

LIVING WITH THE MERCHANDISING RIGHT (OR HOW I LEARNED TO STOP WORRYING AND LOVE FREE-RIDING STORIES)

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Trademark scholars love to hate the merchandising right (i.e., the use of trademark law to give trademark owners control over product markets in which the trademark is the good—e.g., a BOSTON RED SOX baseball cap). We think that trademark law should protect consumer interests. If no one thinks that sports teams manufacture their own merchandise, then there's no possibility of source confusion. Rather than benefitting consumers, the merchandising right artificially increases consumer costs by giving trademark holders an unwarranted monopoly over the use of their marks as products.

Nobody cares. Whatever law professors may think, people—and importantly, judges—generally believe that trademark holders should control merchandising markets. Hard-wired moral intuitions suggest that the resulting profits are a fair reward for creating popular brands and that others should not “free ride” off of these efforts. These intuitions are resistant to argument. We are therefore likely stuck with the merchandising right.

Nonetheless, the merchandising right is inconsistent with fundamental trademark doctrine. Accommodating it creates difficulties that ripple throughout trademark law and reach cases that have nothing to do with merchandising logos. The problem is especially acute in those cases in which it is the trademark owner who is trying to capture an unearned benefit. These cases turn the intuitions behind the merchandising right on their head, but courts do not have a vocabulary for distinguishing them from “traditional” merchandising disputes. The result is a muddle that affects trademark law as a whole.

We might ameliorate the problem by taking anti-free riding moral intuitions seriously. If they are to be part of trademark law, then they may be used to limit the merchandising right and reconcile it to trademark law. To be sure, living with the merchandising right is

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hardly an optimal result, but if the right is here to stay, we may as well contain its scope and craft a trademark doctrine that comports with the moral intuitions of the judges who implement it.

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INTRODUCTION

Trademark scholars love to hate the “merchandising right,” the ability of trademark holders to control the sale of promotional goods that feature the marks. The basic argument against the merchandising right is simple. When I buy an APPLE smartphone, it’s fair to assume that I want to buy a product for which Apple, Inc. is the source. If so, there’s an obvious problem if someone other than Apple can use the APPLE mark to sell me a smartphone. Things are different if I’m shopping for a baseball cap with the BOSTON RED SOX logo. I am not interested in the logo as a designation of *source*. I just want a Red Sox cap because I’m a fan, not because I think the team makes good caps. On this logic, letting multiple sellers sell caps with a “B” logo is good for me because the resulting price competition will make for a cheaper cap.

Yet numerous cases say otherwise, and these precedents give control of merchandising markets to the trademark owners. This causes me harm. If the Red Sox¹ get to use trademark law to control the cap market, the primary effect is an artificial supply constraint; the team enjoys a monopoly profit at my expense. On this view, common among trademark scholars,² the merchandising right harms

¹ Or the entity exercising licensing rights on their behalf.

² See, e.g., Stacey L. Dogan & Mark A. Lemley, *The Merchandising Right: Fragile Theory or Fait Accompli?*, 54 EMORY L.J. 461, 465 (2005) (“When a trademark is sold, not as a source indicator, but as a desirable feature of a product, competition suffers—and consumers pay—if other sellers are shut out of the market for that feature.”); Glynn S. Lunney, Jr., *Trademark Monopolies*, 48 EMORY L.J. 367, 459 (1999) (“If, for example, we assign ownership of the DALLAS COWBOYS mark as product to one entity, then that entity will, like any profit-maximizing monopolist, reduce the output and raise the price of DALLAS COWBOYS merchandise. If, on the other hand, we allow anyone to make such use, that decision will ensure competition in the supply of such merchandise, and we should expect both increased output and lower prices.”); Michael Grynberg, *Trademark Litigation as Consumer Conflict*, 83 N.Y.U. L. REV. 60, 101-03 (2008); Rochelle Cooper Dreyfuss, *Expressive Genericity: Trademarks As Language in the Pepsi Generation*, 65 NOTRE DAME L. REV. 397, 420 (1990); Laura A. Heymann, *The Public’s Domain in Trademark Law: A First Amendment Theory of the Consumer*, 43 GA. L. REV. 651, 707-710 (2009); Graeme W. Austin, *Trademarks and the Burdened Imagination*, 69 BROOK. L. REV. 827, 898-901 (2004); Jessica Litman, *Breakfast with Batman: The Public Interest in the Advertising Age*, 108 YALE L.J. 1717, 1725-28 (1999); William P. Kratzke, *The Biblical Fool and the Brander: The Law and Economics of Propertization in American Trademark Law*, 34 CARDOZO ARTS & ENT. L.J. 699 (2016); Sheldon W. Halpern, *Trafficking in Trademarks: Setting Boundaries for the Uneasy Relationship Between “Property Rights” and Trademark and Publicity Rights*, 58 DEPAUL L. REV. 1013 (2009); Steve McKelvey & Ari J. Sliffman, *The Merchandising Right Gone Awry: What “Moore” Can Be Said?*, 52 AM. BUS. L.J. 317 (2015); Robert G. Bone, *Taking the Confusion Out of*

consumers and is borderline incoherent.³

Nobody cares.⁴ As Part I explains, the arguments against a merchandising right have been explained to judges again and again to little effect. Judges are generally smart people, so lack of understanding isn't the problem. It's just hard for them to accept a world in which trademark holders cannot control the market for marks as merchandise. Part II explores some of the reasons why, suggesting that deeper intuitions external to trademark doctrine may outweigh immediate appeals to trademark law and policy. This is bad news for consumers, but most of them likely hold similar intuitions. After all, judges buy stuff, too.

If that's all true, then there's little point in arguing about merchandising. Certainly another law review article won't make the difference. But the poor fit between the merchandising right and trademark doctrine creates problems. That is the focus of this article, which is primarily concerned with the consequences of the merchandising right, rather than its merits.

I have two sets of arguments, one that will likely be congenial to the views of my friends on the trade left, one that likely won't. First, I argue that the harms of the merchandising right go beyond higher prices. Because the merchandising right is a poor fit with trademark doctrine, its accommodation destabilizes trademark law at large, pressuring doctrines pertaining to use, registration, infringement, and defenses. Part III details these difficulties, offering another approach to critiquing the use of trademark law to protect merchandising markets.

Many of these problems are traceable to the conduct of trademark owners. The merchandising right can be seen as a manifestation of an anti-free riding intuition. While this is unsurprising to those familiar with the merchandising case law, it is

"Likelihood of Confusion": Toward A More Sensible Approach to Trademark Infringement, 106 NW. U. L. REV. 1307, 1364–65 (2012).

Not everyone agrees, of course. *See, e.g.*, Robert C. Denicola, *Institutional Publicity Rights: An Analysis of the Merchandising of Famous Trade Symbols*, 62 N.C. L. REV. 603 (1984); Irene Calboli, *The Case for a Limited Protection of Trademark Merchandising*, 2011 U. ILL. L. REV. 865; Tracy Reilly, *Betty Boop Almost Lost Her "Bling-Bling": Fleischer Studios v. A.V.E.L.A. and the Re-Emergence of Aesthetic Functionality in Trademark Merchandising Cases*, 94 J. PAT. & TRADEMARK OFF. SOC'Y 95 (2012).

³ Though some merchandising claims are less incoherent than others. *See infra* notes 40-49 and accompanying text.

⁴ *But see infra* note 49.

important to appreciate that the anti-free riding impulse applies to trademark *plaintiffs* as well as defendants. While courts are willing to protect the merchandising interests of popular brands, they understandably balk when the would-be plaintiff has minimal goodwill with consumers, but is trying to cash in on a fad, event, or someone else's effort. But because the merchandising right is such a poor fit with trademark law in the first place, traditional trademark doctrines are ill-equipped to navigate between the two situations. In other words, stories about free riders are not just a justification for the merchandising right, they form the basis of a critique of its application.

Courts and the Patent and Trademark Office ("PTO" or "USPTO") do what they can to stop plaintiff free riders, but muddling along only feeds the doctrinal instability created by the merchandising right. A better approach would be for trademark doctrine to accommodate the right in a manner that reflects the intuitions of those applying it. Part IV explores this area. Trademark law should be able to isolate those situations in which the beneficiary of the right is a trademark holder who has "earned" it. Such a right would be allocated on a narrower basis than what trademark law permits today, for it would require substantial acquired distinctiveness on the part of the rights holder. Mere use would not suffice as it does for trademark rights generally.

All this would have the consequence of reifying the harm to consumers caused by merchandising, and an "if you can't beat 'em, join 'em" approach to doctrine is understandably unsatisfying. But given the strong moral intuitions behind the protection of merchandising, these costs may not be that high in practice. In return, fencing off the right from trademark law generally offers the potential benefit of limiting the adverse doctrinal spillovers of an unformalized merchandising right.

I. MERCHANDISING AND ITS DISCONTENTS

Merchandise sales are lucrative.⁵ They are a major revenue

⁵ They are also, in the case of less coveted promotional goods, a large source of waste. Elizabeth Segran, "It's time to stop spending billions on cheap conference swag: We're facing a full-on environmental crisis. Do you really need another flimsy tote or pen?" FAST COMPANY (Nov. 2, 2018), <https://www.fastcompany.com/90260185/its-time-to-stop-spending-billions-on-cheap-conference-swag> [<https://perma.cc/27ST-8EAV>] ("The promotional products industry in the United States is worth \$24 billion and has grown by 2.5% over the last five years.").

source for colleges⁶ and sports teams.⁷ Worldwide sales of licensed sports merchandise reportedly reached \$25 billion in 2016,⁸ and the International Licensing Industry Merchandisers Association placed the global trademark licensing business at \$315.5 billion in 2021, with \$17.4 billion in royalty revenue.⁹

Merchandised products are generally inexpensive to produce, and high markups make them profitable.¹⁰ A little competition might therefore be nice for consumers. To the industry,

⁶ Hal M. Bundrick, “This Shocking Amount is Spent Annually on Licensed College Merchandise,” *THE STREET* (Aug. 27, 2013), <https://www.thestreet.com/story/12793400/1/shocking-amount-spent-annually-licensed-college-merchandise.html> [<https://perma.cc/VLX9-M4DC>] (“The Collegiate Licensing Company reports \$4.62 billion was spent last year on college-licensed merchandise—for everything from dog bandanas to garden gnomes.”).

⁷ *See, e.g.*, Ken Belson, “The N.F.L. and Nike Make Room for Fanatics,” *NEW YORK TIMES* (May 23, 2018), <https://www.nytimes.com/2018/05/23/sports/nfl-nike-fanatics.html> [<https://perma.cc/NF6X-JK5D>] (“In 2010, Nike replaced Reebok as the exclusive merchandise provider of N.F.L. goods. No financial terms were released at the time, but Reebok’s deal was believed to originally be worth at least \$250 million for the league.”).

⁸ Zach Schonbrun, “Fanatics, Maker of Sports Apparel, Thrives by Seizing the Moment,” *NEW YORK TIMES* (Nov. 20, 2017), <https://www.nytimes.com/2017/11/20/business/fanatics-apparel.html?module=inline> [<https://perma.cc/4TZN-A4FY>] (“According to the International Licensing Industry Merchandisers Association, global retail sales of licensed sports merchandise reached \$25 billion in 2016. The largest portion of that, 28.1 percent, was apparel”).

⁹ “2022 Global Licensing Industry Study,” LICENSING INTERNATIONAL, <https://licensinginternational.org/get-survey/> [<https://perma.cc/QM2N-PU94>]. The United States and Canada markets accounted for 59% of the revenue. *Id.*; *see also* Transparency Market Research, “Licensed Sports Merchandise Market to reach US\$48.17 Billion by 2024 – A New Research Report by Transparency Market Research,” <https://www.prnewswire.com/news-releases/licensed-sports-merchandise-market-to-reach-us4817-billion-by-2024---a-new-research-report-by-transparency-market-research-597749011.html> [<https://perma.cc/N3Z9-GF3F>] (“With growing consumer base and huge market potential, the global licensed sports merchandise market is expected to witness considerable growth in the next few years. Transparency Market Research estimates that the market, valued at US\$27.63 bn in 2015, will reach US\$48.17 bn by 2024.”).

The related business of brick-and-mortar sales of branded sports merchandise is likewise large. *See* IBISWorld, <https://www.ibisworld.com/industry-trends/specialized-market-research-reports/consumer-goods-services/apparel-accessories-stores/licensed-sports-apparel-stores.html> [<https://perma.cc/3BW2-NE35>] (“Over the past five years, the Licensed Sports Apparel Stores industry has grown by 2.9% to reach revenue of \$8bn in 2018.”).

¹⁰ Belson, *supra* note 7 (observing that “[t]he retail price is typically twice as much as the wholesale price”).

however, this is “counterfeiting.”¹¹ But of course, the line between counterfeiting and competition depends on the law. Enter trademark. For decades, its precedents have allowed trademark holders to claim the right to license their brands for use on merchandise.¹²

It is by no means obvious that they should have this right. This Part outlines the traditional (and by now familiar) case in opposition. It then examines the reasons courts have not followed this logic. This is well-covered ground, so I will seek to be brief. Those familiar with the terrain may want to skip ahead to Part II.

A. The disconnect between the merchandising and trademark law

If trademark law is to protect merchandising markets, there ought to be a reason rooted in trademark law to do so. Simply conferring monopoly profits on trademark holders should not cut it.¹³ So why do it?

The mystery is compounded by an apparent mismatch between trademark law and the merchandising right. By definition, a trademark exists “to identify and distinguish . . . goods¹⁴ . . . from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.”¹⁵ So the APPLE trademark protects the consumer expectation that they will receive

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Piracy of licensed sports products such as t-shirts, jerseys, and hats has increased at a significant rate in the global market in the past few years. The increased global consumption of pirated products is a key factor holding back the market for licensed sport merchandise. According to The Street, an American financial news and services website, the worldwide sales of counterfeit products are growing in the sports world, with counterfeit goods valuing up to US\$960 bn in 2015 alone. The rising problem of piracy of sports products is likely to pose a serious threat to the licensed sports merchandise market, which in turn is projected to restrain the global licensed sports merchandise market in the next few years.

Transparency Market Research, *supra* note 9.

¹² See *infra* Parts I.B.

¹³ Cf. Felix Cohen, *Transcendental Nonsense and the Functional Approach*, 35 COLUM. L. REV. 809, 814-817 (1935) (discussing circularity in protection of trademarks and trade names and observing that “[t]he vicious circle inherent in this reasoning is plain. It purports to base legal protection upon economic value, when, as a matter of actual fact, the economic value of a sales device depends upon the extent to which it will be legally protected.”).

¹⁴ Or services in the case of service marks.

¹⁵ 15 U.S.C. § 1127.

a particular kind of computing device when they buy one bearing that trademark. Consumers may then use their experience, for good or ill, to form expectations regarding future purchases of APPLE products. This continuity of experience incentivizes the owner of the mark to make investments in quality in order to capture repeat business.

None of that holds in the merchandising context. Here, the mark does not distinguish goods, it *is* the good. And to the extent purchase of the good is due to trademark meanings, they are not meanings associated with *source*.¹⁶ Nor does a trademark as product necessarily convey a message of sponsorship likely to be material to the consumer. If I want a Red Sox cap, I want the cap. If I want specifically to give money to the team, a disclaimer on unauthorized products would let me make the necessary distinction between caps, but the merchandising cases generally foreclose this option.¹⁷ What then justifies the protection of these non-source meanings? And even if a justification exists, does it outweigh the costs? Modern trademark doctrine generally expresses concern for consumer welfare (along with that of sellers, who share an interest in competition).¹⁸ Why then use it to inhibit price competition and promote monopoly pricing?

B. The judicial response—Two ways to look at the “merchandising right”

To understand the question, we must first be precise about what we mean by a “merchandising right.” This article defines it as

¹⁶ This reflects a characteristic of trademarks and a difficulty with their protection. Once a mark is up and running, it is capable of embodying a range of meanings beyond source designation. Some of these meanings are subject to control by the trademark holder, e.g., whether the markholder has endorsed another product. See 15 U.S.C. § 1125(a) (providing cause of action against conduct likely to confuse with respect to “sponsorship” on the part of the markholder). Others are not, e.g., as when one wishes to use the original meaning of a descriptive term that has achieved trademark protection (i.e., a “classic” fair use). See, e.g., 15 U.S.C. § 1115(b)(4). Courts often have difficulty navigating the scope of information embodied in a mark, as protecting certain trademark meanings may or may not bear on the stability of other, privileged, meanings like source. I explore this issue in detail in Michael Grynberg, *Thick Marks, Thin Marks*, 67 CASE W. RES. L. REV. 13 (2016).

¹⁷ See *infra* note 38 and accompanying text.

¹⁸ United States Patent & Trademark Office v. Booking.com B. V., No. 19-46, 140 S. Ct. 2298, 2302 (2020) (“We have recognized that federal trademark protection, supplementing state law, ‘supports the free flow of commerce’ and ‘foster[s] competition.’”) (quoting *Matal v. Tam*, 137 S. Ct. 1744, 1751-1752, 1752-1753 (2017) (alterations in original)).

the ability of trademark holders to use trademark law to control the sale of their brands in merchandising markets.¹⁹ A merchandising market, in turn, is one in which the trademark serves primarily as a desired product feature (and the mark's source-designation function is irrelevant or secondary).²⁰ Examples include sales of sports team merchandise (e.g., caps and jerseys) or branded complementary goods. So while it covers, for example, the sale of a keychain in the shape of a VW logo, it does not cover the sale of a Volkswagen car.²¹

As doctrine, the merchandising right has a strong and a weak form. The difference turns on the role of likelihood of confusion. Ordinary trademark infringement actions focus on assessing likelihood of confusion with a traditional focus on source.²² If someone offers CODE Cola for sale, for example, are consumers likely to think it has the same source as COKE? In the merchandising right's strong form, courts protect merchandised marks without regard to likely consumer confusion.²³ Cases of this sort are in heavy tension with basic trademark doctrine and are understandably rare. The weaker, more common, form of the right fits merchandising protection into the statute by finding potential for consumer confusion—most plausibly of sponsorship or approval, but including source as well.²⁴ This approach has a closer tie to the federal trademark statute—generally known as the Lanham Act, but cases in this vein are still especially solicitous of merchandising as an activity. They therefore sound many similar policy notes as found in cases providing for a strong merchandising right.

Boston Professional Hockey Ass'n v. Dallas Cap & Emblem

¹⁹ Cf. Dogan & Lemley, *supra* note 2, at 479 (“The moral claim for ownership of a merchandising right presumes that someone must control this particular segment of the market.”).

²⁰ Cf. *id.* at 472 (“Rather than indicating something to the consumer about the source or sponsorship of a product, the mark is the product—or at least is a critical part of what makes the product attractive. While the mark may, on occasion, also signal something about the source or sponsorship of the shirt, its function transcends the role of a traditional trademark. Merchandising cases therefore represent a kind of hybrid between product configuration and word-based trademark infringement claims: They generally involve protected marks, but the marks are more product features than brands.”).

²¹ *Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc.*, 457 F.3d 1062 (9th Cir. 2006). The logic also covers prestige goods, which trademark law has addressed using theories of post-sale confusion. See *infra* notes 187-195 and accompanying text.

²² 15 U.S.C. §§ 1114, 1125(a).

²³ See *infra* notes 26-40 and accompanying text.

²⁴ See *infra* notes 41-49 and accompanying text.

*Manufacturing, Inc.*²⁵ is arguably the foundational case of the modern merchandising right and is the exemplar of its strong form.²⁶ The National Hockey League (NHL) and its member teams sued the defendant for making “embroidered cloth emblems” depicting various team trademarks without a license.²⁷

The Fifth Circuit acknowledged two basic conceptual problems with the trademark claim. First, the policy interests at stake were external to trademark law. As the court allowed, to whatever extent the emblems are creative works whose creation deserves incentivizing, that task is the domain of copyright, not trademark, law.²⁸ The court noted that the “statutory and case law of trademarks is oriented toward the use of such marks to sell something other than the mark itself.”²⁹ In other words, the court understood the claim that the marks at issue were not performing a trademark function, as the emblems themselves were unattached to any goods.

Second, the court agreed that the trademark infringement claim was “conceptually difficult,” as “[i]t can be said that the public buyer knew that the emblems portrayed the teams’ symbols. Thus, it can be argued, the buyer is not confused or deceived.”³⁰ Indeed the district court so held.³¹

Not good enough. The circuit court reversed and found infringement notwithstanding the argument that the symbols at issue were to be used by the public for sports or to show “allegiance or identification” with NHL teams. The court acknowledged that the decision “may slightly tilt the trademark laws from the purpose of protecting the public to the protection of the business interests of plaintiffs,” but claimed doing so would serve both “public and

²⁵ 510 F.2d 1004 (5th Cir. 1975).

²⁶ See, e.g., Dogan & Lemley, *supra* note 2, at 477 (“Despite a general move away from its broadest reading, however, the residual effects of *Boston Hockey* remain, and later decisions sometimes fall back upon its conclusory language about the right of a trademark holder to control any uses that benefit from its mark’s goodwill.”).

²⁷ 510 F.2d at 1009.

²⁸ Cf. *In re Trade-Mark Cases*, 100 U.S. 82 (1879).

²⁹ *Boston Prof. Hockey*, 510 F.2d at 1010. Further, the court acknowledged the problem that given their differing emphases, trademarks, unlike copyrights, are not guaranteed to pass into the public domain for free copying. *Id.* at 1010-11.

³⁰ *Id.* at 1012.

