction rests on the different effects on notice and predictability of these two dimensions of scope.

<sup>229</sup> For discussion of the First Amendment issues, see Rebecca Tushnet, *The First Amendment Walks into a Bar* (draft, on file with author).

They reflect non-consumer-perception based policies that can legitimately limit registrations—and rights—even if those limits aren't necessary to avoid consumer deception.

## V. Conclusion

Scholars of American trademark law have long argued that, by accepting “avoid confusion” as trademark’s proper goal and then defining “confusion” extremely broadly, trademark law has expanded far beyond where it should go. When some courts are willing to enjoin movies because they share a name with a trademark owner,<sup>230</sup> and when bringing a trademark owner to mind can justify liability, “confusion” is a proxy for some other concept of unfairness—and it’s a proxy whose use risks harm to free speech and free competition.

Scholars have been less united about what to do about this problem. We need to admit formally that the system is not just about avoiding confusion, and that we may choose to restrict some commercial uses even in the absence of actual confusion. Reciprocally, we already tolerate some real risks of confusion (although we can be reassured by the fact that most such instances are immaterial to consumers), and our reasons are good ones.<sup>231</sup> Most criticisms of expansive confusion doctrines have been ignored by judges and practitioners, unless there is a direct competitive or First Amendment need for the particular use at issue. But, as the registration system demonstrates by its very existence, ordering producer relations is central to trademark, and asking non-confusion-related questions is legitimately dispositive in many circumstances. Producer focus can thus be used to limit trademark owners’ rights, even though it recently has been used to expand them.<sup>232</sup>

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<sup>230</sup> *Am. Dairy Queen Corp. v. New Line Prods., Inc.*, 35 F. Supp. 2d 727, 728 (D. Minn. 1998) (enjoining movie “Dairy Queens” because of likelihood of confusion with DAIRY QUEEN mark).

<sup>231</sup> *See, e.g.*, 15 U.S.C. § 1115(b)(5) (providing absolute right for local senior unregistered user to continue its use); *Thrifty Rent-A-Car Sys., Inc. v. Thrift Cars, Inc.*, 831 F.2d 1177, 1179, 1184 (1st Cir. 1987) (applying this right despite potential confusion); *see also* *KP Permanent Make-Up, Inc. v. Lasting Impressions I, Inc.*, 543 U.S. 111, 121 (2004) (descriptive fair use defense contemplates and tolerates “some possibility of consumer confusion”); Dinwoodie, *supra* note [] [What Consumers Want], at 16 (“Very often, these values have already received explicit doctrinal recognition; sometimes they are embedded deep in decisions. But as trademark law comes to affect so much of the social and economic fabric of our lives, it becomes ever more important to validate them, perhaps much more explicitly than heretofore.”).

<sup>232</sup> *Cf. David Fagundes, Property Rhetoric and the Public Domain*, 94 Minn. L. Rev. 652 (2010) (arguing that traditional property rights are actually much more limited than

At the heart of modern trademark law, we regularly dispense with concerns over confusion in order to serve other aims. We also engage in case-by-case empirical inquiries in infringement cases, but they're not the primary creator of the legal rights in the trademark system. The registration system is. It should not be left to collapse under its own contradictions.

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intellectual property expansionists admit, and therefore traditional property concepts can provide useful limits on intellectual property rights).