³¹ *Id.* (“The district court decided that there was no likelihood of confusion because the usual purchaser, a sports fan in his local sporting goods store, would not be likely to think that defendant’s emblems were manufactured by or had some connection with plaintiffs.”).

plaintiffs.”³² The court argued:

First, the major commercial value of the emblems is derived from the efforts of plaintiffs. Second, defendant sought and ostensibly would have asserted, if obtained, an exclusive right to make and sell the emblems. Third, the sale of a reproduction of the trademark itself on an emblem is an accepted use of such team symbols in connection with the type of activity in which the business of professional sports is engaged.³³

The quoted passage explains the *policy* reasons motivating the court to expand the scope of trademark rights.³⁴ The trademark holders created the value of the marks, and they should be the ones to reap the rewards.³⁵ Moreover, it is accepted practice that they do so (and all the more so after the opinion’s issuance).

What then of the second problem, that there is no confusion in the traditional trademark sense? Here, the court concluded that the fact that the logos were recognizable as trademarks sufficed to establish confusion.

The confusion or deceit requirement is met by the fact that the defendant duplicated the protected trademarks and sold them to the public knowing that the public would identify them as being the teams’ trademarks. The certain knowledge of the buyer that the source and origin of the trademark symbols were in plaintiffs satisfies the requirement of the act. The argument that confusion must be as to the source of the manufacture of the emblem itself is unpersuasive, where the trademark, originated by the team, is the triggering mechanism for the sale of the emblem. . . .

In the case *sub judice*, defendant did not merely copy a product of the Toronto team. Defendant reproduced Toronto’s common law mark on embroidered emblems with the intent that the public recognize and purchase the emblems as the symbol of the Toronto team. In the language

³² *Id.* at 1011.

³³ *Id.*

³⁴ Or at least the first point does. The latter two contentions are largely question begging as they are influenced by what the parties think the courts will do.

³⁵ The court said nothing about the members of the public who contributed to this value and must pay higher prices for their trouble.

of § 1125, defendant used a symbol, Toronto’s mark, which tended falsely to represent goods, the embroidered emblems, in commerce. Where the consuming public had the certain knowledge that the source and origin of the trademark symbol was in the Toronto team, the reproduction of that symbol by defendant constituted a violation of § 1125.³⁶

As many have pointed out,³⁷ this is largely nonsense. Recognizing a mark is not the same as being misled as to its source. The court nonetheless doubled down on this argument by ruling that no disclaimer could possibly ameliorate the purported confusion.³⁸

Given *Boston Professional Hockey*’s odd logic, it is unsurprising that a number of cases retreat from its novel interpretation of likelihood of confusion.³⁹ Instead, these merchandising cases maintain that there is a likelihood of confusion

³⁶ 510 F.2d at 1012 (emphasis added).

³⁷ See, e.g., Dogan and Lemley, *supra* note 2, at 475-76 (collecting sources).

³⁸ Because “[t]he exact duplication of the symbol and the sale as the team’s emblem satisf[ies] the confusion requirement of the law, words which indicate it was not authorized by the trademark owner are insufficient to remedy the illegal confusion. Only a prohibition of the unauthorized use will sufficiently remedy the wrong.” 510 F.2d at 1013.

³⁹ *Pennsylvania State Univ. v. Vintage Brand, LLC*, No. 4:21-CV-01091, 2022 WL 2760233, at *7 (M.D. Pa. July 14, 2022) (concluding that the “per se” approach to merchandising right has been the “clear loser” in the case law as “efforts to walk back *Boston Hockey* began not long after the decision came down. Within two years, the Fifth Circuit sidelined the mental-associations approach, stressing that the analysis turns not on whether consumers tie the symbol to the trademark holder, but on whether they tie the product to the trademark holder. And that finding, the court emphasized, requires a fact-intensive inquiry.” (footnotes omitted, citing Supreme Assembly, *Order of Rainbow for Girls v. J.H. Ray Jewelry Co.*, 676 F.2d 1079, 1084 n.7 (5th Cir. 1982)); see also, e.g., *United States v. Giles*, 213 F.3d 1247, 1251 (10th Cir. 2000) (noting that the “Fifth Circuit itself later retreated from the *Boston Professional* reasoning”); *Int’l Order of Job’s Daughters v. Lindeburg & Co.*, 633 F.2d 912, 918 (9th Cir. 1980) (“Interpreted expansively, *Boston Hockey* holds that a trademark’s owner has a complete monopoly over its use, including its functional use, in commercial merchandising. But our reading of the Lanham Act and its legislative history reveals no congressional design to bestow such broad property rights on trademark owners.” (footnote omitted)); *Kentucky Fried Chicken Corp. v. Diversified Packaging Corp.*, 549 F.2d 368, 389 (5th Cir. 1977) (“[W]e do not believe *Boston Hockey* equates knowledge of the symbol’s source with confusion sufficient to establish trademark infringement.”); *Ford Motor Co. v. Greatdomains.Com, Inc.*, 177 F. Supp. 2d 635, 654 (E.D. Mich. 2001) (“Moreover, to the extent that *Boston Professional* attempted to treat the marks as ‘goods,’ the Fifth Circuit later retracted, forswearing ‘any notion that a trademark is an owner’s ‘property’ to be protected irrespective of its role in the protection of our markets.’” (quoting *Kentucky Fried Chicken Corp. v. Diversified Packaging Corp.*, 549 F.2d 368 (5th Cir.1977))).

in a conventional sense—finding it by application of the traditional multifactor test, generally focusing on confusion of sponsorship or approval.⁴⁰ But these “weak” merchandising cases still sound many of the same notes as *Boston Professional Hockey* and are powerful precedents for trademark holders.

Board of Supervisors for Louisiana State Univ. Agric. & Mech. Coll. v. Smack Apparel Co., another Fifth Circuit case, upheld summary judgment against a sportswear manufacturer that sold apparel that reflected the color schemes, logos, and designs of trademarks belonging to the plaintiff universities.⁴¹ Here, the court emphasized that likelihood of confusion was necessary for liability, but *Boston Professional Hockey* still cast a shadow over the analysis, as the court cited it to support its protection of the plaintiffs’ marks.⁴² When the question turned to likelihood of

⁴⁰ Dogan & Lemley, *supra* note 2, at 475 (“Rather than presuming confusion based on the use of a known trademark, many, if not most, courts have required trademark holders to establish a genuine likelihood that the use will confuse consumers as to source, sponsorship, or affiliation.”). Administrative practice also reflects a focus on such matters of “secondary source.” *See, e.g., In re Olin Corp.*, 181 U.S.P.Q. (BNA) 182 (T.T.A.B. 1973) (while serving as ornamentation, “the name ‘New York University’ . . . will also advise the purchaser that the university is the secondary source of that shirt. . . . Where the shirt is distributed by other than the university the university’s name on the shirt will indicate the sponsorship or authorization by the university.”); *see also* Trademark Manual of Examining Procedure § 1202.03(c) (discussing “secondary source” doctrine).

⁴¹ 550 F.3d 465, 478 (5th Cir. 2008).

⁴² The court observed:

We have previously noted, although not in the context of secondary meaning, that team emblems and symbols are sold because they serve to identify particular teams, organizations, or entities with which people wish to identify. *See Boston Prof'l Hockey Ass'n v. Dallas Cap & Emblem Mfg., Inc.* We think this desire by consumers to associate with a particular university supports the conclusion that team colors and logos are, in the minds of the fans and other consumers, source indicators of team-related apparel. By associating the color and other indicia with the university, the fans perceive the university as the source or sponsor of the goods because they want to associate with that source

Id. at 477-78 (footnote omitted). Following *Smack Apparel*, a Texas district court equated source and affiliation with respect to fraternity and sorority marks:

Similar to the emblems or symbols of sports teams, new members’ desire to associate with their new fraternity or sorority fuels their desire to purchase items with their sorority’s name or insignia on them, and supports the conclusion that the Greek letters on those products are “source indicators” that the products are related to the respective fraternity or sorority.

Abraham v. Alpha Chi Omega, 781 F. Supp. 2d 396, 416–17 (N.D. Tex.

confusion, the panel likened the case before it to *Boston Professional Hockey*,⁴³ albeit with a focus on sponsorship.

We hold that given the record in this case and the digits of confusion[⁴⁴] analysis discussed above—including the overwhelming similarity between the defendant’s t-shirts and the Universities’ licensed products, and the defendant’s admitted intent to create an association with the plaintiffs and to influence consumers in calling the plaintiffs to mind—that the inescapable conclusion is that many consumers would likely be confused and believe that Smack’s t-shirts were sponsored or endorsed by the Universities.⁴⁵

So even though the analysis is more rooted in the Lanham Act, the factual analysis is hardly demanding.⁴⁶ Moreover, the court understood the argument that sponsorship might be irrelevant to consumers, but deemed it of no moment, for “whether or not a consumer *cares* about official sponsorship is a different question from whether that consumer would likely *believe* the product is officially sponsored.”⁴⁷

And as courts have allowed plaintiffs to sue to protect merchandising markets, they have likewise refused to allow defendants to assert functionality defenses to protect their ability to compete within merchandising markets.⁴⁸

2011).

⁴³ The court noted later precedent that characterized *Boston Professional Hockey* as a case in which the facts justified finding a “likelihood of confusion . . . insofar as the sale of products ‘universally associated’ with the hockey team ‘supported the inescapable inference that many would believe that the product itself originated with or was somehow endorsed by Boston Hockey.’” *Smack Apparel*, 550 F.3d at 485 (quoting *Kentucky Fried Chicken Corp. v. Diversified Packaging Corp.*, 549 F.2d 368, 389 (5th Cir. 1977)).

⁴⁴ The court is referring to its version of the multifactor test to assess likelihood of confusion. All judicial circuits in the United States employ such tests. Factors include assessments of the similarity between the plaintiff’s and defendant’s marks, evidence of actual confusion, and consumer sophistication. These tests are discussed in greater detail *infra* Part IV.C.1.

⁴⁵ *Smack Apparel*, 550 F.3d at 485.

⁴⁶ The court found it unnecessary to delve into the issue of actual confusion. *Id.* at 483. For a recent judicial critique of this approach, see *infra* note 49.

⁴⁷ *Smack Apparel*, 550 F.3d at 485.

⁴⁸ This was true in *Smack Apparel*, with *Boston Professional Hockey* again providing support. *Id.* at 486; *cf.*, e.g., *Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc.*, 457 F.3d 1062 (9th Cir. 2006); on the difficulty of using functionality as a check to merchandising claims, see *infra* Part III.B.1.b.

In the end then, despite criticism, the merchandising right appears to be largely secure, at least in its weak form. While occasional cases cast stones at the logic of the right,⁴⁹ they do not form the critical mass necessary to counteract the *in terrorem* effect of the many successful claims.⁵⁰

II. UNDERSTANDING THE MERCHANDISING RIGHT

If merchandising cases are such a bad fit with trademark law, what explains them? This Part explores several possibilities.

A. Merchandising as morality

Critics of the merchandising right generally make a straightforward case. The precise moves vary, but the contours generally follow these lines: Trademark law should serve consumer interests. A merchandising right harms these interests by artificially raising prices. The right offers insufficient countervailing benefits, as it does not provide any meaningful form of consumer protection. Trademark law should therefore reject (or heavily limit) the right.

This critique is largely utilitarian,⁵¹ but judicial statements

⁴⁹ And this is mostly to resist the broad import of *Boston Professional Hockey*; courts still allow claims based on likelihood of confusion as to sponsorship to proceed. Dogan & Lemley, *supra* note 2, at 475-76. Notably, a Pennsylvania district court recently signaled willingness to explore the issue further, expressing sympathy for the view that merchandising protection is inconsistent with trademark law, and approvingly citing critiques like Dogan & Lemley's. *Pennsylvania State Univ. v. Vintage Brand, LLC*, No. 4:21-CV-01091, 2022 WL 2760233, at *8-9 (M.D. Pa. July 14, 2022). Though open to critiques of merchandising, the opinion acknowledges survey evidence in older cases in favor of likely confusion as to sponsorship. *Id.* at *9. The opinion still suggests skepticism of a broad merchandising right. First, the court criticized cases that base infringement rulings simply due to mental association with the markholder. That is, proof is necessary of likelihood of confusion, and a *per se* approach should not be used. *Id.* at *4-5. Second, the court noted the circularity issue—that survey respondents believe in sponsorship by the markholder based on a perception of what the law requires. Most critically, it reasoned from there that if this is indeed confusion, then the proper remedy may be a disclaimer rather than an injunction. “It would seem perverse to award market exclusivity based on a fake-it-until-you-make-it approach. If consumers’ confusion stems from their incorrect belief that goods bearing Penn State’s emblem must be licensed, shouldn’t that belief be corrected?” *Id.* at *10.

⁵⁰ Attorneys protecting merchandising interests may also deploy a range of legal arguments without exclusively relying on the likelihood of confusion cause of action. *See, e.g.*, Gregory Battersby and Charles Grimes, *Merchandising Revisited*, 76 TRADEMARK REP. 271 (1986); Paul Supnik, *Diluting the Counterfeiters: New Trademark Rights and Remedies in Dealing with Entertainment and Merchandising Properties*, 4 ENT. & SPORTS LAW. 3 (1985).

⁵¹ One could argue that the right to copy rests on fundamental human liberties,

about merchandising tend to be much more normative. These moral tales of merchandising rely heavily on the narrative of “free riding” and the need for trademark law to stop it.⁵² Rather than debate whether these considerations deserve a place in trademark law, the next subpart offers a possible descriptive account for the popularity of free-riding stories and their success against utilitarian argument.

1. Moral foundations theory and trademark

Killjoy neuroscientists and psychologists tell us that what we might colloquially call our thinking, reasoning mind, indeed our very consciousness, is just one part of our cognition. Identifying our “self” with these capacities overlooks numerous neurological, hormonal, and environmental interactions that escape awareness, but very much shape what we think we think.⁵³ Rather than being the center of action, our “consciousness” is often just along for the ride. Some takes call the consciousness a detached CEO of a sprawling corporation, setting a course even though it lacks awareness or the ability to fully control what parts of the larger corporation is doing.⁵⁴ Others relegate it to the status of a mere press secretary, offering rationales and justifications for decisions made elsewhere.⁵⁵ Whether it’s the press secretary or the CEO, our

but that approach has made little headway in IP doctrine. *See, e.g.*, Michael Grynberg, *Property Is A Two-Way Street: Personal Copyright Use and Implied Authorization*, 79 *FORDHAM L. REV.* 435, 458 & n.127 (2010).

⁵² 5 S. REP. NO. 79-1333, at 3 (1946) (declaring one of the purposes of trademark law to protect a trademark owner’s expenditure of “energy, time, and money in presenting to the public the product . . . from . . . misappropriation by pirates and cheats”).

⁵³ *See generally* ROBERT SAPOLSKY, *BEHAVE: THE BIOLOGY OF HUMANS AT OUR BEST AND WORST* (2017) (exploring the range of internal and external inputs—genetic, environmental, social, and cultural—that produce human behavior).

⁵⁴ DAVID EAGLEMAN, *INCOGNITO: THE SECRET LIVES OF THE BRAIN* 140 (2011).

⁵⁵ *See, e.g.*, TIMOTHY D. WILSON, *STRANGERS TO OURSELVES: DISCOVERING THE ADAPTIVE UNCONSCIOUS* 45-48 (2004) (comparing views). The power of the “press secretary” metaphor can be seen in “split-brain” patients, individuals who have experienced the severing of connections between the right and left hemispheres of their brains, leaving them unable to directly exchange information with one another. In one famous experiment, split-brain patients had contrasting images presented to their right and left hemispheres and were asked to point at what they saw. Each limb naturally produced the response corresponding to the information presented to the controlling hemisphere. Then came the interesting part. When asked to explain the discrepancies, the patients (using language and interpretive abilities controlled by the left hemisphere) fabricated explanations that had no basis in reality. Eagleman summarizes:

In 1978, researchers Michael Gazzaniga and Joseph LeDoux flashed a

consciousness and reasoning capacities are just part of a much larger play, but prone to the delusion that it is the director, rather than spectator.⁵⁶

Many researchers argue that our hidden machinery also shapes our morality. On this view, what we think is “right” is often not traceable to—nor easily shifted by—rational deductions. People are often moved first by a constellation of inputs that may be loosely grouped under the category “moral intuition” and only secondarily—if at all—by the sort of analytical reasoning that would accompany a utilitarian analysis.⁵⁷ However much we may like to

picture of a chicken claw to the left hemisphere of a split-brain patient and a picture of a snowy winter scene to his right hemisphere. The patient was then asked to point at cards that represented what he had just seen. His right hand pointed to a card with a chicken, and his left hand pointed to a card with a snow shovel. The experimenters asked him why he was pointing to the shovel. Recall that his left hemisphere (the one with the capacity for language) had information only about a chicken, and nothing else. But the left hemisphere, without missing a beat, fabricated a story. “Oh, that’s simple. The chicken claw goes with the chicken, and you need a shovel to clean out the chicken shed.”

EAGLEMAN, *supra* note 54, at 133-34. Studies of this sort suggest that “the interpretive mechanism of the left hemisphere is always hard at work, seeking the meaning of events. It is constantly looking for order and reason, even when there is none.” Michael Gazzaniga, *The Split Brain Revisited*, SCIENTIFIC AMERICAN (July 1998), page 54.

⁵⁶ EAGLEMAN, *supra* note 54, at 6-7 (analogizing consciousness to reading a newspaper, but “you’re an odd kind of newspaper reader, reading the headline and taking credit for the idea as though you thought of it first When an idea is served up from behind the scenes, your neural circuitry has been working on it for hours or days or years, consolidating information and trying out new combinations. But you take credit without further wonderment at the vast, hidden machinery behind the scenes.”); *see also id.* at 101-150 (presenting evidence for viewing the brain as a “team of rivals”). Although the discoveries supporting this view of consciousness are new, the insight of the illusory self is, of course, not. *See generally* ROBERT WRIGHT, WHY BUDDHISM IS TRUE: THE SCIENCE AND PHILOSOPHY OF MEDITATION AND ENLIGHTENMENT (2017) (arguing that the insights of Buddhism are supported by discoveries subsequent to its foundation). To be sure, any generalizations in this area overlook any number of debates and issues. *Compare* EVAN THOMPSON, WHY I AM NOT A BUDDHIST 56-85 (2020) (critiquing Wright and underlying evolutionary psychology theories); *id.* at 86-117 (discussing perspectives on the existence of a self).

⁵⁷ Jonathan Haidt writes:

The mind is divided into parts, like a rider (controlled processes) on an elephant (automatic processes). The rider evolved to serve the elephant.

You can see the rider serving the elephant when people are morally dumbfounded. They have strong gut feelings about what is right and wrong, and they struggle to construct post hoc justifications for those feelings. Even

think that our capacities for reason are at the wheel, this view may well be mistaken.⁵⁸ Here, again, the press secretary metaphor will (at least sometimes) be apt. Our rationality sometimes acts to justify decisions made at a differing level of cognition in the face of conflicting information.⁵⁹ It reconciles what we want with conflicting information and seeks to persuade others of our own morality.⁶⁰

If reason and reflection isn't at the wheel, what is? Moral foundations theory ("MFT") posits that humans have evolved moral senses (which are akin to our physical senses, and, like our physical senses, vary in acuity from individual to individual) that guide our reactions to certain situations. Some of the founders of the field suggest at least five such senses:⁶¹ Care/Harm; Fairness/Cheating; Loyalty/Betrayal; Authority/Subversion; and Sanctity/Degradation.⁶² MFT theorists hypothesize that these mental modules exist because they conferred some kind of evolutionary benefit, particularly with regard to our ability to cooperate as a species.⁶³

These modules operate intuitively. Suppose one hears the following story:⁶⁴ A man goes to the supermarket and purchases a frozen chicken. He brings it home and has sexual relations with it. He then cooks and eats it. He lives alone, and nobody saw him. Was this morally wrong? If one has a strong initial intuition that the answer is yes that reflects the Sanctity/Degradation module at work

when the servant (reasoning) comes back empty-handed, the master (intuition) doesn't change his judgment.

JONATHAN HAIDT, *THE RIGHTEOUS MIND: WHY GOOD PEOPLE ARE DIVIDED BY POLITICS AND RELIGION* 49-50 (2012).

⁵⁸ *Id.* at 27-71 (summarizing evidence).

⁵⁹ *See, e.g., id.* at 36-40 (giving examples of "moral dumbfounding" interviews).

⁶⁰ *Id.* at 46 ("Once human beings developed language and began to use it to gossip about each other, it became extremely valuable for elephants to carry around on their backs a full-time public relations firm.").

⁶¹ MFT theorists believe that the identification and definition of these senses is an ongoing process (open to ongoing correction and refinement). Jesse Graham, Jonathan Haidt, Sena Koleva, Matt Motyl, Ravi Iyer, Sean P. Wojcik & Peter H. Ditto, *Moral Foundations Theory: The Pragmatic Validity of Moral Pluralism*, 47 *ADVANCES IN EXPERIMENTAL SOC. PSYCH.* 55, 57 (2013) ("We grant right at the start that our particular list of moral foundations is unlikely to survive the empirical challenges of the next several years with no changes.").

⁶² *Id.* at 67-71.

⁶³ *Id.* On cooperation, *see id.* at 69.

⁶⁴ This example is taken from HAIDT, *supra* note 57, at 3-4.

(even if critical reflection or social context may override it).⁶⁵

In MFT theory, these capacities are innate, but they are subject to modification from life experience. They are predispositions, not destinies.⁶⁶ But differing tendencies may, however, explain some political differences. MFT theorists have argued, for example, that politically liberal people show relatively low responsiveness to questions triggering the Loyalty/Betrayal, Authority/Subversion, and Sanctity/Degradation modules as compared to conservatives.⁶⁷

What does this have to do with trademark merchandising? MFT theorists posit a Fairness/Cheating module.⁶⁸ In our evolutionary past, the story goes, the capacity for cooperation beyond one's immediate kin conferred an advantage for the cooperating group over others.⁶⁹ But with cooperation comes the potential for free riding and the need to punish those who do not contribute to common efforts. And so today we retain grooves in our cognition ready to assess proportionality in reward when appropriate; we're primed to expect that people receive what they deserve and not get something for nothing.⁷⁰ Perhaps this module

⁶⁵ *Id.* at 146-153.

⁶⁶ Haidt, *supra* note 57, at 92 (“Reasoning matters, particularly because reasons do sometimes influence other people, but most of the action in moral psychology is in the intuitions.”).

⁶⁷ Graham et al., *supra* note 61, at 75-77 (surveying literature).

⁶⁸ *Id.* at 69-70.

⁶⁹

All social animals face recurrent opportunities to engage in non-zero-sum exchanges and relationships. Those whose minds are organized in advance of experience to be highly sensitive to evidence of cheating and cooperation, and to react with emotions that compel them to play “tit for tat” (Trivers, 1971), had an advantage over those who had to figure out their next move using their general intelligence. (See Frank, 1988, on how rational actors can't easily solve “commitment problems,” but moral emotions can.)

Id. at 69 (citing R.L. Trivers, *The evolution of reciprocal altruism*, Q. REV. BIOLOGY, 46, 35-57 (1971) and R. FRANK, *PASSIONS WITHIN REASON: THE STRATEGIC ROLE OF THE EMOTIONS* (New York: Norton 1988).

⁷⁰

Gossip about fairness, for example, is ubiquitous. From hunter-gatherers (Wiessner, 2005) to Chaldean-Iraqi merchants in Michigan (Henrich and Henrich, 2007) to college roommates sharing a kitchen, people gossip frequently about members of their group who cheat, fail to repay favors, or take more than their share. In fact, Dunbar (1996) reports that one of the principle functions of gossip is to catch cheaters and free-riders within groups.

Id. at 109 (citing P. Wiessner, *Norm enforcement among the Ju/'hoansi*

partly explains judicial intuitions about merchandising, as the right seems to reward those who imbue a trademark with value and punishes those who seek to reap the benefits of that value without adding anything of their own.⁷¹ And, of course, free-riding stories are a major part of the history of trademark and unfair competition law in other ways that are arguably connected to moral intuition.⁷²

A natural rejoinder with respect to merchandising is that this is a highly incomplete—perhaps even wrong—story that does not account for either consumer utilities or the extent to which brand value draws from consumer—as opposed to seller—activity.⁷³ But considering consumer welfare demands analysis. Under the moral foundations account, analysis comes after intuition, and a strong enough intuition will naturally guide analysis to conform. Likewise there are other modules that might be activated by the merchandise situation—specifically Care/Harm insofar as we might not want

Bushmen, HUM. NATURE, 16, 115-145 (2005); Henrich, N., & Henrich, J., WHY HUMANS COOPERATE: A CULTURAL AND EVOLUTIONARY EXPLANATION (New York: Oxford, 2007); R. Dunbar, GROOMING, GOSSIP, AND THE EVOLUTION OF LANGUAGE, (Cambridge, MA: Harvard University Press 1996).

⁷¹ Notably, the merchandising right is less likely to operate in those situations in which the defendant adds creativity, as when one uses the mark in an artistic way (e.g., as part of a movie). In such cases, the defendant looks less like a free rider. See *infra* notes 88-92 and accompanying text.

⁷² See generally Mark Bartholomew, *Trademark Morality*, 55 WM. & MARY L. REV. 85 (2013) (applying moral foundations theory to various aspects of trademark law). This leads to the question whether judges engage in moral reasoning in reaching their rulings or are solely guided by the law. The latter position in the strong form strikes me as self-evidently laughable, but if evidence is needed for its wrongness, see *id.* at 106-110 (showing the sources as collected by Bartholomew). In any case, as discussed below, the statutory provisions that form the basis of the merchandising right are broad, leaving ample room for judges to engage their moral intuitions without disloyalty to their duty to apply congressional text. See *infra* Part II.B.1; see also Michael Grynberg, *Things Are Worse Than We Think: Trademark Defenses in a “Formalist” Age*, 24 BERK. TECH. & L.J. 897, 945-61 (2009) (discussing role and limitations of open text in the Lanham Act). For sources on the historical prevalence of free-rider focused rhetoric in trademark law, as well as the injunction against “reaping where one has not sown”, see, e.g., the sources collected by Bartholomew, *supra*, at 116-17; see generally Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 NOTRE DAME L. REV. 1839, 1848 (2007) (arguing that traditional trademark law “indeed all of unfair competition law, was designed to promote commercial morality and protect producers from illegitimate attempts to divert their trade”).

⁷³ The prospect that our genes might be the source of anti-free-riding impulses elicits regret for some commentators. Mark A. Lemley & Mark P. McKenna, *Owning Mark(et)s*, 109 MICH. L. REV. 137, 184 (2010) (“[I]t may be that we are hard-wired with some version of the Golden Rule, and that free riding—when painted as such—offends our sense of justice. But if so, our genes are serving us ill.”).

consumers to suffer harm at monopoly prices.⁷⁴ But perhaps the appeal to this modality is attenuated because the harm in question (payment of a monopoly price for a desired good) is not particularly stark; indeed, it is largely intellectual insofar as it rests on socially created fictions like money.⁷⁵ After all, we expect the trademark holder who develops goodwill to profit. The question is whether the mark holder should profit in the merchandising market specifically. In contrast, the apparent free riding of the copyist actively triggers the proportionality module. One may reason one's way into opposite views (e.g., by seeing monopoly rents cause more harm than the incentive to production that they offer), but the initial intuition may guide the ultimate outcome.

Multiple accounts of the brain and human sociability emphasize the role of proportionality and aversion to free riders.⁷⁶ But as always with appeals to explanations grounded in our hazy evolutionary past, there is the risk that all this is a just-so story, and moral foundations theory is not without its critics.⁷⁷ Likewise, one does not need moral foundations theory to note that anti-free riding stories have appeal to judges applying trademark and other forms of IP law, and many have noted the connection between anti-free riding impulses and the merchandising right.⁷⁸ And, indeed, defenders of

⁷⁴ Graham et al., *supra* note 61, at 67-69.

⁷⁵ And recall on the account being developed here, the emphasis is on moral inclinations that precede intellectual analysis. For these inclinations to be activated, framing is important. Joshua D. Greene, Leigh E. Nystrom, Andrew D. Engell, John M. Darley & Jonathan D. Cohen, *The Neural Bases of Cognitive Conflict and Control in Moral Judgment*, 44 NEURON 389, 390 (Oct. 14, 2004) (discussing fMRI analysis of the trolley problem and observing that “we found that brain areas associated with emotion and social cognition (medial prefrontal cortex, posterior cingulate/precuneus, and superior temporal sulcus/temporoparietal junction) exhibited increased activity while participants considered personal moral dilemmas, while ‘cognitive’ brain areas associated with abstract reasoning and problem solving exhibited increased activity while participants considered impersonal moral dilemmas”).

⁷⁶ Andrew W. Delton, Leda Cosmides, Marvin Guemo, Theresa E. Robertson, and John Tooby, *The Psychosemantics of Free Riding: Dissecting the Architecture of a Moral Concept*, 102 J. PERS. SOC. PSYCH. 1252 (2012) (“For collective action to evolve and be maintained by selection, the mind must be equipped with mechanisms designed to identify free riders—individuals who do not contribute to a collective project but still benefit from it.”).

⁷⁷ See, e.g., Graham et al., *supra* note 61, at 98-107 (summarizing various critiques). Debates over MFT can also be wrapped into a larger debate about the value of the insights of evolutionary psychology. See, e.g., THOMPSON, *supra* note 56, at 62-70 & n.10 (critiquing evolutionary psychology and collecting critiques).

⁷⁸ See, e.g., Dogan & Lemley, *supra* note 2, at 478-81 (critiquing free-riding based justifications of merchandising); Denicola, *supra* note 2, at 640 (“The trademark owner’s unjust enrichment argument has been particularly persuasive. The merchandising value of the mark is a product of the trademark owner’s efforts.

merchandising invoke these impulses as justification.⁷⁹ The potential value of MFT here, then, is not so much its precise description of the anti-free riding impulse, but rather its reminder that the impulse has roots beyond rationality. The merchandising right may therefore reflect deeply rooted intuitions that precede—and therefore resist—argument.

2. Morality and the merchandising cases

The account sketched above corresponds well with merchandising opinions that purport to reward trademark holders for creating valuable marks while punishing those seeking to free ride off of that value. However much scholarly criticism this view draws,⁸⁰ it clearly resonates with judges.⁸¹ We can hear the power of free-riding stories in *Boston Professional Hockey's* observation that that the “major commercial value” of trademarks as

If that value is exploited, the trademark owner has at least a colorable claim to the proceeds. This unjust enrichment argument has dominated the decisions recognizing a merchandising right.”)

⁷⁹ See, e.g., Reilly, *supra* note 2, at 98; Jerre B. Swann & Theodore H. Davis, Jr., *Dilution, an Idea Whose Time Has Gone; Brand Equity As Protectable Property, the New/Old Paradigm*, 1 J. INTEL. PROP. L. 219, 220 (1994) (“The likelihood of “free ride” or “negative” associations with a mark should equal the likelihood of confusion as a basis for judicial scrutiny.”); Marlene B. Hanson & W. Casey Walls, *Protecting Trademark Good Will: The Case for A Federal Standard of Misappropriation*, 81 TRADEMARK REP. 480, 493–94 (1991) (“It is unjust to allow a person to be enriched by ‘free-riding’ on another’s efforts. Hence, it is unjust to allow a subsequent user of a trademark to be enriched by misappropriating the trademark message the owner has created and developed.” (footnote omitted)). In a neat bit of rhetorical magnification, Irene Calboli writes, “practitioners and trademark owners generally support merchandising rights based on the *unfairness of unscrupulous* free riding.” Calboli, *supra* note 2, at 887 (emphases added). Of course, the trademark practitioner bar largely serves trademark owners.

⁸⁰ See, e.g., Dreyfuss, *supra* note 2, at 405 (“If investment is dispositive of the trademark owner’s right to control, then the public’s ability to evoke the expressive dimension of marks is in danger of significant restriction. Furthermore, fallacies in the fundamental assumptions made by courts that have approved this ‘if value, then right’ theory mean that the right lacks a coherent limit.”); see also Mark A. Lemley, *Property, Intellectual Property, and Free Riding*, 83 TEX. L. REV. 1031, 1032 (2005) (“Even real property doesn’t give property owners the right to control social value. Various uses of property create uncompensated positive externalities, and we don’t see that as a problem or a reason people won’t efficiently invest in their property.”); Cohen, *supra* note 13.

⁸¹ Alex Kozinski, *Trademarks Unplugged*, 68 N.Y.U. L. REV. 960, 966–67 (1993) (“Given that our system of values embraces this view, the claim ‘I’ve made it; it’s mine,’ has strong appeal. Often the right-based moral claim is confused with, or subsumed under, the utilitarian claim But they’re really quite different.”).

merchandise “is derived from the efforts of plaintiffs.”⁸² Again, we can debate this as a theoretical (and practical⁸³) matter,⁸⁴ but the perspective is hardly unusual in IP law.

The flip side of trademark holder desert is condemnation for those who would profit off of someone else’s trademark. On this view, defendants in the merchandising cases merely engage in the “naked appropriation” of trademarks,⁸⁵ and deserve rebuke. Here, too, the question whether this sort of free riding is to be blamed or encouraged is debatable—one person’s free rider is another’s competitor. But it is not hard to see the pejorative mindset in merchandising opinions. As the First Circuit observed in litigation over merchandising of the BOSTON MARATHON mark:

Defendants’ shirts are clearly designed to take advantage of the Boston Marathon and to benefit from the good will associated with its promotion by plaintiffs. Defendants thus obtain a “free ride” at plaintiffs’ expense. In the oft quoted words of the Supreme Court in *International News Service v. Associated Press*, because the Boston Marathon has achieved its renown as a result of BAA’s “expenditure of labor, skill, and money,” such unlicensed use of BAA’s mark would permit defendants to “reap where [they have] not sown.” Like Rosie Ruiz, a notorious imposter in the 1980 Boston Marathon, defendants would be given a medal without having run the course.⁸⁶

The analogy to Rosie Ruiz is particularly telling—the court equates the unauthorized use of a trademark with cheating (by taking a subway ride) in a marathon.⁸⁷

⁸² *Boston Prof. Hockey*, 510 F.2d at 1011.

⁸³ Insofar as we might want to allocate some credit for creating value to the customers (e.g., the fandom of a particular sports team).

⁸⁴ See generally Adam Moore & Ken Himma, INTELLECTUAL PROPERTY, in THE STANFORD ENCYCLOPEDIA OF PHILOSOPHY (Edward N. Zalta ed., Winter 2014 Edition), Edward N. Zalta (ed.), available at <https://plato.stanford.edu/archives/win2014/entries/intellectual-property/> [<https://perma.cc/HJ53-R669>]; Tom G. Palmer, *Are Patents and Copyrights Morally Justified? The Philosophy of Property Rights and Ideal Objects*, 13 HARV. J.L. & PUB. POL’Y 817, 821-835 (1990).

⁸⁵ *Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc.*, 457 F.3d 1062, 1064 (9th Cir. 2006) (“Auto Gold’s incorporation of Volkswagen and Audi marks in its key chains and license plates appears to be nothing more than naked appropriation of the marks.”).

⁸⁶ *Bos. Athletic Ass’n v. Sullivan*, 867 F.2d 22, 33 (1st Cir. 1989) (quoting *International News Service v. Associated Press*, 248 U.S. 215, 239 (1918)).

⁸⁷ In the 1980 Boston Marathon, Ruiz joined the race a mile before the finish

These kinds of judgments are common in merchandising cases.⁸⁸ Importantly, they can be seen in situations in which courts *refrain* from enforcing merchandising interests, as when the mark is used in a parodic manner—like making a dog toy in the style of a Louis Vuitton bag.⁸⁹ We normally think of cases like this as reconciling a defendant’s interest in free speech with the boundaries of trademark law. But they may likewise reflect the distinction between free riders and those who invest labor of their own.⁹⁰ For example, several circuits employ the *Rogers* test to protect free speech interests from trademark challenge.⁹¹ Under *Rogers*, there is no infringement for artistically “relevant” uses that do not “explicitly mislead” consumers. We might also see the test as also identifying cases outside the free-riding box because of the

line and was declared the winner before officials discovered she had not been seen at checkpoints along the course. Richard Sandomir, *Rosie Ruiz, Who Faked Victory in Boston Marathon, Dies at 66*, NEW YORK TIMES (Aug. 8, 2019), <https://www.nytimes.com/2019/08/08/sports/rosie-ruiz-boston-marathon-dead.html> [<https://perma.cc/ZP6Q-PSB5>].

⁸⁸ See, e.g., Bd. of Supervisors for Louisiana State Univ. Agric. & Mech. Coll. v. Smack Apparel Co., 550 F.3d 465, 482 (5th Cir. 2008) (“Smack did not hope to sell its t-shirts because of some competitive difference in quality or design compared with the Universities’ licensed products, but rather it intended to take advantage of the popularity of the Universities’ football programs and the appearance of the school teams in the college bowl games.”); Au-Tomotive Gold, 457 F.3d at 1064 (“naked appropriation”); Brockum Co., a Div. of Krimson Corp. v. Blaylock, 729 F. Supp. 438, 444 (E.D. Pa. 1990) (“Such unlicensed use of the Rolling Stones’ name would permit the defendant to reap where it had not sown.”); Universal City Studios, Inc. v. Kamar Indus., Inc., No. H-82-2377, 1982 WL 1278, at *3 (S.D. Tex. Sept. 20, 1982) (“In appropriating the fruits of plaintiffs’ efforts to itself, [defendant] is endeavoring to reap where it has not sown and to appropriate to itself the rewards of those who have. [Defendant’s] actions constitute an unauthorized interference with the development and operation of plaintiffs’ licensing and merchandising program[.]”).

⁸⁹ *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC*, 507 F.3d 252 (4th Cir. 2007).

⁹⁰ This, of course, parallels similar possible arguments with respect to the first factor of the copyright fair use test. See *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579 (1994).

⁹¹ *Rogers v. Grimaldi*, 875 F.2d 994, 998 (2d Cir. 1989) (“Because overextension of Lanham Act restrictions in the area of titles might intrude on First Amendment values, we must construe the Act narrowly to avoid such a conflict.”). The *Rogers* test has also been used by courts of appeals in the Fifth, Sixth, Ninth, and Eleventh Circuits. See, e.g., *Westchester Media v. PRL USA Holdings, Inc.*, 214 F.3d 658 (5th Cir. 2000); *ETW Corp. v. Jireh Pub., Inc.*, 332 F.3d 915 (6th Cir. 2003); *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894 (9th Cir. 2002); *University of Alabama Bd. of Trustees v. New Life Art, Inc.*, 683 F.3d 1266 (11th Cir. 2012). For a longer discussion of *Rogers*, including the challenge facing it before the Supreme Court, see *infra* notes 142-159 and accompanying text.

defendant's own creativity.⁹²

Empirical data suggests that consumers share the view that markholders deserve merchandising rents. Using survey techniques common in trademark litigation, Matthew Kugler studied consumer perceptions with respect to certain recurring merchandising patterns. He assessed a) the degree of potential source and sponsorship/approval confusion; b) the materiality of the potential confusion; and c) the reason consumers found the confusion to be material.⁹³ Notably, Kugler found a strong correlation between those believing the confusion was material with the *normative* belief that a third party should not merchandise a mark without the permission of the markholder.⁹⁴ These normative beliefs roughly track the caselaw, again suggesting congruence between the intuitions of judges and the consumer population in general.⁹⁵

B. Merchandising as trademark doctrine

As judges don't generally see themselves as enacting personal preferences into law, it is important that the moral intuitions of merchandising have someplace to go as a matter of

⁹² See *infra* Part III.A.2.

⁹³ Matthew B. Kugler, *The Materiality of Sponsorship Confusion*, 50 U.C. DAVIS L. REV. 1911 (2017).

⁹⁴ *Id.* at 1957 (noting “extremely high correlations between equity beliefs and the purchase interest and willingness to pay measures”). Kugler generally noted strong moral beliefs that merchandising markets ought to “belong” to the trademark holders. *Id.* at 1953 (“[T]here was a strong inclination to believe that sponsorship should be required for most [merchandised] products.”). Arranged in descending order of respondent desire to require sponsorship, the surveyed products included things like an MLB jersey (71.90%), a Harvard shirt (64.56%), a Lamborghini key chain (67.96%), an NYPD hat (62.15%), a Chewy Vuitton Toy (47.20%), and Dairy Queens as a movie title (36.45%). *Id.* at 1954.

⁹⁵ For the survey respondents, a Lamborghini key chain is simple free riding on the mark, and, as noted above, the Ninth Circuit indeed condemned such activities as “naked appropriation.” *Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc.*, 457 F.3d 1062, 1064 (9th Cir. 2006). In contrast, a Chewy Vuitton Toy contains a creative dimension, suggesting effort on the part of the copyist that perhaps blunts the free rider charge, as noted above. See *supra* notes 89-92 and accompanying text. In the real-life case, notably, the parodist did indeed prevail against a trademark claim. *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC*, 507 F.3d 252 (4th Cir. 2007). An exception is the Dairy Queen example, for the company succeeded in enjoining the release of a film under that name. The district court opinion reaching that conclusion is, however, something of an outlier among recent trademark cases with First Amendment dimensions, reflecting unfavorable circuit law on the expressive use issue. *Am. Dairy Queen Corp. v. New Line Prods.*, 35 F. Supp. 2d 727, 734 (D. Minn. 1998) (discussing *Mutual of Omaha Ins. Co. v. Novak*, 836 F.2d 397 (8th Cir. 1987) and *Anheuser-Busch v. Balducci Publications*, 28 F.3d 769 (8th Cir. 1994)).

doctrine. This subpart outlines some ways that courts have tried to fit the merchandising right into the basic contours of trademark law.

1. Merchandising and the Lanham Act

The merchandising right is an awkward fit with traditional trademark/unfair competition cases that focus on source confusion at the point of sale. But it can be squared with more expansive readings of the Lanham Act. Section 43(a) provides support for the contention of the courts that liability exists if consumers may be confused about the prospect that trademark holders sponsor or otherwise permit the use of a mark.⁹⁶ While a stretch under the pre-1988 Lanham Act,⁹⁷ this view now has arguable statutory backing given the section's remedy for acts causing a likelihood of confusion not only of "origin" but also as to "sponsorship" and "approval."⁹⁸ To be sure, any number of problems remain, including the extent to which judicial analysis of the question is circular (insofar as consumers may assume approval is given because courts require licenses to be granted)⁹⁹ and the extent to which the alleged confusion is not material to a purchasing decision.¹⁰⁰ But merchandising claims have a statutory basis, at least in their weak form.

2. Merchandising as traditional consumer protection.

Merchandising critics condemn its protection as out of step with trademark policies.¹⁰¹ But maybe we're wrong. After all, courts

⁹⁶ 15 U.S.C. § 1125(a) (providing cause of action based on likelihood of confusion as to "the origin, sponsorship, or approval of . . . goods, services, or commercial activities").

⁹⁷ Pub. L. 100-667, Pub. L. 100-667, 102 Stat. 3935. Prior to 1988, section 43(a) was more constrained and lacked references to sponsorship or approval.

⁹⁸ 15 U.S.C. § 1125(a).

⁹⁹ Kugler acknowledges this possibility, Kugler, *supra* note 93, at 1960-61, as did the court in the *Vintage Brand* litigation. *See supra* note 49.

¹⁰⁰ To this argument, courts have observed that the issue is irrelevant as a matter of trademark doctrine. *Bd. of Supervisors for Louisiana State Univ. Agric. & Mech. Coll. v. Smack Apparel Co.*, 550 F.3d 465, 485 (5th Cir. 2008) ("Whether or not a consumer cares about official sponsorship is a different question from whether that consumer would likely believe the product is officially sponsored.").

With respect to whether sponsorship/approval confusion may be material, *see infra* notes 104-111 and accompanying text.

¹⁰¹ *See, e.g.,* Litman, *supra* note 2, at 1735 ("Protecting the nondeceptive, informative, and source-designating functions of trade symbols assures that buyers who are persuaded by advertising that they want products of a particular brand can be confident that they are buying them. In addition, the purveyors of that advertising will be sure that the customers they persuade to seek out their

consistently find the prospect of sponsorship confusion in merchandising cases.¹⁰² Indeed, sometimes consumers go so far as to assume a merchandised mark indicates source.¹⁰³

Worse, maybe this prospect of confusion is—contrary to many of our assumptions¹⁰⁴—material to consumers. The Kugler study found that survey respondents reported a high level of materiality for certain forms of sponsorship confusion, particularly with goods like sports jerseys and complementary automotive accessories (in the case of the study, a Lamborghini key chain) but also for souvenir items like an FDNY shirt. “For the two major sports items—the jersey and the NFL t-shirt—over 50% of participants would have been less interested. Across the six souvenir items, 41.9% would have been less interested. For the automotive items, 53.1% would have been less interested.”¹⁰⁵

More than half of the respondents claimed they would be less interested in an MLB jersey, an NFL shirt, a Harvard shirt, and a Lamborghini key chain if unsponsored by the mark holder.¹⁰⁶ A significant number of respondents, at least for purposes of surveys in trademark litigation,¹⁰⁷ likewise reported a willingness to pay more for sponsored goods.¹⁰⁸

These results are hardly the last word on the subject. As Kugler notes, respondents are not actually putting up real money, so their assertions of willingness to pay may not track reality.¹⁰⁹

product will not be deceived into buying some competing brand. They are entitled to no more than that.”)

¹⁰² The Kugler study likewise found a substantial potential in test conditions for many traditional merchandised categories. Kugler, *supra* note 93, at 1943. Interestingly, for many examples a significant number of respondents perceived the tested mark to indicate *source*. *Id.*

¹⁰³ *Id.*

¹⁰⁴ *Id.* at 1920-24 (discussing scholarly perspectives on the potential work of a materiality requirement in trademark law).

¹⁰⁵ *Id.* at 1947. That said, the study showed relative non-materiality of more extreme claims like the Dairy Queens example, which “reassuringly dropped to 15.8% less interested. Since Dairy Queens was, *ex ante*, predicted to be the most extreme of the merchandising cases, it can be taken as some validation of participant attention that they so clearly distinguish it from the other products.” *Id.*

¹⁰⁶ *Id.* at 1948. And numbers in excess of 40% were reported for goods like an NYPD hat, an FDNY shirt, and a Chewy Vuiton toy. *Id.*

¹⁰⁷ *See id.* at 1942-43.

¹⁰⁸ *Id.* at 1948.

¹⁰⁹ *Id.* at 1958 (“Would those who said they would ‘never buy’ an unofficial jersey really pick the official one over an unofficial one and \$20?”); *see also id.* at 1962 (“[C]onsumers answering the final equity question are likely not fully

Likewise, their responses may reflect expectations born of a world in which merchandising under trademark holder control is the norm.¹¹⁰ Alternatively, they may just reflect the moral judgments discussed above rather than a distinct argument for merchandising protection rooted in consumer protection and trademark meanings.¹¹¹ And, of course, critics of the merchandising right would note the argument that greater judicial receptivity to disclaimers would allow the market to satisfy both consumers who value authentic sponsorship and those who are simply looking for the lowest price.

3. Merchandising and the protection of “core” trademark meanings

Merchandising cases also reflect the concern that protecting a mark’s extended meaning (here, as an indication of permission of use in the merchandising context) is important to protecting its core source-identifying function. In *Au-Tomotive Gold, Inc. v. Volkswagen of America, Inc.*,¹¹² the Ninth Circuit refused to apply the functionality doctrine to protect a seller of complementary automotive products like key chains and license plate holders. The defendant used the plaintiffs’ trademarked logos to serve customers like the owner of an Audi car who wants a key chain in the shape of the rings of the Audi mark. The appeal of the product is not that Audi makes it, but rather the continuity of brand experience.¹¹³ The carmaker trademark holders sued, and the defendant asserted a functionality defense, claiming that the inability to use the marks would put it at a “significant non-reputation related

understanding the tradeoff that they are endorsing. If they are imagining a \$40 t-shirt with a university logo on it, the real choice they are making is between a world in which the shirt costs \$40 and the university gets some portion of the sale price (say, \$10), and a world in which the shirt costs \$30 and the university gets none.”).

¹¹⁰ *Id.* at 1960-61.

¹¹¹ *Id.* at 1957 (noting the “extremely high correlations between equity beliefs and the purchase interest and willingness to pay measures. Equity beliefs correlated with both of these at above $r = .60$.”); *see also id.* (“Indeed, 92% . . . of the times when a respondent said they would ‘never buy’ the unsponsored version of a product they also said that licensing should be required for that product when they reached the equity question.”).

¹¹² 457 F.3d 1062 (9th Cir. 2006). The case arose as a declaratory judgment claim, prompting an infringement counterclaim by the trademark holders. *Id.* at 1066. For simplicity, I still refer to the plaintiff as the defendant, and vice versa, to reflect the usual procedural posture elicited by facts like those at issue in the case.

¹¹³ *Id.* at 1065.

disadvantage.”¹¹⁴

The Ninth Circuit rejected the claim, concluding that the defendant effectively sought a right to use the very feature of the mark that made it a source identifier. In the panel’s eyes, this was fundamentally inconsistent with a functionality defense.¹¹⁵ While there is much to criticize in that conclusion on consumer welfare grounds, the court’s view of the stakes is noteworthy. Accepting the functionality defense would be the very “death knell” of trademark protection.¹¹⁶ The fear may reflect functionality’s usual status as a screen to establishing trademark rights,¹¹⁷ but it is also of a piece with viewing merchandising as part of a continuum of trademark rights. From this perspective, threats to trademarks rights anywhere endangers them everywhere.¹¹⁸

4. Merchandising as salutary economic activity

Finally, judges have expressed the view that merchandising is an accepted, normal aspect of trademark ownership.¹¹⁹ This again is arguably a form of circular reasoning, as the acceptance of the practice depends on an expectation of judicial enforcement.

Other judges go further and defend merchandising rights as salutary because they incentivize the owners of the merchandised marks to invest in the goodwill of the marks. In one much-cited article, Alex Kozinski argued that “[a]llowing unrestricted copying of the Rolex trademark will make it less likely that Rolex, Guess, Pierre Cardin, and others will invest in image advertising, denying the image-conscious among us something we hold near and dear.”¹²⁰

¹¹⁴ This is one of two functionality tests found in Supreme Court precedent, *Qualitex Co. v. Jacobson Prod. Co.*, 514 U.S. 159, 165 (1995), and it is typically invoked in situations concerning aesthetic functionality. *Traffix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 33 (2001).

¹¹⁵ *Au-Tomotive Gold*, 457 F.3d at 1074.

¹¹⁶ *Id.* at 1064.

¹¹⁷ *See, e.g.*, 15 U.S.C. § 1052(e)(5) (a mark may not be registered if it is functional); § 1125(a)(3) (providing that a claimant of protection in unregistered trade dress bears the burden of establishing mark is not functional).

¹¹⁸ Grynberg, *supra* note 16, at 31-33.

¹¹⁹ *See, e.g.*, *Bd. of Supervisors for Louisiana State Univ. Agric. & Mech. Coll. v. Smack Apparel Co.*, 550 F.3d 465, 485 (5th Cir. 2008) (“The Universities exercise stringent control over the use of their marks on apparel through their licensing program. It is also undisputed that the Universities annually sell millions of dollars worth of licensed apparel.”).

¹²⁰ Kozinski, *supra* note 81, at 970; *see also, e.g.*, *United States v. Torkington*, 812 F.2d 1347, 1353 n.6 (11th Cir. 1987) (“Traffickers of these counterfeit goods . . . attract some customers who would otherwise purchase the authentic goods.

C. Merchandising as democracy

To summarize, strong intuitions, shared by consumers and judges alike, hold that merchandising markets properly belong to trademark holders. Trademark doctrine holds enough to accommodate that impulse. The success of merchandising claims is not due to a failure by defendants to make consumer welfare arguments in opposition. Judges simply have rejected them.¹²¹

As an academic, the fact that my own intuitions are so deeply out of step with judges and lawyers took a while to fully accept. But I've come to recognize that even those studying trademark law share these intuitions and that I'm the weird one. Every year, I begin my trademark class in the same way. My opening lecture outlines some basics of trademark law (e.g., defining trademarks, service marks, collective and certification marks, etc.). I then circulate a survey to the class asking for their normative impressions of certain recurring trademark law fact patterns (e.g., comparative advertising, expressive use, use of similar marks in non-proximate markets, etc.). I do this before any policy discussion; I try to capture student impressions before they know anything meaningful about trademark policy or doctrine.

For merchandising, I ask if they believe that the owner of the MCDONALD'S trademark should have the right to enjoin the sale of a t-shirt with the trademark name on the front. Every year, all or almost all of the surveyed students answer yes. I then survey the class again at the end of the term after they have studied the merchandising right (hearing a healthy dose of my own personal skepticism about it along the way). Typically, the results are almost identical; a few may reject the right, but the overwhelming majority retain their belief that merchandising should be part of the trademark holder's power.

Now maybe I'm just not persuasive, but this consistent result tracks the rhetoric of the merchandising opinions and the Kugler study. It reinforces the impression that the judicial embrace of

Trademark holders' returns to their investments in quality are thereby reduced." Judge Kozinski resigned his seat in 2017 after accusations of sexual misconduct by multiple women.

¹²¹ See, e.g., *Au-Tomotive Gold*, at 1076 ("Auto Gold argues, however, that it does not 'intend' to deceive the public as to the source of the goods, but merely sought to fill a market demand for auto accessories bearing the marks Even if we credit Auto Gold's proffered lack of intent, the direct counterfeiting undermines this argument.").

merchandising does not reflect a failure to apprehend the arguments against it. The intuition in favor of the right is independent of one's depth of understanding of trademark law and policy. If most actors in the trademark system think that there ought to be a merchandising right (and assuming it can be applied in a constitutional way¹²²), its persistence at least seems consistent with the democratic will.

But more is at stake with the merchandising right than just the question whether certain markets are appropriately competitive. Once recognized by the courts, the logic of the merchandising right radiates throughout trademark doctrine, destabilizing much of it in its wake.

III. MERCHANDISING FALLOUT

Even granting that the merchandising right is part of trademark law, critical assessment of its larger effect on trademark doctrine remains important. To the extent that the merchandising right is out of step with trademark law, its accommodation may destabilize the larger whole. Judges cannot be expected to apply trademark law in a particular way to one set of facts and ignore the resulting precedents.¹²³ Unfortunately, many situations fit the merchandising fact pattern without activating moral intuitions in favor of the trademark holder. What happens then? This Part explores these ripple effects. They are loosely grouped into two subparts. The first explores general tensions created by the ill fit of merchandising with other aspects of trademark doctrine. The second returns to the question of free riding, but from the perspective of the trademark *plaintiff*. Because merchandising markets are so lucrative, they incentivize overassertions of trademark rights even if we assume *arguendo* that merchandising is a legitimate part of trademark law.

A. *Merchandising spillovers*

While others have advocated making peace with the merchandising right and fitting it within trademark law,¹²⁴ the task is easier said than done. One cannot simply say that merchandising

¹²² In not conflicting with the First Amendment. *See infra* Part III.A.2.

¹²³ *See generally* Michael Grynberg, *The Judicial Role in Trademark Law*, 52 B.C. L. REV. 1283 (2011).

¹²⁴ Calboli, *supra* note 2, at 870 (“[E]xplicit recognition of merchandising . . . would benefit the legal system by offering a needed guideline in this important area of the law and the economy, notably by clarifying that trademarks used on merchandising products should follow general trademark principles.”).

uses are cognizable trademark uses like any other.¹²⁵ The disconnect between the right and trademark law is not the product of the imagination of its critics. Any reconciliation must address the variety of ways that merchandising upsets trademark doctrine.

1. Exacerbating the copyright/trademark tension

Trademark cases sometimes implicate the interests of copyright policy. The tension is most acute in those situations in which the claim in question “looks” like a copyright case—because it addresses matter valuable because it is creative—but where a copyright claim is unavailable. These cases tempt plaintiffs to dress up their facts as trademark claims in order to achieve a copyright goal. A variety of doctrinal difficulties follow, for trademark law lacks the built-in safeguards for free speech that automatically apply in copyright litigation.¹²⁶ For this reason, in *Dastar Corp. v. Twentieth Century Fox Film Corp.*, the Supreme Court warned against using trademark claims to create a form of “mutant copyright,” free of the safeguards intended to keep copyright law in its lane.¹²⁷ The Court accordingly held that the Lanham Act’s cause of action against causing a likelihood of confusion as to the “origin” of a good applies to confusion about the *physical* source of the good, not questions of authorship.¹²⁸

Merchandising cases exacerbate the danger identified by *Dastar*, for they may involve matter that, while creative, may not be protected by copyright. Many team logos, for example, consist of little more than a letter in a particular font. But the Copyright Office refuses to take registrations for such matter.¹²⁹ Likewise a sports team may have a hard time protecting the idea of apparel in a particular shade of blue,¹³⁰ but that is precisely the sort of thing that can be protected by a merchandising claim.¹³¹

¹²⁵ *Id.* at 906 (“[T]o explicitly recognize that marks used on promotional products legitimately qualify as indicators of commercial source would not only acknowledge that these marks are entitled to trademark protection, it would also cabin the extent of this protection under the current rules . . . under the Lanham Act.”).

¹²⁶ Most notably the idea/expression dichotomy, as reflected in 17 U.S.C. § 102(b), and the fair use doctrine, *id.* § 107.

¹²⁷ *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 34 (2003). The copyright limitation noted by the court in *Dastar* was its time limitation. *Id.*

¹²⁸ *Id.* at 37.

¹²⁹ 37 C.F.R. § 202.1(a), (e).

¹³⁰ Running afoul of the idea/expression dichotomy. 17 U.S.C. § 102(b).

¹³¹ *Bd. of Supervisors for Louisiana State Univ. Agric. & Mech. Coll. v. Smack Apparel Co.*, 550 F.3d 465, 476–77 (5th Cir. 2008).

The tension is on display in *Gordon v. Drape Creative, Inc.*¹³² Christopher Gordon created the video *The Crazy Nastyass Honey Badger*, consisting of his commentary added over documentary footage of honey badgers engaged in activities—e.g., killing and eating poisonous snakes—that mere humans would find daunting.¹³³ The overarching theme, as referenced by a repeated quote, was that the “honey badger don’t care.”

The video proved popular, becoming a meme. Gordon took advantage by selling merchandise using the phrase, which he registered as a trademark.¹³⁴ One sample piece of clothing looks like this:¹³⁵



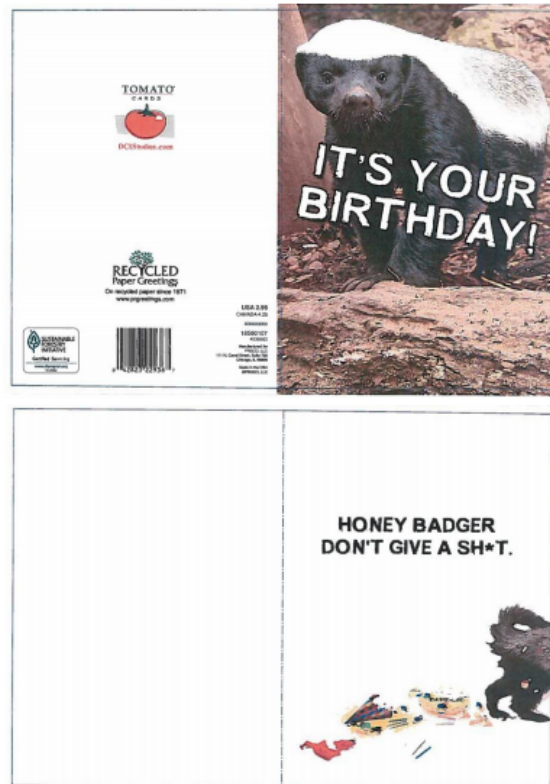
But Gordon wasn’t the only one. Others used similar phrases to create goods under a honey badger theme. Here’s one:

¹³² 909 F.3d 257 (9th Cir. 2018).

¹³³ See Christopher Gordon, (czg123), *The Crazy Nastyass Honey Badger (original narration by Randall)*, YOUTUBE (Jan. 18, 2011), <https://www.youtube.com/watch?v=4r7wHMg5Yjg> [https://perma.cc/9L4E-MZZF].

¹³⁴ #5059721; #4281472. Gordon also filed for, but abandoned, a registration for HONEY BADGER DON’T GIVE A SHIT. Serial No. 87280166.

¹³⁵ *Honey Badger Don’t Care™ The OG Designs*, <https://hbdc-scraps.creator-spring.com/listing/hbdc-classic?product=212> [https://perma.cc/XXP9-BYYH].



Gordon sued. At first glance, this looks like a copyright question. Have the defendants copied Gordon’s protected expression or merely his unprotected idea?¹³⁶ But even if that issue were resolved against Gordon, there may be an intuitive sense that he nonetheless deserves the market built around the “honey badger don’t care” phrase. Enter the merchandising right, as the appeal of “honey badger” products is the very material said to be their trademark. After all, to the extent consumers find the card familiar, they may identify the idea animating the card—the care-free honey badger—with the creator of the internet meme video. But this recognition of *authorial* (as opposed to *physical*) source is the very move that *Dastar* rejects.¹³⁷

Dastar is arguably not a doctrinal barrier for Gordon, as the case specifically addresses an “origin” claim under the Lanham Act while Gordon may style his as being one of likely confusion of “sponsorship” or “approval.”¹³⁸ But the consequence is the very

¹³⁶ Cf. e.g., *Roth Greeting Cards v. United Card Co.*, 429 F.2d 1106 (9th Cir. 1970). And even if there were protected expression, the use might well be deemed fair.

¹³⁷ *Dastar*, 539 U.S. at 37.

¹³⁸ 15 U.S.C. § 1125(a). For a discussion of this issue, see 5 MCCARTHY ON

danger against which the *Dastar* Court warned—the use of trademark law to capture ground normally regulated by copyright law, but without the safeguards built into copyright.¹³⁹ Regardless of how courts resolve this precise collision, trademark law’s receptivity to merchandising claims increases their potential frequency.

2. Deepening First Amendment tensions

Gordon’s implicit flirtation with *Dastar* matters all the more because of the free speech interests at stake. If copyright law isn’t on his side, can Gordon use trademark law to stop the sale of honey-badger-themed expression? Had *Dastar* foreclosed suit, there would be no need to grapple with the resulting First Amendment question. But it didn’t.

In the main, trademark law is supposed to live in harmony with the First Amendment. The theory is that trademark infringement (e.g., if I market a hamburger as MCDONALD’S) can be seen as a form of fraud, which has no Constitutional protection.¹⁴⁰ But today’s trademark law does not only operate in this realm of point-of-sale confusion. Trademark law’s expansion to affiliation and approval claims increases the potential for First Amendment collisions.¹⁴¹

The test announced in *Rogers v. Grimaldi* is the leading tool to mitigate the resulting tension, at least as of publication of this article.¹⁴² It recognizes that because “overextension of Lanham Act

TRADEMARKS AND UNFAIR COMPETITION § 27:78. There was hope among some that *Dastar* would lead courts to reconsider the merchandising right. *See, e.g., Dogan & Lemley, supra* note 2, at 499-502. Though largely ignored, the argument drew some recent interest in the *Vintage Brand* litigation discussed in note 49, above. *Pennsylvania State Univ. v. Vintage Brand, LLC*, No. 4:21-CV-01091, 2022 WL 2760233, at *9 (M.D. Pa. July 14, 2022).

¹³⁹ *Dastar*, 539 U.S. at 33-34.

¹⁴⁰ “[A] trademark injunction, even a very broad one, is premised on the need to prevent consumer confusion. This consumer protection rationale—averting what is essentially a fraud on the consuming public—is wholly consistent with the theory of the First Amendment, which does not protect commercial fraud.” *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 905 (9th Cir. 2002); *see also United States v. Alvarez*, 567 U.S. 709, 17 (2012).

¹⁴¹ *See, e.g., Ayres v. City of Chicago*, 125 F.3d 1010, 1014 (7th Cir. 1997) (“The T-shirts that the plaintiff sells carry an extensive written message of social advocacy [T]here is no question that the T-shirts are a medium of expression prima facie protected by the free-speech clause of the First Amendment and they do not lose their protection by being sold rather than given away.”).

¹⁴² 875 F.2d 994 (2d Cir. 1989). The test has been cited approvingly by appellate panels in the Second, Fifth, Sixth, Ninth, and Eleventh Circuits. 6

restrictions in the area of titles might intrude on First Amendment values, [courts] must construe the Act narrowly to avoid such a conflict.”¹⁴³ Under *Rogers*, an artistic use of a mark creates no trademark liability unless the use “has no artistic relevance to the underlying work whatsoever” or, if there is relevance, the use “explicitly misleads as to the source or the content of the work.”¹⁴⁴

At first glance, therefore, *Rogers* appears to protect the *Gordon* defendants, and the district court indeed held in their favor.¹⁴⁵ But the court of appeals could not stomach that result, perhaps motivated by the morality of merchandising.¹⁴⁶ The panel therefore initially held that the defendants did not automatically qualify for protection under *Rogers* because their card was not creative enough for the use of Gordon’s mark to be artistically relevant (at least for purposes of summary judgment).¹⁴⁷

This was wrong, as the court recognized in withdrawing the opinion. The new version acknowledges the slogan’s artistic relevance to the cards, as “the phrase is the punchline on which the cards’ humor turns. In six of the seven cards, the front cover sets up an expectation that an event will be treated as important, and the inside of the card dispels that expectation with either the HBDC or HBDGS^[148] phrase.”¹⁴⁹ The court nonetheless ruled that there remained the possibility that a jury would find the use to be explicitly misleading because “[i]n some instances, the use of a mark alone may explicitly mislead consumers about a product’s source if consumers would ordinarily identify the source by the mark itself.” As noted above,¹⁵⁰ the “source” identified is the origin of the intellectual content, which should be off limits under *Dastar*. For the court, nonetheless, the merchandising context creates a

MCCARTHY, *supra* note 138, § 31:144.50 (5th ed.). As discussed below, the Supreme Court is currently considering a case that challenges the continued viability of the *Rogers* test. *See infra* notes 157-159 and accompanying text.

¹⁴³ *Rogers*, 875 F.2d at 998.

¹⁴⁴ *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 902 (9th Cir. 2002) (quoting *Rogers*, 875 F.2d at 999).

¹⁴⁵ *Gordon*, 909 F.3d at 260.

¹⁴⁶ *Gordon v. Drape Creative, Inc.*, 897 F.3d 1184, 1195 (9th Cir. 2018) (“Construing the facts in the light most favorable to Gordon, defendants may have merely appropriated the goodwill inhering in Gordon’s mark without adding any creativity of their own.” (emphasis added), *opinion withdrawn and superseded on reh’g*, 909 F.3d 257 (9th Cir. 2018)).

¹⁴⁷ *Id.* at 1196.

¹⁴⁸ For “Honey Badger Don’t Care” and “Honey Badger Don’t Give a Shit,” respectively.

¹⁴⁹ *Gordon v. Drape Creative, Inc.*, 909 F.3d 257, 269 (9th Cir. 2018).

¹⁵⁰ *See supra* notes 136-137 and accompanying text.

special potential for mere mark use to be “explicitly misleading”:

[W]e have repeatedly observed that “the mere use of a trademark alone cannot suffice to make such use explicitly misleading.” *E.S.S. Ent. 2000, Inc. v. Rock Star Videos, Inc.*, 547 F.3d 1095, 1100 (9th Cir. 2008). But each time we have made this observation, it was clear that consumers would not view the mark alone as identifying the source of the artistic work. No one would think that a song or a photograph titled “Barbie” was created by Mattel, because consumers “do not expect [titles] to identify” the “origin” of the work. *Mattel Inc. v. MCA Records*, 296 F.3d 894, 902 (9th Cir. 2002). Nor would anyone “think a company that owns one strip club in East Los Angeles ... also produces a technologically sophisticated video game.” *E.S.S.*, 547 F.3d at 1100–01. But this reasoning does not extend to instances in which consumers would expect the use of a mark alone to identify the source.¹⁵¹

Right away the court is on shaky ground, as it is highly doubtful that consumers would think Gordon is the source of the goods in a trademark sense. Rather, he is the *authorial* source of the creativity of the “Honey Badger” meme, but under *Dastar* that is not a concern of trademark law. Nonetheless, though Gordon is not the trademark source, he enjoys whatever positive associations that come with being the creator of the Honey Badger meme. That may not be trademark goodwill, but it remains something that a court, moved by desert and anti-free-riding concerns, might want to credit and reward.

The court went on.

A more relevant consideration is the degree to which the junior user uses the mark in the same way as the senior user. In the cases in which we have applied the *Rogers* test, the junior user has employed the mark in a different context—often in an entirely different market—than the senior user. In *MCA Records* . . . , for example, Mattel’s Barbie mark was used in a song and a series of photos. In *E.S.S.*, the mark of a strip club was used in a video game. . . . In each of these cases, the senior user and junior user used the mark in different ways. . . .

¹⁵¹ *Gordon v. Drape Creative, Inc.*, 909 F.3d 257, 270 (9th Cir. 2018).

But had the junior user in these cases used the mark in the same way as the senior user . . . such identical usage could reflect the type of “explicitly misleading description” of source that *Rogers* condemns. . . .¹⁵²

This is also a questionable assertion given earlier Ninth Circuit precedent.¹⁵³ It also reveals a special problem for free expression in the merchandising context. The nature of merchandising is that the attractive feature of the product is the mark. A defendant will naturally copy that feature, leading to an overlap of markets and an infringement claim. As *Gordon* reflects, however, there may well be expressive considerations at play. The defendant still selects a particular medium, message, and arrangement to communicate. Unfortunately, the merchandising context directs judicial eyes to the mark. Focusing on the mark may limit the court’s appreciation of the non-mark elements, leading to the conclusion that the defendant’s card might be “explicitly misleading.” The panel stated:

A second consideration relevant to the “explicitly misleading” inquiry is the extent to which the junior user has added his or her own expressive content to the work beyond the mark itself. As *Rogers* explains, the concern that consumers will not be “misled as to the source of [a] product” is generally allayed when the mark is used as only one component of a junior user’s larger expressive creation, such that the use of the mark at most “implicitly suggest[s]” that the product is associated with the mark’s owner. But using a mark as the centerpiece of an expressive work itself, unadorned with any artistic contribution by the junior user, may reflect nothing more than an effort to “induce the sale of goods or services” by confusion or “lessen[] the distinctiveness and thus the commercial value of” a competitor’s mark.¹⁵⁴

¹⁵² *Id.* at 270–71.

¹⁵³ Courts have applied *Rogers* to protect defendants notwithstanding their use of a mark in a similar way to that of a trademark holder. *Twentieth Century Fox Television a division of Twentieth Century Fox Film Corp. v. Empire Distribution, Inc.*, 875 F.3d 1192 (9th Cir. 2017) (concluding that *Rogers* would protect television show, named “Empire” about a record label named “Empire Enterprises” against a trademark claim by a real-life record label named “Empire Distribution.”).

¹⁵⁴ *Gordon v. Drape Creative, Inc.*, 909 F.3d 257, 270–71 (9th Cir. 2018) (quoting *S.F. Arts & Athletics, Inc. v. U.S. Olympic Comm.*, 483 U.S. 522, 539 (1987)).

The panel distinguished earlier uses of *Rogers* in the Ninth Circuit as cases where “the mark served as only one component of the larger expressive work.”¹⁵⁵ In contrast, Gordon’s claim has a triable issue “as to whether defendants simply used Gordon’s mark with minimal artistic expression of their own, and used it in the same way that Gordon was using it—to identify the source of humorous greeting cards in which the bottom line is ‘Honey Badger don’t care.’”¹⁵⁶

The court’s focus on the lack of added creativity by the defendant fits into the anti-free riding view of the merchandising cases. The problem is that *Rogers* does not make room for this distinction (nor should it given its accommodation of speech interests). So the court upsets the framework by setting the precedent that a work may “explicitly mislead” without an explicit misleading message. Defendants in non-merchandising situations will now have to deal with the fallout. Will courts restrict *Gordon*’s opening to merchandising situations? Or is there now an opening for plaintiffs to argue that a defendant has not added enough to the mark to qualify for the protection of *Rogers*? Time will tell, but the newly injected uncertainty into *Rogers* is a byproduct of trademark doctrine’s willingness to accommodate the merchandising right.

If we take merchandising interests seriously, the outcome is *Gordon* is somewhat understandable. The free riding considerations seem particularly strong. Gordon is the source of the popularity of the Honey Badger meme, and he is an individual creator blessed with all the perceptions of romantic authorship that come with it. By contrast, the defendants seem to be ripping off Gordon’s work.

Moreover, unlike many similarly situated creators, Gordon faces obstacles to using copyright because the copied communication is so simple as to be idea rather than expression for copyright purposes. But simple communications are the domain of trademarks, and the card is essentially a piece of merchandise seemingly open to the same kind of treatment that trademark law gives other merchandised marks. The only problem is *Rogers*. Had the court another place to direct its impulse to protect Gordon, the fallout to trademark doctrine could have been avoided. But it didn’t. Something had to give, and so the merchandising right was used to crack the *Rogers* framework. This made room for Gordon’s claim and the panel’s sense of the equities of the case, but at the cost to doctrinal stability and the prospect of reduced speech protections for

¹⁵⁵ *Id.* at 271.

¹⁵⁶ *Id.*

future trademark defendants.

Undermining *Rogers* is one thing; eliminating it is another. As this article was in its late editing stages, the threat of merchandising interests to the *Rogers* framework became a good deal more explicit when the Supreme Court granted cert in *Jack Daniel's Properties, Inc. v. VIP Prod. LLC*.¹⁵⁷ The case involves a dog chew toy that evokes the mark and trade dress of Jack Daniel's whiskey, as shown below.



The whiskey maker's trademark infringement claim failed based on application of the *Rogers* test,¹⁵⁸ prompting a cert petition and a call for the Court to discard *Rogers*.

Notably, the chew toy is the sort of low-cost product that evokes merchandising considerations. At oral argument, it was clear that this mattered to at least some of the Justices who seemed inclined to draw a distinction between the chew toy and more obviously artistic or political expression.¹⁵⁹ Stated another way,

¹⁵⁷ 143 S. Ct. 476 (2022).

¹⁵⁸ *VIP Prod. LLC v. Jack Daniel's Properties Inc.*, No. CV-14-02057-PHX-SMM, 2021 WL 5710730 (D. Ariz. Oct. 8, 2021), *aff'd*, No. 21-16969, 2022 WL 1654040 (9th Cir. Mar. 18, 2022), *cert. granted*, 143 S. Ct. 476 (2022).

¹⁵⁹ For example, Justice Kagan observed:

The reason why every court of appeals has -- that has thought about the question has adopted something like *Rogers* is because there are cases which look really different from this case.

There are -- you know, an art photographer does photographs using a Barbie doll, which is clearly meant to have some kind of expressive meaning and is -- is not an ordinary commercial product like this one and

some of the Court's discomfort with *Rogers* appears rooted in its application in a merchandising setting, perhaps explaining why the Court chose this case to review *Rogers* after so many decades and widespread adoption in lower courts.

3. Collapsing distinctions between markets

Trademark law assumes that potential marks are abundant. It's no problem to give one company exclusive rights to use the APPLE mark on computers because competitors can select a name like DELL, HP, or any number of alternatives. And unless a mark becomes famous enough to be protected by the dilution doctrine,¹⁶⁰ mark rights are generally confined to the market of the owner. That is, DELTA airlines can coexist with DELTA faucets.

The protection of merchandising markets pressures this story. Merchandising creates the potential for collisions between users of similar marks in independent markets. *Excelled Sheepskin & Leather Coat Corp. v. Oregon Brewing Co.*¹⁶¹ illustrates the problem. The case concerned a dispute over the ROGUE mark between an apparel company (Excelled) and a brewer (OBC). OBC's marketing activities for its ROGUE beer included the distribution of promotional merchandise under the ROGUE name.

The district court had ruled that Excelled was first in the clothing market because it was the first to use the mark for sales in department and clothing-only stores. The panel, in an opinion by Judge Leval, reversed, holding that the promotional uses gave OBC general priority for clothing. "Even if those uses were intended primarily to support OBC's ROGUE trademark for beer, they were nonetheless bona fide continuous nationwide sales" in sufficient numbers to establish priority.¹⁶² That OBC was not selling in the department stores that Excelled was pursuing did not defeat its priority to that market.¹⁶³

doesn't use the Barbie doll as a source identifier."

Transcript of Oral Argument 10, *Jack Daniel's Properties, Inc. v. VIP Products LLC* (No. 22-148). Likewise, Justice Sotomayor pushed the counsel for Jack Daniel's to explain how speech using a symbol associated with a political party could evade a claim similar to the one made by Jack Daniel's. *Id.* at 18-23.

¹⁶⁰ 15 U.S.C. § 1125(c).

¹⁶¹ 897 F.3d 413 (2d Cir. 2018).

¹⁶² *Id.* at 418.

¹⁶³ *Id.* ("The law does not limit the owner's trademark rights to the types of stores in which it has sold, leaving the mark up for grabs in any other type of store.").

Excelled positions itself as treating merchandising like any other market. It just so happens that the merchandising market overlaps with the one for clothing sales in department and specialty stores. While defensible, this approach raises two problems were it to be adopted as a general matter. First, it exacerbates the potential for surprise for those trying to market their own promotional items.¹⁶⁴ Imagine two sellers in remote markets using the WIDGET mark, one for whiskey, one for a minor league baseball team. The logic of *Excelled* would potentially allow one to preempt the other from marketing activities.

Second, *Excelled* shows a potential avenue for plaintiff free riding.¹⁶⁵ Suppose a small whiskey producer uses the WIDGET mark and distributes promotional goods under the name. Then a clothesmaker innocently begins marketing clothing under the WIDGET mark, developing strong goodwill. The whiskey maker enjoins the clothier, requiring it to license the mark at a high cost. This sort of trolling is possible in any reverse confusion setting, but the ease of entry into the merchandising market increases the potential for unexpected traps for good faith sellers.

The role of merchandising markets also potentially exacerbates the problem of trademark depletion as identified by Barton Beebe and Jeanne Fromer.¹⁶⁶ Traditional trademark theory posits that the supply of potential effective marks is functionally inexhaustible; thus the potential harm to allowing a mark for an inherently distinctive term is limited because competitors will always have alternatives.¹⁶⁷ Their data suggest otherwise.¹⁶⁸

¹⁶⁴ For example, Rogue Fitness markets weight lifting and other exercise equipment under the ROGUE FITNESS mark, registration #85223255, but it also sells clothing under the name Rogue. See *Apparel*, ROGUE, <https://www.roguefitness.com/gear-apparel> [<https://perma.cc/N256-BABE>].

¹⁶⁵ A general problem discussed in greater detail below. See *infra* Part III.B.

¹⁶⁶ Barton Beebe & Jeanne C. Fromer, *Are We Running Out of Trademarks? An Empirical Study of Trademark Depletion and Congestion*, 131 HARV. L. REV. 945 (2018).

¹⁶⁷ *Id.* at 948.

¹⁶⁸ The authors studied “trademark depletion,” described as “the process by which a decreasing number of potential trademarks remain unclaimed by any trademark owner” and “trademark congestion,” which is “the process by which an already-claimed mark is claimed by an increasing number of different trademark owners.” *Id.* at 950–51. By their analysis, both are issues under the current registration system.

The supply of word marks that are at least reasonably competitively effective as trademarks is finite and exhaustible. This supply is already

Merchandising markets potentially exacerbate the problem in two ways. First is the *Excelled* problem of merchandising activity bringing two otherwise remote marks into conflict. Second, the existence of a discrete, lucrative merchandising market may complicate mark selection for entities with an interest in creating promotional goods. The added branding costs would then need to be recovered in unit sales, thus increasing prices for end users.

The problem of mark scarcity in merchandising contexts was on public display as the Washington Football Team sought to rebrand after (finally) abandoning its old mark that had long been criticized for disparaging Native Americans. The decision was made quickly,¹⁶⁹ so the team adopted the placeholder descriptive name before a final new name could be selected. To the surprise of many observers, however, the process dragged for years before the team finally selected the name COMMANDERS in 2022. Trademark collisions were part of the problem,¹⁷⁰ and the final decision was shaped by the need to avoid marks held by teams that play in different markets than the NFL.¹⁷¹

severely depleted, particularly in certain sectors of the economy, and levels of depletion continue to rise. Those marks that are registered are growing increasingly congested. The result, as the data reveal, is that new trademark applicants are increasingly being forced to resort to second-best, less competitive marks, and the trademark system is growing increasingly—perhaps inordinately—crowded, noisy, and complex.

Id. at 951.

¹⁶⁹ John Keim, “How the events of 2020 have changed the Washington Football Team,” ESPN (Aug. 20, 2020), https://www.espn.com/nfl/story/_/id/29460299/how-events-2020-changed-washington-football-team [<https://perma.cc/YX9R-D4N3>] (providing the timeline).

¹⁷⁰ See, e.g., John Keim, “Washington fan’s hobby could result in trademark tussle with NFL team,” ESPN (July 16, 2020), https://www.espn.com/blog/washington/post/_/id/40181/washington-fans-hobby-could-result-in-trademark-tussle-with-team [<https://perma.cc/A9B5-787V>].

¹⁷¹ Jeff Kerr, “Washington Football Team announces when it will reveal new team name, with two names officially out of running,” CBSSPORTS (Jan. 4, 2022), <https://www.cbssports.com/nfl/news/washington-football-team-announces-when-it-will-reveal-new-team-name-with-two-names-officially-out-of-running> [<https://perma.cc/3UX2-KGUZ>]. In a post, the team’s president explained:

Early on we understood Wolves—or some variation of it—was one of our fan favorites. . . . Once we began looking into Wolves, however, we became aware of a notable challenge: trademarks held by other teams would limit our ability to make the name our own. And without Wolves, variations like RedWolves wouldn’t have been viable either for these and other reasons.

The NFL’s own conduct shows that the caution was rational. The league has been aggressive in policing mark use by teams in other leagues, even in situations in which the marks involved are not in use by current NFL teams. For example, the owners of the XFL attempted to register the following evocation of an oil rig as a mark for the “Houston Roughnecks”:¹⁷²



The design evoked comparison to the mark of the former Houston Oilers, an NFL franchise that abandoned the city to become the Tennessee Titans, and thus stopped using this mark:



Notwithstanding the visual differences, the NFL opposed the

... we didn’t want to risk going down a route that could be dotted with legal hurdles. The prospect of years of litigation wasn’t something that we wanted you, our fans, to have to bear as you begin to embrace a new brand.

Jason Wright, “Why Wolves won’t work (and a date to save)” WASHINGTON FOOTBALL (Jan. 04, 2022), <https://www.washingtonfootball.com/news/presidents-brief-why-wolves-wont-work> [<https://perma.cc/JDY7-VTAW>].

¹⁷² Tennessee Football, Inc., Notice of Opposition, Trademark Trial and Appeal Board Electronic Filing System, <https://ttabvue.uspto.gov/ttabvue/v?pno=91266759&pty=OPP&eno=1> [<https://perma.cc/F8WV-QHXJ>].

mark, claiming a likelihood of confusion in light of the continued use of the Oilers logo in merchandising (suggesting a claim to all oil rigs).¹⁷³ The XFL mark was ultimately abandoned.¹⁷⁴

4. Incentivizing trademark holder overreach

The merchandising right invites the overassertion of trademark rights. A recent article by James Boyle and Jennifer Jenkins critically examines Duke University's opposition and cancellation practice before the USPTO.¹⁷⁵ The article reviews each intervention, assigning each one a rating on a four-point scale from "sound" to "clearly erroneous."¹⁷⁶ By this measure, Duke (for whom both authors work) fares poorly. Boyle and Jenkins write:

After conducting an individual legal analysis of each of Duke's oppositions or cancellations, the overall coding for 2015-2018 was as follows.

- 1) Clearly Erroneous: 75 (55%)
- 2) Far-fetched: 41 (30%)
- 3) Arguable: 14 (10%)
- 4) Sound; 6 (5%)¹⁷⁷

Among their examples of "clearly erroneous" assertions, Boyle and Jenkins include alleged conflicts with DUKE, BLUE DEVILS, or marks involving the letter D and the color blue. Duke targeted attempted registrations of: " 'The Dude Diet' for a diet-related website"; "'Goluke' for clothing"; "'Devils Nightmare' for beer"; "'Beach'd' for beach bags and cosmetic bags"; and " 'True Blue' for auto parts."¹⁷⁸ Notably, these assertions were typically

¹⁷³ *Id.*; see also Josh Gerben, "NFL Opposes XFL's Trademark for Houston Roughnecks Logo," GERBEN LAW, <https://www.gerbenlaw.com/blog/nfl-opposes-xfls-trademark-for-houston-roughnecks-logo/> [<https://perma.cc/23MP-QW58>].

¹⁷⁴ Request for Express Abandonment (Apr. 7, 2021) <https://tsdr.uspto.gov/documentviewer?caseId=sn88585890&docId=REA20210408073307#docIndex=1&page=1> [<https://perma.cc/V7G2-VU3C>].

¹⁷⁵ James Boyle & Jennifer Jenkins, *Mark of the Devil: The University As Brand Bully*, 31 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 391 (2020). The PTO is responsible for administering registrations of trademarks in the United States.

¹⁷⁶ *Id.* at 417-18. The authors strove to base these evaluations on a generous interpretation of existing trademark law, and certainly not the ideal version preferred by merchandising critics. *Id.* at 436-37. For a summary of the study's methodology, see *id.* at 464-65.

¹⁷⁷ *Id.* at 418.

¹⁷⁸ *Id.* at 421-24.

successful.¹⁷⁹ Duke’s conduct imposes costs on would-be trademark holders (which are ultimately reflected in prices) and contributes to the problem of trademark exhaustion.¹⁸⁰

Here the resulting distortions are arguably tied to merchandising because of the lucrative nature of the markets. Jessica Kiser has posited that the reason for many “trademark bullying” activities, which appear unjustified by the possibility of harm to the interests of the markholder, stem from the asymmetries of prospect theory,¹⁸¹ which treats loss avoidance as disproportionately desirable as compared to the realization of gains.¹⁸² Trademark holders are therefore likely to overassert rights even though they face no adverse consequences of holding their fire. Cognitive biases distort perception and create a sense that action is necessary to protect the mark against a hypothetical future abandonment claim from a failure to act.¹⁸³

Here, the existence of the merchandising right is part of the problem. Because of its recognition by the courts, merchandisers have been able to secure valuable markets. The lucrative nature of these markets increases the potential loss side of the equation, feeding the mistaken perception that it is necessary to go after anything remotely close to a mark’s orbit.

5. Distorting the likelihood of confusion inquiry

One danger of merchandising cases is the possibility that the compromises necessary to make the results “fit” trademark law might bleed back into—and distort—more mundane trademark litigation. Trademark cases are about likelihood of confusion given the facts. Any given claim occurs in a fact context that makes confusion either more or less likely. But merchandising cases tend to flatten context. For example, some merchandising cases dismiss

¹⁷⁹ *Id.* at 425-27. (“[I]n 109 cases, or 80% of the total, Duke received a result that could be described as favorable.”).

¹⁸⁰ Boyle & Jenkins, *supra* note 175, at 458; *see also supra* notes 166-171 and accompanying text.

¹⁸¹ Jessica M. Kiser, *To Bully or Not to Bully: Understanding the Role of Uncertainty in Trademark Enforcement Decisions*, 37 COLUM. J.L. & ARTS 211, 239 (2014).

¹⁸² Amos Tversky & Daniel Kahneman, *Prospect Theory: An Analysis of Decision Under Risk*, 47 ECONOMETRICA 263 (1979).

¹⁸³ Kiser, *supra* note 181, at 239 (“The aggressive tactics of trademark bullies—one-sided settlement agreements, threats of litigation and considerable investment in litigation—can be seen as a byproduct of decision making from a gain versus loss frame. Trademark law establishes the frame; bullies simply play by the rules.”).

the prospect that disclaimers may adequately remedy any potential confusion.¹⁸⁴

This skepticism can extend to the use of a distinct house brand to distinguish the source of a merchandised good. In the *Smack Apparel* case involving university-branded merchandise, the defendant argued that it could not be seen as intending to cause confusion given its use of its own logo and word mark on the merchandise. The Fifth Circuit rejected the argument.

Smack’s logo appears in a space that is only 2.5 inches wide. We cannot conclude, without more, that this small and inconspicuous placement of the logo would disabuse consumers of a mistaken belief that the Universities sponsored, endorsed or were otherwise affiliated with the t-shirts. Smack has not pointed to evidence that its own logo is recognizable by consumers or that it was acting to trade off its own reputation as a producer of specialty t-shirts.¹⁸⁵

Worse, the court intimated that such distinguishing marks would *always* be irrelevant, for the plaintiffs “point out that they require all licensed products to contain the licensee’s name. Therefore, a consumer could believe that Smack’s logo merely indicated that it was a licensee.”¹⁸⁶

Unfortunately, the idea that distinguishing context can be overlooked in affiliation settings is easily generalizable to claims in which there is no merchandising. Plaintiffs may still push association claims based on potential consumer speculation.¹⁸⁷ The result is to create an environment hospitable to infringement claims in situations in which there is no plausible prospect of consumer harm but without the “moral” considerations that might justify the claims in the merchandising context.

The same problem appears in the interaction between merchandising cases and those involving so-called prestige goods (e.g., a LOUIS VUITTON bag or an ARMANI suit—goods for which part of the product’s appeal is its scarcity as a luxury item).

¹⁸⁴ See, e.g., *Au-Tomotive Gold v. Volkswagen of Am.*, 457 F.3d 1062, 1077-78 (9th Cir. 2006); *Boston Professional Hockey Ass’n v. Dallas Cap & Emblem Manufacturing, Inc.*, 510 F.2d 1004, 1013 (5th Cir. 1975). *But see* note 49 *supra*.

¹⁸⁵ *Bd. of Supervisors for Louisiana State Univ. Agric. & Mech. Coll. v. Smack Apparel Co.*, 550 F.3d 465, 482 (5th Cir. 2008) (footnotes omitted).

¹⁸⁶ *Id.* at 483.

¹⁸⁷ See, e.g., *Maker’s Mark Distillery, Inc. v. Diageo North America, Inc.*, 679 F.3d 410 (6th Cir. 2012).

The categories do not overlap precisely. Many prestige items are either protected as trade dress or in situations in which the desired mark serves a source-identifying function. In other words, the mark qua mark is not pure merchandise, so its protection does not produce the same incongruity that ordinary merchandising does. To illustrate the distinction, recall that the Boston Red Sox “B” is a mark, but when it is the object of purchase—when the mark is the good, as when it is on an otherwise unremarkable baseball cap—the “B” is not performing a source-identifying function.

In contrast, consider a Louboutin shoe. As product design, the shoe’s red sole can be protected if it establishes secondary meaning.¹⁸⁸ If so, it is said to be performing a source-identifying function. To be sure, the shoes (and the embodied mark) are also objects of consumer desire. The mark can therefore be said to be the good in the same way that the Boston Red Sox logo can be. But unlike the logo on the cap, the Louboutin design simultaneously performs a source-identifying function, remaining connected to this fundamental trademark role.¹⁸⁹

Protection of prestige goods nonetheless creates a number of problems within trademark law, most notably in adjudicating likelihood of confusion. In many infringement cases, there is none to be had, as the purchasing party knows that they are not getting the authentic good. Judges respond by embracing the moral reasoning of the merchandising right. They view the cachet of the prestige brand as being a value that properly belongs to the trademark holder, and they view the activities of the defendant—and of poser customers trying to fool snobs by buying prestige on the cheap—as morally contemptible.¹⁹⁰

But the doctrinal maneuvering necessary to give trademark holders a remedy has negative spillovers. In the case of prestige

¹⁸⁸ In the actual litigation, the shoe was protected as a contrasting color with the Second Circuit citing *Qualitex* for the principle that color marks require secondary meaning. *Christian Louboutin S.A. v. Yves Saint Laurent Am. Holdings, Inc.*, 696 F.3d 206, 226 (2d Cir. 2012).

¹⁸⁹ *Cf. Au-Tomotive Gold v. Volkswagen of Am.*, 457 F.3d 1062, 1073-74 (9th Cir. 2006) (rejecting aesthetic functionality defense where consumer demand at issue was “difficult to quarantine from the source identification and reputation-enhancing value of the trademarks themselves”). That said, the Red Sox logo plays a source-identifying role for baseball services in other contexts.

¹⁹⁰ *See, e.g., Hermès Int’l v. Lederer de Paris Fifth Avenue, Inc.*, 219 F.3d 104, 109 (2d Cir. 2000) (“[A] loss occurs when a sophisticated buyer purchases a knockoff and passes it off to the public as the genuine article, thereby confusing the viewing public and achieving the status of owning the genuine article at a knockoff price.”).

goods, courts get around the frequent absence of confusion at the point of sale by positing that third-party confusion is possible after the point of sale. So the poser buying the fake ROLEX isn't deceived, but the now-impressed snob is, and that harm is worthy of remedy by trademark law.¹⁹¹

The same logic is used to bolster merchandising claims. So, as discussed above, the Ninth Circuit condemned the unauthorized merchandising of automaker marks in complementary goods as unacceptable free riding. They then relied on post-sale confusion theories to help translate this impulse into the desired trademark law result.¹⁹² But post-sale theories can work mischief even if one accepts their use in merchandising and prestige contexts. The doctrine that rewards Hermès for creating objects of desire can be used to stymie competition in non-prestige markets for everyday products like paper towels. In *Georgia Pacific Consumer Prods., LP v. Von Drehle Corp.*, the seller of paper towels and dispensers used trademark law to go after a provider of paper toweling compatible with Georgia Pacific dispensers.¹⁹³ Georgia Pacific urged that the defendant's purportedly substandard product could cause it reputational harm if one had a bad experience with a subpar towel issued from a branded dispenser. Even if one credits the possibility that one might blame the plaintiff for poorly dried hands, such confusion should be irrelevant. Anyone purchasing paper towels for public dispensers would know that different companies may make towels compatible with branded machines.¹⁹⁴ Nonetheless, the Fourth Circuit gave Georgia Pacific the win by declaring that the hypothetical confusion of non-purchasers is relevant.¹⁹⁵

Perhaps we can tell a story of desert and free riding in the merchandising and prestige contexts for why confusion among non-purchasers matters. That story does not, however, apply to paper towels. The costs of believing it has real consequences. If Georgia Pacific could drive competitors from the market, it could raise prices, and the institutional purchasers of its products (e.g., hotels) can be expected to pass those raised costs to their clients.

¹⁹¹ *Id.*

¹⁹² *Au-Tomotive Gold*, 457 F.3d at 1077-78.

¹⁹³ 618 F.3d 441 (4th Cir. 2010).

¹⁹⁴ One need not bring a materiality requirement to trademark law to assess the sophistication of the relevant consumer class typical of applications of the multifactor test.

¹⁹⁵ *Georgia Pacific*, 618 F.3d at 453-55. Having been allowed to proceed, Georgia Pacific ultimately won \$791,431 in damages. *Ga. Pac. Consumer Products, LP v. Von Drehle Corp.*, 710 F.3d 527, 532 (4th Cir. 2013).

B. Merchandising and free riding by trademark holders

Free-riding narratives can be double-edged swords, for trademark holders free ride, too. The potential profitability of merchandising rights incentivizes would-be trademark holders to claim rights even when they have done little or nothing to create goodwill with the consuming public. In these cases, the trademark claimants are the appropriate target of moral judgment if we want to ensure that only the “right” parties benefit from merchandising activity. Free-riding narratives are thus not only the foundation of the merchandising right. They form the basis of a critique.

Sometimes trademark law provides easy-to-implement tools to handle plaintiff free riding. For example, the NBA star Anthony Davis played college basketball at the University of Kentucky, where he had the nickname “the Brow.” A sports paraphernalia store in Lexington, Kentucky, sought to profit off of Davis’s reputation by seeking to register FEAR THE BROW as a mark.¹⁹⁶ The effort was easily rejected, for the Lanham Act rejects registrations that suggest a connection with a living person.¹⁹⁷ FEAR THE BROW is therefore now registered to Davis.¹⁹⁸ Here the anti-free-riding impulse is built into—or is at least reflected by—trademark law.¹⁹⁹ In other cases, however, the check on free riding trademark claimants is less apparent, complicating both litigation and registration practice.

1. Free riding and merchandising litigation

Some merchandising cases are challenging because although

¹⁹⁶ Darren Rovell, “Anthony Davis Trademarks His Brow,” *CNBC* (June 24, 2012), <https://www.cnbc.com/id/47951613> [<https://perma.cc/Q8FY-6QJM>].

¹⁹⁷ 15 U.S.C. § 1052(a). A second check, pertaining to the use of a person’s name without consent, is found in § 1052(c) and is now potentially constitutionally suspect. *See infra* notes 257-258 and accompanying text. The shop’s application was refused based on section 2(a) “because the applied-for mark consists of or includes matter which may falsely suggest a connection with Anthony Davis. Although Anthony Davis is not connected with the goods provided by applicant under the applied-for mark, Anthony Davis is so famous that consumers would presume a connection.” <http://tsdr.uspto.gov/documentviewer?caseId=sn85477805&docId=OOA20120908151952#docIndex=4&page=1> [<https://perma.cc/6BBU-MGAS>].

¹⁹⁸ Registration Number 4660490.

¹⁹⁹ Protecting Davis in this case could also be said to vindicate his privacy and autonomy interests. To be sure, critics of the merchandising right might argue that anyone should be free to use the term as a merchandised feature. But if the phrase is to be subject to exclusive appropriation, the Lanham Act makes clear that Davis has the superior right.

the plaintiff trademark holder is the one who activates anti-free-rider impulses, judges lack obvious doctrinal tools to distinguish such plaintiffs from “deserving” merchandisers.

a. Doctrinal shoehorning—JOY OF SIX

Packman v. Chicago Tribune Co. involved the registered trademark JOY OF SIX, used in connection with “entertainment services in the nature of football games” and later, for entertainment services for basketball games.²⁰⁰ The actual goodwill embodied by the mark, however, was exceptionally modest.

Ms. Packman’s husband, Richard Packman, began using the phrase “the joy of six” in the mid-1980s to describe a group with whom he exercised at a local health club at 6:00 a.m. In 1994, the Packmans began printing the phrase on flyers to advertise occasional gatherings of family and friends to watch football games. . . .

Beginning in September 1996, the Packmans began using “the joy of six” to promote outings to watch or attend basketball games Ms. Packman also printed “the joy of six” on small quantities of hats and t-shirts to promote the gatherings, in connection with National Football League teams pursuing a possible sixth Super Bowl championship, in particular the San Francisco 49ers and the Dallas Cowboys and in relation to the Chicago Bulls’ pursuit of a sixth NBA championship.

Ms. Packman did not produce evidence of the number of gatherings or outings, the number of attendees, or the profit, if any, they generated. The record does not contain any documentary evidence of the Packmans’ sales of hats and t-shirts bearing “the joy of six” mark. Taking the Packmans’ deposition testimony as true, however, a small quantity of t-shirts and hats were given away, sold to friends and family, or sold at one Ohio retail outlet and generated little, if any, profit. In addition, Mr. Packman sold an unknown number of “The Joy of Six is Coming ... Chicago Basketball” t-shirts at cost to a homeless street vendor, who presumably resold them. In addition, the Packmans attempted, without success, to negotiate contracts to license “the joy of six” for use in connection with National Football League and NBA

²⁰⁰ 267 F.3d 628, 633 (7th Cir. 2001).

teams.²⁰¹

On these facts,²⁰² the mark seems to have no value unless it could be merchandised if the phrase caught on. It appears that the Packmans tried to seed use of the term to this effect,²⁰³ leaving the work of popularization for others. If we are to care about trademark free riders, the Packmans seem to fit the bill, at least on the facts described by the court.

After the Chicago Bulls won their sixth NBA title, the *Chicago Tribune* printed a front-page headline reading “The joy of six.”²⁰⁴ The paper then reproduced the front page in various forms of merchandise, provoking litigation over “joy of six” as a mark. The case presented something of a puzzle. On the one hand, the plaintiffs seemed to be trying to profit off of the work of the Chicago Bulls, in winning the championship, and the *Chicago Tribune*, in chronicling the event. Their claim nonetheless tracked the logic of the merchandising right. They had a registered mark identical to a major feature in a piece of merchandise.²⁰⁵

Given these facts, the ultimate failure of the claim was likely preordained. But the question why was more difficult. The court ultimately relied on the defense of trademark fair use, applicable when a mark is used not as a trademark, but “fairly and in good faith” to describe a defendant’s goods or services.²⁰⁶ This still required multiple pages of the *Federal Reporter* to sort out. After all, “joy of six” was not a direct description of the *Chicago Tribune* and certainly not of its merchandise. Rather, the court had to recognize that it was enough that the paper used the phrase to “describe a newsworthy event and the happiness associated with the

²⁰¹ *Id.* at 633-34.

²⁰² No claim is made here about the subjective intentions of the parties. My inferences are based on the facts as recited by the court.

²⁰³ *Packman*, 267 F.3d at 634 (noting that the Packmans had sent a letter on Chicago papers stating, “Recently granted the registered trademark for ‘The Joy of Six’ slogan, I encourage you to employ this catchy tag line in your writings and reports throughout the 1997-1998 NBA season as the Bulls shoot for their sixth straight year of stellar success.”).

²⁰⁴ *Id.* (“The font and size of the phrase in the Tribune headline are visibly distinct from the font and size used by the Packmans on their flyers, hats and t-shirts. At least eight other newspapers in the United States used the phrase ‘the joy of six’” in their headlines that day.”)

²⁰⁵ That no one had heard of the Packmans would not be a check, for in trademark law the source need not be known for a trademark to be valid. 15 U.S.C. § 1127.

²⁰⁶ 15 U.S.C. § 1115(b)(4).

Bulls’ sixth NBA championship.”²⁰⁷ That appropriate use carried over to the reproduction of the front page for use in memorabilia.²⁰⁸

Of interest, however, is that the court’s analysis on this prong spent most of its time not, as one might expect, on explaining why the *Tribune*’s use was descriptive, but rather on whether the Packmans had imbued the phrase with secondary meaning (which they had not).²⁰⁹ While relevant to whether the Packmans should have obtained a mark in the first place (assuming their use of the mark was descriptive rather than suggestive in context), the issue has limited applicability to the question of how the *Tribune* used the term.²¹⁰ That the court raised the question in the fair use context suggests it was affected by the Packmans’ failure to put any meaningful work into the mark. The opinion reaches a conforming result, but at the cost of a certain doctrinal awkwardness.²¹¹

b. Doctrinal gaps—LETTUCE TURNIP THE BEET

A more troubling problem for trademark law comes when there is no clear doctrinal basis for preventing a free rider from taking control of a merchandising market. Litigation concerning the mark LETTUCE TURNIP THE BEET illustrates the problem. The mark is a pun, and its registration appeared to be a play for a merchandising market, as the initial registration application used merchandise—i.e., samples that used the phrase as decoration—as a specimen. The PTO rejected the registration on ornamentality grounds, which the applicant cured by submitting specimens with the mark on product labels and similar displays.²¹²

²⁰⁷ *Packman*, 267 F.3d at 641.

²⁰⁸ *Id.* at 642-43.

²⁰⁹ *Id.* at 641 (“Furthermore, the record lacks any evidence that “the joy of six” had acquired a secondary meaning as used by Ms. Packman, and she does not point to any evidence in rebuttal.”).

²¹⁰ Though the lack of trademark meaning suggests the *Tribune* was not using the plaintiffs’ goodwill, that does not foreclose its own use of someone else’s mark—that analysis is (at least doctrinally) unaffected by what the plaintiffs did or did not do.

²¹¹ See William McGeeveran, *Rethinking Trademark Fair Use*, 94 IOWA L. REV. 49, 111 (2008) (noting “there was no way to argue that the phrase described the Chicago Tribune or its services”).

²¹² LTTB, LLC v. Redbubble, Inc., 385 F. Supp. 3d 916, 919 (N.D. Cal. 2019), *aff’d*, 840 F. App’x 148 (9th Cir. 2021). The PTO explained the refusal as follows:

Registration is refused because the applied-for mark, as used on the specimen of record, is merely a decorative or ornamental feature of the goods; it does not function as a trademark to identify and distinguish applicant’s goods from those of others and to indicate the source of applicant’s goods....

This history foreshadowed the litigation to come. Although LETTUCE TURNIP THE BEET has little renown as a mark, others have used the pun on merchandise. The markowner therefore sued Redbubble, an online platform that facilitated third-party sales of merchandise of this sort.²¹³

These facts present a different challenge than those of *Packman*. Here, the challenged uses parallel those of the plaintiff. Nonetheless the district court viewed the claim as an unacceptable effort to “pre-empt the use of the pun under the guise of trademark law.”²¹⁴ But why? Sure, puns are hard to protect with copyright, but so are circles,²¹⁵ letters,²¹⁶ and colors,²¹⁷ and they all can receive merchandising protection when trademarked.

The difference is that unlike the normal successful merchandising plaintiff, LTTB did not make the requisite investment to create an attractive reputation to leverage in a merchandising market. It merely sought to appropriate an attractive pun, in essence free-riding on the phrase’s independent, non-trademark appeal. “There is *no* evidence in the record” the court observed, “that consumers seek to purchase products based on LTTB’s *reputation*. . . . Rather . . . consumers are interested in purchasing products displaying the pun.”²¹⁸

Here, the applied-for mark, “LETTUCE TURNIP THE BEET”, as shown on the specimen, is merely ornamental because the mark appears in a large font across the center of the packing box, tote bag, and shirts, where ornamental elements may appear on such goods. The consumer is likely to assume from this type of usage that the mark is merely a decorative feature of the items and does not indicate the source of each item from those of others.

Id. The PTO bar for ornamental displays may be avoided not only by moving the mark to a tag, but also by establishing a preexisting trademark use. TMEP § 1203(c) (“To show that a proposed mark that is used on the goods in a decorative or ornamental manner also serves a source-indicating function, the applicant may submit evidence that the proposed mark would be recognized as a mark through its use with goods or services other than those being refused as ornamental.”).

²¹³ *LTTB*, 385 F. Supp. 3d at 917-18.

²¹⁴ *Id.* at 918.

²¹⁵ Like the Audi mark at issue in *Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc.*, 457 F.3d 1062, 1064 (9th Cir. 2006).

²¹⁶ Like the VW logo at issue in *id.*

²¹⁷ As in *Bd. of Supervisors for Louisiana State Univ. Agric. & Mech. Coll. v. Smack Apparel Co.*, 550 F.3d 465, 479 (5th Cir. 2008).

²¹⁸ *LTTB*, 385 F. Supp. 3d at 920 (second emphasis added).

Translating this intuition into a win for Redbubble is less straightforward. LTTB’s mark was valid; its registration, incontestable.²¹⁹ We might argue that trademark law *should* apply registration limitations (like the one that refuses registration for an ornamental use) to curtail the scope of the mark in litigation, but that is not trademark doctrine.²²⁰ Indeed that approach would curtail the ability for “deserving” merchandisers to control their markets. In other words, it would conflict with the merchandising right as practiced. Courts don’t want to do that.²²¹

Or we might say that the defendant is not engaging in a trademark use that can give rise to liability.²²² If one is not using a mark to indicate source, then the use should not fall under the Lanham Act’s ambit. Sure,²²³ but again, this is the very sort of argument that was rejected at the dawn of the merchandising right. The claim that merchandised material was not a source identifier, but rather the object of desire, failed.²²⁴

Perhaps we could argue that there is no credible possibility of confusion under the circumstances. Yes, but the caselaw is replete

²¹⁹ *Id.* at 922.

²²⁰ Brief of Amici Curiae Trademark Law Professors in Support of Defendant-Appellee, LTTB LLC, Plaintiff-Appellant, v. REDBUBBLE, INC., Defendant-Appellee., 2020 WL 3493664 (C.A.9), 28 (“[C]ourts should pay close attention to the specimen of which the PTO approved when it registered a trademark . . . Registrants should not be allowed to game the trademark system by acquiring rights through careful limitation of their registrations, but then using those registrations to assert rights over exactly what they could not get from the Trademark Office.”); Alexandra J. Roberts, Trademark Failure to Function, 104 IOWA L. REV. 1977, 2043 (2019) (“If the USPTO and courts were to pay use as a mark the attention it deserves, a more radical proposal arguably follows: courts could limit the scope of registered trademark or trade dress protection to the uses identified in specimens submitted to and accepted by the USPTO in connection with registration.”); *see generally* Rebecca Tushnet, *Registering Disagreement: Registration in Modern American Trademark Law*, 130 HARV. L. REV. 867, 872 (2017).

²²¹ *See* Tushnet, *supra* note 220, at 872.

²²² Mark P. McKenna, *Trademark Use Rides Again*, 104 IOWA L. REV. ONLINE 105, 111-12 (2020).

²²³ For debate on this issue, *compare* Graeme B. Dinwoodie & Mark D. Janis, *Confusion Over Use: Contextualism in Trademark Law*, 92 IOWA L. REV. 1597 (2007) and Graeme B. Dinwoodie & Mark D. Janis, *Lessons from the Trademark Use Debate*, 92 IOWA L. REV. 1703 (2007), *with* Stacey L. Dogan & Mark A. Lemley, *Grounding Trademark Law Through Trademark Use*, 92 IOWA L. REV. 1669 (2007).

²²⁴ Moreover, recent precedent has not been welcoming of use-based defenses. *Rescuecom Corp. v. Google Inc.*, 562 F.3d 123 (2d Cir. 2009). *But see* *Christian Louboutin S.A. v. Yves Saint Laurent Am. Holdings, Inc.*, 696 F.3d 206, 227-28 (2d Cir. 2012).

with admonitions that trademark disputes are matters of fact, ill-suited to summary disposition or similar shortcuts.²²⁵ Courts will bend that for the right defendant, but making a principle out of it would endanger merchandising practices, and district courts cannot count on appellate courts letting them do so.²²⁶

Finally, there is aesthetic functionality, the defense that LTTB is trying to claim subject matter whose protection would put competitors at a “significant non-reputation related disadvantage.”²²⁷ The problem here is *Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc.*, a Ninth Circuit case rejecting a similar theory in litigation concerning keychains and other merchandised accessories made to look like car trademarks.²²⁸

The district court’s opinion reflects aspects of all of these theories. Although the court was clear that LTTB must lose as a matter of moral intuition, it noted ambiguity about how to get there.

Redbubble’s defense on this point may be characterized as either implicating the rule that “decorative or ornamental” features are not subject to trademark protection or the exclusion for “aesthetic functionality.” Case law has not always clearly distinguished between the two concepts, which undoubtedly are related and overlap. *For purposes of this motion, however, the precise nomenclature is not critical.* The issue is, as noted above, whether LTTB may rely on trademark law to obtain an exclusive right to sell products such as “apparel, phone cases, stickers, bags, wall art and so on” displaying the pun. The answer is no.²²⁹

From there, the court engaged with aesthetic functionality, primarily by distinguishing *Au-Tomotive Gold*, concluding that there was a “manifest” distinction. Marks like “Nike, Volkswagen, and Audi all developed their trademark rights by selling goods under those brand names, *and have at least arguably gained brand loyalty for those products*, as opposed to mere consumer interest in the specific names, independent of the reputation the companies developed when selling the products.”²³⁰ In other words, earning

²²⁵ See, e.g., *United States Patent & Trademark Office v. Booking.com B. V.*, 140 S. Ct. 2298, 2307 (2020).

²²⁶ *Louboutin*, 696 F.3d at 227-28.

²²⁷ *Traffix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 32–33 (2001) (quoting *Qualitex Co. v. Jacobson Prod. Co.*, 514 U.S. 159, 165).

²²⁸ 457 F.3d 1062 (9th Cir. 2006); see also *supra* Part II.B.3.

²²⁹ *LTTB*, 385 F. Supp. 3d at 920 (emphasis added).

²³⁰ *Id.* at 920-21 (emphasis added).

loyalty is what justifies selling the mark as a product unto itself, and LTTB has not. Redbubble’s clients were not free riding on LTTB’s goodwill or the market created by that goodwill; LTTB sought to free ride on the attractiveness of an unprotectable phrase.

LTTB is attempting to sell the pun it claims as a trademark. The products are simply the vehicle for distributing the claimed “trademark,” rather than the other way around, where a trademark is used to identify the source of the goods. *While companies that have already established [a] famous mark for selling a product—for instance Coca-Cola, Volkswag[e]n, Audi, or Nike—may thereafter be able also to exploit consumer interest in the mark by selling t-shirts or other products emblazoned with such marks, and preclude others from doing so—that simply does not present an equivalent issue.*²³¹

The italicized test is telling. Merchandising markets may indeed “exploit” consumers, but they aren’t for everyone; they’re for those that earn fame for their marks via product sales and, with it, the “right” to exploit consumer interest.

But having distinguished *Au-Tomotive Gold*, the district court neglected to directly apply the aesthetic functionality doctrine.²³² Instead, it shifted theories again to suggest that the real issue is actually the lack of evidence of a likelihood of confusion.²³³ But this conclusion comes without any invocation of the multifactor test that normally applies in such settings.²³⁴

²³¹ *Id.* at 921 (emphasis added).

²³² To be sure the court analogized the case to *International Order of Job’s Daughters v. Lindeburg & Co.*, 633 F.2d 912 (9th Cir. 1980), as “highly instructive.” *LTTB*, 385 F. Supp. 3d at 921, but it did not clearly announce the guiding doctrinal framework of a functionality analysis. On appeal, an amicus brief by trademark scholars in support of Redbubble noted that, “[t]he District Court’s reasoning was unusual because courts have been reluctant to invoke functionality in cases in which the defendant claims not that the mark is invalid, but that extending the scope of the plaintiff’s rights to cover the defendant’s use would unfairly inhibit competition.” Brief of Amici Curiae Trademark Law Professors in Support of Defendant-Appellee, *LTTB LLC, Plaintiff-Appellant, v. REDBUBBLE, INC., Defendant-Appellee.*, 2020 WL 3493664 (C.A.9), 17.

²³³ *LTTB*, 385 F. Supp. 3d at 922 (“LTTB has presented no evidence sufficient to create a triable issue of fact that any purchaser of allegedly infringing items inferred from use of the pun that the product was produced, sponsored, or endorsed by any particular person or entity, such as LTTB.”).

²³⁴ A familiar move when a court would prefer to just be done with a trademark claim. *Louboutin*, 696 F.3d at 227-28.

On appeal, the Ninth Circuit affirmed on aesthetic functionality grounds, using a doctrinal framework traceable to modern Supreme Court functionality precedent.²³⁵ That still left the problem of *Au-Tomotive Gold*.

In *Au-Tomotive Gold*, where the defendant admitted that consumers wanted the goods because they identified the sources (Volkswagen and Audi), “the alleged aesthetic function [was] indistinguishable from and tied to the mark’s source-identifying nature.” By contrast, there is no evidence here that consumers buy LTTB’s goods because they identify LTTB as the source, rather than because of the aesthetic function of the phrase, “LETTUCE TURNIP THE BEET.”²³⁶

The quoted passage treats *Au-Tomotive Gold* as being about confusion of source, but the defense in that case was not based on the notion that consumers wanted the good *because* they thought the trademark holders made them (were the source), but because they liked *other products* represented by the marks. The Ninth Circuit thought these meanings were too close to one another. Fine, but that is not the same thing as a source confusion. The facts of *LTTB* and *Au-Tomotive Gold* are far closer than the later panel lets on,²³⁷ perhaps explaining its decision not to publish the resulting opinion.

The real difference, then, between *Au-Tomotive Gold* and *LTTB* appears to be the work the plaintiffs did before laying claim to a merchandising market. In the former, establishing fame gave the trademark holders a market that the court was comfortable letting them “exploit.”²³⁸ In the latter, there is simple free riding by the plaintiff. To be sure, the fundamental incoherence of free-riding stories presents an issue of translation into trademark doctrine.²³⁹ But as a moral intuition, contempt for free riders precedes analysis.²⁴⁰ The challenge is to find an appropriate doctrinal channel for the claim while still allowing courts to protect merchandisers who “deserve” the market in question. Without an effective screen, holders of apparent merchandising rights will have the ability to

²³⁵ *LTTB LLC v. Redbubble, Inc.*, 840 F. App’x 148, 150-51 (9th Cir. 2021) (rendering the likelihood of confusion issue moot.)

²³⁶ *Id.* at 150 (citation omitted).

²³⁷ *Id.* at 1075 (showing that the district court opinion in *Au-Tomotive Gold* also found confusion to be implausible).

²³⁸ *LTTB*, 385 F. Supp. 3d at 921.

²³⁹ See *supra* note 80 and accompanying text.

²⁴⁰ See *supra* Part II.A.

make credible threats of suit that may prove profitable.²⁴¹ Possible approaches to this problem are taken up in Part IV.

2. Free riding and registration exclusions

Trademark holder free riding also distorts the trademark registration system. For trademark law to work for consumers, the marks that receive protection should do their job. That is, they should function as repositories of meaning for sellers to convey information to prospective buyers *without* interfering with the free flow of information.²⁴² Not all terms with merchandising potential are effective marks, but the merchandising right incentivizes their pursuit. These efforts pressure the registration system, which may not be equipped to address the resulting registration applications.

For example, applicants often seek to free ride on cultural moments and claim marks that do not perform a trademark function in context. In 2014, Eric Garner was killed by New York City police officers while being arrested on suspicion of selling untaxed cigarettes. He repeatedly said, “I can’t breathe,” before dying from head and chest compression while held down on the ground. The phrase became a focal point of protest following the decision not to indict any of the involved officers, including use on t-shirts worn by several famous athletes.²⁴³

Soon thereafter, the PTO received a trademark registration application for I CAN’T BREATHE for use in “[c]lothing, namely hoodies, t-shirts for men, women, boys, girls and infants.”²⁴⁴ To many, the application looked like an inappropriate attempt to free

²⁴¹ Darren Rovell, “What the Trojans won’t do: Three-Pete,” *ESPN* (Dec. 23, 2005), <https://www.espn.com/college-football/news/story?id=2270041> [<https://perma.cc/2NPV-SA2H>] (describing use by Pat Riley’s representatives of his THREE-PEAT mark). Rovell reports that after the Chicago Bulls won a third consecutive championship and “15 of the NBA’s 45 licensees that made Bulls championship merchandise used the ‘three-peat’ mark, they put an estimated \$300,000 into Riley’s pocket.” *Id.*

²⁴² See generally Michael Grynberg, *AI and the “Death of Trademark,”* 108 KY. L.J. 199, 205-10 (2019-2020) (discussing concept of trademarks as repositories of meaning).

²⁴³ Scott Cacciola, “At Nets’ Game, a Plan for a Simple Statement Is Carried Out to a T,” *NEW YORK TIMES* (Dec. 9, 2014), <http://www.nytimes.com/2014/12/10/sports/basketball/i-cant-breathe-tshirts-in-the-nba-how-jayz-lebron-james-and-others-made-them-happen.html> [<https://perma.cc/J7ES-JVFB>].

²⁴⁴ <http://tsdr.uspto.gov/documentviewer?caseId=sn86479784&docId=APP20141217062024#docIndex=6&page=1> [<https://perma.cc/7JFJ-9HU8>].

ride on public attention on a homicide,²⁴⁵ and the application was abandoned after the PTO issued an initial rejection.²⁴⁶ The phrase, moreover, was not appropriate for a trademark. For one thing, it risked the perception of a connection between the applicant and Garner.²⁴⁷ More importantly, the phrase “I can’t breathe” was broadly recognized *because* it was part of contemporary culture and debate, not because of any trademark meaning. The PTO recognized the problem, rejecting the mark because of its failure to perform the trademark function of identifying and distinguishing goods.

The more commonly a term or slogan is used in everyday speech, the less likely the public will use it to identify only one source and the less likely the term or slogan will be recognized by purchasers as a trademark or service mark. . .

Because consumers are accustomed to seeing this slogan commonly used in everyday speech by many different sources, the public will not perceive the slogan as a trademark that identifies the source of applicant’s goods but rather only as conveying an informational message: that the wearer supports the ideas and messages conveyed by rallies and organizations dedicated to protesting violence. . . .

The public would not perceive the slogan I CAN’T BREATHE as source-identifying matter that identifies applicant as the source of the goods but rather as an expression of support for anti-violence advocates and civil rights groups. In other words, potential consumers would simply purchase applicant’s clothing because they want to support the cause that the slogan represents, not because they believe the slogan indicates source.²⁴⁸

The result is unsurprising, but that didn’t stop a slew of similar filings for I CAN’T BREATHE marks at the PTO in the

²⁴⁵ “Woman Seeks Trademark For ‘I Can’t Breathe,’ Dying New York Man’s Final Words,” THE SMOKING GUN (Dec. 18, 2014), <https://www.thesmokinggun.com/buster/woman-files-for-I-Cant-Breathe-trademark-798432> [<https://perma.cc/L27A-B6V8>].

²⁴⁶ <https://tsdr.uspto.gov/documentviewer?caseId=sn86479784&docId=OOA20150304094857#docIndex=0&page=1> [<https://perma.cc/GCU8-T8AG>].

²⁴⁷ Per contemporary accounts, there was no connection. *See supra* note 245.

²⁴⁸

<https://tsdr.uspto.gov/documentviewer?caseId=sn86479784&docId=OOA20150304094857#docIndex=1&page=1> [<https://perma.cc/8DKA-A7J5>].

wake of the murder of George Floyd.²⁴⁹ Although the USPTO was able to reject the application for I CAN'T BREATHE by relying on existing practices,²⁵⁰ the merchandising right incentivizes a steady flow of applications like these, as seen in the slew of applications for marks connected to the COVID-19 pandemic.²⁵¹ But relying on the office to filter out attempts at markholder free riding raises several problems.

First, it places pressure on registration exclusions. Lucrative merchandising markets incentivize registration applications simply for the purpose of claiming catchy marks. In many cases, these would-be registrants are effectively free riding on someone else's work, trying to take advantage of a cultural moment, or otherwise failing to add the sort of value that would merit a reward on a desert justification for trademark merchandising.²⁵² Unfortunately, none of

²⁴⁹ A search on July 24, 2020 revealed eight live applications for I CAN'T BREATHE and one for PLEASE, I CAN'T BREATHE. The marks were requested for clothing and face masks.

²⁵⁰ The *Trademark Manual of Examining Procedure* calls for the rejection of “[s]logans and other terms that are merely informational in nature, or common laudatory phrases or statements that would ordinarily be used in business or in the particular trade or industry.” TMEP § 1202.04. The rejection of I CAN'T BREATHE cites numerous refusals in this vein:

In re Hulting, 107 USPQ2d 1175, 1177 (TTAB 2013) (holding NO MORE RINOS!, a slogan meaning “No More Republicans In Name Only,” not registrable for a variety of paper items, shirts, and novelty buttons because the mark would be perceived as a commonly used political slogan and not a trademark); *In re Eagle Crest, Inc.*, 96 USPQ2d 1227, 1229-31 (TTAB 2010) (holding ONCE A MARINE, ALWAYS A MARINE not registrable for clothing items because the mark would be perceived as an old and familiar Marine expression and not a trademark); *In re Volvo Cars of N. Am., Inc.*, 46 USPQ2d 1455, 1460-61 (TTAB 1998) (holding DRIVE SAFELY not registrable for automobiles and automobile parts because the mark would be perceived as a familiar safety admonition and not a trademark); TMEP §1202.04.

U.S. PATENT & TRADEMARK OFFICE, Office Action (Official Letter) About Applicant's Trademark Application (Mar. 4, 2015), <https://tsdr.uspto.gov/documentviewer?caseId=sn86479784&docId=OOA20150304094857> [<https://perma.cc/J6NW-VWUL>].

²⁵¹ See Irene Calboli, *Trademarks and the Covid-19 Pandemic: An Empirical Analysis of Trademark Applications Including the Terms “Covid,” “Coronavirus,” “Quarantine,” “Social Distancing,” “Six Feet Apart,” and “Shelter in Place,”* 54 AKRON L. REV. 401, 415 (2020) (“That sensational events may function as a powerful tool to sell products is further evidenced by the fact that the largest number of applications were filed for merchandising and promotional products. These products include apparels, household items such as coasters, mugs, and glassware, decorations, adhesive stickers, and more.”).

²⁵² See *supra* Part III.B.

those are statutory reasons for denying a registration. Thus, Anthony Davis may win the mark for FEAR THE BROW thanks to the fortuitous presence of the section 2(a) bar for marks that suggest a connection to a living person. But JOY OF SIX still found its way onto the register.²⁵³

Moreover, some free-riding registrations have speech dimensions that open the door to the claim their refusal represents unconstitutional viewpoint discrimination. The recent Supreme Court cases striking down the disparagement²⁵⁴ and scandalous²⁵⁵ bars of section 2 of the Lanham Act did so for marks with merchandising potential.²⁵⁶ More recently, the Federal Circuit reversed a refusal to register the mark TRUMP TOO SMALL under the section 2(c) bar—which prohibits registration for matter that “[c]onsists of or comprises a name, portrait, or signature identifying a particular living individual” absent written consent²⁵⁷—as violating the First Amendment.²⁵⁸ These opinions removed several potential exclusions from the PTO’s arsenal, leaving more work for amorphous doctrines like failure to function.²⁵⁹

Second, examining attorneys face an asymmetry built into the caselaw governing registration. The PTO generally bears the burden of establishing a registrant’s ineligibility for registration.²⁶⁰

²⁵³ *See id.*

²⁵⁴ *Matal v. Tam*, 137 S. Ct. 1744 (2017).

²⁵⁵ *Iancu v. Brunetti*, 139 S. Ct. 2294 (2019).

²⁵⁶ *Simon Tam*’s ultimately granted registration is for “[e]ntertainment in the nature of live performances by a musical band.” # 85472044; *Erik Brunetti*’s are for clothing. E.g., # 6190527.

²⁵⁷ 15 U.S.C. § 1052(c).

²⁵⁸ *In re Elster*, 26 F.4th 1328 (Fed. Cir. 2022); *see generally* Michael Grynberg, *The Trademark Problem of “TRUMP TOO SMALL”*, 46 COLUM. J.L. & ARTS 47 (2022).

²⁵⁹ *See generally* Roberts, *supra* note 220. A recent note charts increasing application of the doctrine to the semantic content of applications. *See* Lucas Daniel Cuatrecasas, Note, *Failure to Function and Trademark Law’s Outermost Bound*, 96 N.Y.U. L. REV. 1312, 1328 (2021) (“[A] mark’s semantic meaning and inherent nature have become essential to today’s failure-to-function cases.”).

²⁶⁰ *In re St. Helena Hosp.*, 774 F.3d 747, 750 (Fed. Cir. 2014) (“The PTO bears the burden of showing that a mark should not be registered. *See* 15 U.S.C. § 1052 (“No trademark ... shall be refused registration ... unless....”); *see also*, *In re Nordic Nats., Inc.*, 755 F.3d 1340, 1342 (Fed. Cir. 2014) (“Whether a proposed mark is generic is a question of fact. The PTO must establish this fact with clear evidence of generic use.” (citations and internal quotations omitted); *In re Pacer Tech.*, 338 F.3d 1348, 1350 (Fed. Cir. 2003) (“It is well established that the PTO has the burden to establish a prima facie case of no inherent distinctiveness.”). The applicant does bear the burden of establishing secondary meaning if the PTO establishes that a proposed mark is descriptive. *See, e.g.*, *In re Louisiana Fish Fry Prod., Ltd.*, 797 F.3d 1332, 1335 (Fed. Cir. 2015); *In re Steelbuilding.com*, 415

But a well-funded applicant will often be able to build a record that suggests trademark meaning for an otherwise dubious mark. Barring an opposition by a market competitor, ordinary public choice dynamics suggest that an examining attorney will often be unable to offer a sufficient evidence to the contrary, even if such a counter-record could be developed.

Though not a merchandising case, the recent *Booking.com* case illustrates both the asymmetry and the Supreme Court's disinterest in the problem.²⁶¹ The PTO rejected an effort to register BOOKING.COM for booking services on the logic that "booking" is a generic term and the addition of a generic top-level domain name does not give the term trademark significance.²⁶² The agency's approach tracked old Supreme Court precedent that treats the combination of short corporate names (e.g., Corp., Inc., Ltd.) with generic terms as yielding a generic term.²⁶³

Undeterred, the applicant produced a survey that suggested that many might view the combined term as having trademark significance and persuaded a district court to approve the registration.²⁶⁴ The Fourth Circuit affirmed and endorsed the survey²⁶⁵ over a dissent that warned that a mark with a generic base, like BOOKING.COM, could lead to mischief when deployed

F.3d 1293, 1297 (Fed. Cir. 2005) ("To show that a mark has acquired distinctiveness, an applicant must demonstrate that the relevant public understands the primary significance of the mark as identifying the source of a product or service rather than the product or service itself.").

²⁶¹ *United States Patent & Trademark Office v. Booking.com B. V.*, 140 S. Ct. 2298 (2020).

²⁶² *Id.* at 2303.

²⁶³

Thus parties united to produce or sell wine, or to raise cotton or grain, might style themselves 'Wine Company,' 'Cotton Company,' or 'Grain Company,' but by such description they would in no respect impair the equal right of others engaged in similar business to use similar designations, for the obvious reason that all persons have a right to deal in such articles, and to publish the fact to the world. Names of such articles cannot be adopted as trade-marks, and be thereby appropriated to the exclusive right of any one; nor will the incorporation of a company in the name of an article of commerce, without other specification, create any exclusive right to the use of the name.

Goodyear's Rubber Mfg. Co. v. Goodyear Rubber Co., 128 U.S. 598, 599 (1888).

²⁶⁴ *Booking.com B.V. v. Matal*, 278 F. Supp. 3d 891, 898 (E.D. Va. 2017).

²⁶⁵ *Booking.com B.V. v. United States Patent & Trademark Office*, 915 F.3d 171, 183 (4th Cir. 2019). *But see Booking.com*, 140 S.Ct. at 2314 (Breyer, J., dissenting) (noting issues with survey used by company to claim non-generic status).

against competitors using similar domain names.²⁶⁶

The Supreme Court affirmed, holding that the PTO could not rely on a rule or presumption against trademark significance for top-level domain names combined with generic terms. Its reasoning is simple, and consistent with the Court's recent trademark jurisprudence.²⁶⁷ Trademark significance—like so much else in trademark law—is a purely factual matter.²⁶⁸ Given that, shortcuts of the sort relied upon by the PTO cannot stand against an applicant's evidence of trademark significance. Justice Sotomayor's concurrence underscored the majority's approach. She noted that the Court was not embracing a generic + TLD = valid mark formula. It just so happened that in *this case* the applicant convinced the lower court of validity as a factual matter, and that conclusion was not before the Court.²⁶⁹

All of this is perfectly plausible reasoning by generalist judges who (understandably!) don't spend a lot of time pondering the ins and outs of trademark doctrine.²⁷⁰ It is nonetheless problematic if one worries about the administration of trademark law. The PTO is at a disadvantage in challenging survey evidence and cannot generate surveys of its own. Indeed, in *Booking.com* the primary survey was generated *after* the PTO denied the application.²⁷¹ Absent an opposition from a competitor, such surveys will likely go unchallenged.

Moreover the opinion dodges the question whether this game is worth the candle—whether there are in fact enough non-generic generic + TLD marks to justify the administration costs of letting applicants hunt for them.²⁷² The Court's implicit view is that it is

²⁶⁶ *Booking.com*, 915 F.3d at 195-97 (Wynn, J., concurring in part and dissenting in part).

²⁶⁷ See Michael Grynberg, *The Meaning of Hana the Promise of Lexmark*, 39 COLUM. J.L. & ARTS 41 (2015).

²⁶⁸ *Booking.com*, 140 S. Ct. at 2307 (“Whether any given ‘generic.com’ term is generic, we hold, depends on whether consumers in fact perceive that term as the name of a class or, instead, as a term capable of distinguishing among members of the class.”).

²⁶⁹ *Id.* at 2309 (Sotomayor, J., concurring).

²⁷⁰ Their loss!

²⁷¹ *Booking.com B.V.*, 278 F. Supp. 3d at 898.

²⁷² The court appreciated this concern in the past. See *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 214 (2000) (“Competition is deterred, however, not merely by successful suit but by the plausible threat of successful suit, and given the unlikelihood of inherently source-identifying design, the game of allowing suit based upon alleged inherent distinctiveness seems to us not worth the candle.”).

better that ten bad marks receive protection than let one good mark remain unshielded.²⁷³ But given the ease with which one can come up with a distinctive mark, that seems backwards. Worse, the prospect that an applicant can surmount a generic objection by simply getting people to recognize that a generic term is used as a trademark—possessing de facto secondary meaning—casts doubt on trademark law’s general ability to exclude generic terms as marks in the future.²⁷⁴ Either way, the Court’s approach could well invite an increase in low-quality marks, defined here as marks that either fail to perform the trademark function effectively or impose excessive burdens on competition and/or the free flow of information in society.

The majority downplayed this concern, expressing confidence that any issues would be addressed by doctrines limiting the scope of trademark rights.²⁷⁵ That faith notwithstanding, earlier precedent identifies good reason to fear the overassertion of domain-name based marks.²⁷⁶ And even if limiting doctrines are effective in

²⁷³ Cf. 2 WILLIAM BLACKSTONE, COMMENTARIES ON THE LAWS OF ENGLAND 358 (“[I]t is better that ten guilty persons escape than one innocent suffer.”).

²⁷⁴ Such surveys, moreover, may simply reflect consumer recognition of marketing efforts and not necessarily trademark significance. Justice Breyer made this point in his *Booking.com* dissent.

Consider the survey evidence that respondent introduced below. Respondent’s survey showed that 74.8% of participants thought that “Booking.com” is a brand name, whereas 23.8% believed it was a generic name. At the same time, 33% believed that “Washingmachine.com”—which does not correspond to any company—is a brand, and 60.8% thought it was generic.

What could possibly account for that difference? “Booking.com” is not inherently more descriptive than “Washingmachine.com” or any other “generic.com.” The survey participants who identified “Booking.com” as a brand likely did so because they had heard of it, through advertising or otherwise. If someone were to start a company called “Washingmachine.com,” it could likely secure a similar level of consumer identification by investing heavily in advertising. Would that somehow transform the nature of the term itself? Surely not. This hypothetical shows that respondent’s survey tested consumers’ association of “Booking.com” with a particular company, not anything about the term itself. But such association does not establish that a term is nongeneric.

Booking.com, 140 S. Ct. at 2313–14 (Breyer, J., dissenting) (citations to record omitted).

²⁷⁵ *Id.* at 2307–08.

²⁷⁶

Notwithstanding that only one entity can hold a particular domain name, granting trademark rights over a domain name composed of a generic term and a TLD grants the trademark holder rights over far more intellectual

the end, the threat of a trademark suit can still damage competitors.²⁷⁷ The Court’s focus on the question of genericism as a pure fact question overlooks the doctrine’s normative component of ensuring that competitors in the marketplace have free access to information-rich terms necessary to communicate with potential customers.

Finally, *in terrorem* threats of suit represent the third problem with relying on the PTO to discipline the merchandising right. The registration process does little to constrain the assertion of trademark rights,²⁷⁸ but it does bolster them.²⁷⁹ The PTO’s

property than the domain name itself. In addition to potentially covering all combinations of the generic term with any TLD (e.g., “.com”; “.biz”; “.org”), such trademark protection would potentially reach almost any use of the generic term in a domain name. For example, AOL might bring suit, alleging infringement of its ADVERTISING.COM mark, against any one of the owners of the thirty-two domain names using some form of “advertising.com.” This would make it much more difficult for these entities to accurately describe their services. . . . A major advantage that AOL would get from trademark protection of ADVERTISING.COM is to foreclose competitors from using a vast array of simple, easy to remember domain names and designations that describe the services provided. The effect is similar to that which would result if trademark law embraced the obviously generic ADVERTISING COMPANY as a protectable mark[.]

Advertise.com, Inc. v. AOL Advert., Inc., 616 F.3d 974, 980–81 (9th Cir. 2010); *see also* *Booking.com B.V.*, 915 F.3d at 196 (Wynn, J., dissenting in part) (assuming *arguendo* that trademark would not reach non-hotel booking services, “I see no reason why Booking.com should be entitled to monopolize the generic term ‘booking’ in the online hotel reservation industry by precluding competitors from using domain names like hotelbooking.com or ehotelbooking.com”).

²⁷⁷ “Even if ultimately unsuccessful, the threat of costly litigation will no doubt chill others from using variants on the registered mark and privilege established firms over new entrants to the market.” *Booking.com*, 140 S. Ct. at 2315 (Breyer, J., dissenting); *cf. Wal-Mart*, 529 U.S. at 214 (“Competition is deterred, however, not merely by successful suit but by the plausible threat of successful suit[.]”).

²⁷⁸ *See, e.g., Savannah Coll. of Art & Design, Inc. v. Sportswear, Inc.*, 872 F.3d 1256, 1263 (11th Cir. 2017) (allowing a service mark registration to form the basis of merchandising rights and noting “*Boston Hockey* extends protection for federally-registered service marks to goods, and therefore beyond the area of registration listed in the certificate”). To be sure, sometimes registration—and the record built in the process of registering—has real ramifications on litigation involving the registered mark, but oftentimes it does not, and the precise function of the registration system in American trademark law is unclear. Tushnet, *supra* note 220, at 881 (“[T]he law of registered trademarks resembles a dance in which the system takes one step toward the substantive version of registration and then one step toward the procedural version—but at unpredictable intervals. Neither direction is inherently bad, but the unpredictability is a problem.”).

²⁷⁹ Tushnet, *supra* note 220, at 872 (“Applicants and the PTO spend much time and effort crafting the equivalent of an exquisitely detailed origami crane: a

deployment of front-end roadblocks to registrations are largely irrelevant to broad future assertions of the merchandising right in practice.²⁸⁰

IV. LIVING WITH THE MERCHANDISING RIGHT

If the merchandising right is here to stay, how might we avoid the issues detailed above? This Part suggests that more formal accommodation of the right by trademark law might help.

Advocating for a formal merchandising right raises the natural objection that entrenching a doctrine that harms consumers is wrong. Fair enough. If, however, the right is already entrenched, then the incremental harm of official recognition seems minor, especially if the right reflects majoritarian preferences.²⁸¹ We may, moreover, get something in return for holding our nose. A formal, cabined right may relieve pressure from trademark law as a whole by freeing judges from both the need to contort doctrine to fit merchandisers as well as the necessity of handling the resulting spillovers.²⁸²

A cabined merchandising right may also be tailored to capture actual intuitions about trademark merchandising. Courts balk at giving merchandise rights to markholders who lack strong acquired distinctiveness. An explicit merchandising right could accommodate intuitions of this sort. In other words, it would arm courts with tools to police free riding by trademark plaintiffs.

precisely delineated valid mark. Rather than considering the details, courts then ask the equivalent of ‘is this paper folded?’ by according presumptive validity to what the mark, at first glance, appears to be. Not only is this process a waste of resources, but it also leads courts to misunderstand the proper scope of a registration.”).

²⁸⁰ The problem is compounded when the doctrines are not statutory bars to the assertion of trademark rights, like failure to function. *See Roberts, supra* note 220, at 1984 (“Federal courts often ignore use as a mark altogether, though, even when assessing common law rights.”). And as Roberts observes, the PTO’s granting rights to an ornamental mark helped create the problem raised by the *Drape* litigation, discussed *supra* Parts II.A.1-2. Roberts, *supra* note 220, at 2015-16.

²⁸¹ *See supra* notes 93-95 and accompanying text.

²⁸² *Cf. Dogan & Lemley, supra* note 2, at 483 (“[A]ccepting free riding as the basis for a merchandising right would encourage courts more generally to focus on “free riding” and “trading on goodwill” as inherent evils, and to move toward a presumption of illegality for any use of someone else’s trademark.” (footnote omitted)). If an anti-free-riding rationale is here to stay in the merchandising realm, then we should take measures to limit the contagion.

This Part begins by describing how a formal right might be helpful. It then sets forth some criteria for effective accommodation of the right. Finally, it offers possible avenues for fitting these attributes into existing trademark doctrine.

A. The Virtues of Offloading

The purpose of formalizing the merchandising right would be to isolate it from the rest of trademark law. Doing so would minimize the adverse fallout that comes with trying to fit the anti-consumer intuition that merchandising markets “belong” to trademark holders into the rest of trademark law. Offloading in this manner thus offers two benefits.

First, it enables adjudication under the terms of rules crafted for merchandising interests *and not under general trademark law principles*. There would therefore be less room for the logic of the merchandising cases to “contaminate” the rest of trademark law. Spillovers from merchandising cases are a risk because judges face two conflicting pressures. On the one hand, strong intuitions favor vindicating the merchandising interests of popular brands.²⁸³ On the other, once merchandising claims succeed, the resulting precedents create problems in future cases that appear doctrinally similar but do not activate the same judicial intuitions.²⁸⁴ A discrete merchandising right could ameliorate the conflict.

Second, and relatedly, a tailored right could be limited to only those situations in which the trademark holder actually “deserves” the benefit of special trademark protection. A law that conforms to judicial intuitions would be easier to apply to future unforeseen fact patterns.

Trademark law has been here before. Near the turn of the century, judges had a strong intuition, rightly or wrongly, that trademark holders deserved the ability to control their marks when used as domain names.²⁸⁵ Translating that intuition into a trademark cause of action was nonetheless challenging. Just because a website used a domain name similar to a trademark did not mean that the site’s content was confusing.

Be that as it may, the perception remained that using a

²⁸³ See *supra* Part II.A.

²⁸⁴ See *supra* Part III.B.

²⁸⁵ Michael Grynberg, *More Than IP: Trademark Among the Consumer Information Laws*, 55 WM. & MARY L. REV. 1429, 1485–86 (2014).

domain name similar to someone else’s trademark is wrongful even absent a plausible likelihood of confusion once consumers visit the site in question. Courts therefore bought into dubious theories from which they would later retreat.²⁸⁶

The Anticybersquatting Consumer Protection Act (“ACPA”)—along with the Uniform Domain Name Dispute Resolution Policy (“UDRP”)²⁸⁷—provided another channel for the impulse. The law gave trademark holders a way to claim trademarks as domain names without using the traditional trademark cause of action and its multifactor test. ACPA does not use the “likelihood of confusion” standard. The cause of action asks only if the domain name registrant has used a domain that is “confusingly similar” to that of the trademark, which is a simpler inquiry.²⁸⁸ If yes, the issue then turns to the question of the registrant’s justification for the choice.²⁸⁹ By giving another place for an intuition to go, ACPA reduced pressure on trademark doctrine as a whole.²⁹⁰

B. A more formal merchandising right

What then do we want from a more formalized merchandising right? This subpart lays out some considerations based on the doctrinal issues described in Part III.

1. Purpose of the right

²⁸⁶ *Id.* at 1485.

²⁸⁷ *Uniform Domain Name Dispute Resolution Policy*, INTERNET CORP. FOR ASSIGNED NAMES & NOS., <https://www.icann.org/en/help/dndr/udrp/policy> [<https://perma.cc/5FFP-BK2N>].

²⁸⁸ 15 U.S.C. § 1125(d). The UDRP has a similar structure. *See supra* note 287.

²⁸⁹ To be sure, likelihood of confusion analysis could come into play anyway if the plaintiff independently makes a claim under section 32 or section 43(a). Moreover, one of the ACPA good faith factors considers the domain holder’s “intent to divert consumers from the mark owner’s online location to a site accessible under the domain name that could harm the goodwill represented by the mark, either for commercial gain or with the intent to tarnish or disparage the mark, *by creating a likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of the site.* 15 U.S.C. § 1125(d)(1)(B)(V) (emphasis added). Of course, were there a reason to litigate an ordinary trademark claim then the plaintiff would likely include an ordinary infringement cause of action. But ACPA cases do not require this inquiry, enabling courts to adjudicate domain name claims while leaving the infringement causes of action alone. *See, e.g., Sporty’s Farm L.L.C. v. Sportsman’s Mkt., Inc.*, 202 F.3d 489 (2d Cir. 2000) (adjudicating ACPA dispute without inquiring into likelihood of confusion and likelihood of confusion claims had been raised and rejected below).

²⁹⁰ Grynberg, *supra* note 285, at 1484-86.

The merchandising right exacts a high economic toll from consumers. If there are moral or other considerations that justify those costs as a matter of democratic choice, fine, but where those factors run out, so should the right. A discrete merchandising right should honor the intuitions animating the merchandising cases by targeting the kind of free riding that actually concerns judges and juries. There are two sources of free riding in merchandising cases—that of the copyist *and that of the trademark holder*. While courts take umbrage at the “naked appropriation” of a mark’s value by defendants,²⁹¹ they also resist efforts at trademark trolling by plaintiffs.²⁹² This latter consideration, however, lacks explicit recognition, creating potential tension in the caselaw.²⁹³ A formal merchandising right would be capable of clarifying that the trademark holders right to reap is limited to areas where they have actually sown.²⁹⁴

2. Scope and infringement

One of the intuitions of the ACPA was that a lot of the context that normally attends a likelihood-of-confusion inquiry (e.g., the existence of actual confusion, proximity of the goods, consumer sophistication) is irrelevant if one makes the *ex ante* decision that the trademark holder deserves the domain name. In such cases, the inquiry is simplified to whether the domain name at issue is the trademark (answered by the asking the narrow question of confusing similarity) and whether the defendant might have a competing claim to the term as domain name (answered by inquiring into the defendant’s “good faith”).²⁹⁵ The scope of the trademark holder’s right is narrow (pertaining only to domain names) but

²⁹¹ *Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc.*, 457 F.3d 1062, 1064 (9th Cir. 2006) (“Auto Gold’s incorporation of Volkswagen and Audi marks in its key chains and license plates appears to be nothing more than naked appropriation of the marks.”).

²⁹² *See supra* Part III.B.

²⁹³ *See id.*

²⁹⁴ Again, this is accepting, *arguendo*, the validity of those moral intuitions as the basis of a right. There may well be disagreement on identifying potential beneficiaries of such a right. It seems, for example, that most judges and lawmakers would agree that a sports team should benefit from a merchandising right for branded paraphernalia (e.g., a BOSTON RED SOX cap). Some might nonetheless disagree given the role fandom has in creating the value of the branded mark in the first place (considering the role of, say, “Red Sox Nation” in creating the value of the mark).

²⁹⁵ 15 U.S.C. § 1125(d). Likewise, some dilution by blurring precedents avoid complicated factual questions about the nature of dilution by simply asking whether the mark is famous and if the challenged use is of a similar mark. *See, e.g., Visa Intern. Service Ass’n v. JSL Corp.*, 610 F.3d 1088 (9th Cir. 2010).

within that scope the right is robust (reaching similar domain names without regard to likelihood of confusion).

A merchandising right could simplify administration in a similar way. Indeed, merchandising cases often already do. As discussed above, the courts may minimize considerations of whether a likelihood of confusion exists by hand-waving in favor of the trademark holder.²⁹⁶ The key conclusion is just that the trademark holder deserves monopoly profits (and, reciprocally, that the defendant does not deserve to compete in the merchandising market), and courts do what they must to get there legally.

If so, we might imagine a right that simply evaluates whether the plaintiff has the right to market a mark *as* merchandise and whether the defendant is operating in that market.²⁹⁷ As with the ACPA, the holder would have a broad right to enjoin “confusingly similar” material placed on similar merchandise. The analysis could avoid a full (and likely distorted) likelihood-of-confusion analysis. Doing so would at last make sensible *Boston Professional Hockey’s* bizarre assertion that:

The confusion or deceit requirement is met by the fact that the defendant duplicated the protected trademarks and sold them to the public knowing that the public would identify them as being the teams’ trademarks. . . . The argument that confusion must be as to the source of the manufacture of the emblem itself is unpersuasive, where the trademark, originated by the team, is the triggering mechanism for the sale of the emblem. . . .²⁹⁸

If the right exists to reward the mark’s originator, then public recognition of the mark as a “triggering mechanism” for a sale—even where it does *not* perform a source identifying function—explains why it qualifies for merchandising protection. It designates

²⁹⁶ See *supra* note 36 and accompanying text.

²⁹⁷ And the right could be limited to merchandise and withheld from situations in which intuitions of desert are weaker. For example, the Kugler study asked respondents about their perception of a connection between Dairy Queen and a film of the same name. In this case, the respondents did not view any confusion as material. Kugler, *supra* note 93, at 1962 (“This was the only product in this study that did not plainly fall within the merchandising right. The name is almost identical to the senior mark, but its use is the kind of incidental overlap that is increasingly common given the proliferation of marks rather than an attempt to capitalize on existing good will.”).

²⁹⁸ *Boston Prof. Hockey*, 510 F.2d at 1012.

the entity that built the goodwill for receipt of the spoils.²⁹⁹

But it is important to emphasize the flip side of that coin. The reach of the right must be comparatively narrow. As with trademark counterfeiting,³⁰⁰ the merchandising interest should be limited to uses that are more or less equivalent to the mark in its merchandised form.³⁰¹ This limitation would exclude uses that are merely similar, for they will not necessarily encompass cases in which the purchaser intends to reward the trademark holder.

That should create space for situations in which a defendant adds creativity of their own, as there would no longer be near identity to the mark in its merchandised incarnation. The defendant's creativity would be the "triggering mechanism" of a sale, thus harmonizing the dueling intuitions about creativity of many merchandising cases. We don't want the defendant to free ride, but we do not want the trademark holder to free ride on the work of others, either.

3. Allocation of merchandising rights

Enhanced trademark rights should be hard to get. Dilution law, for example, protects only those "famous" marks that are "widely recognized by the general consuming public of the United States."³⁰² Requiring fame cabins the right to those situations in which the (purported) harm of appropriation of a mark's selling power is particularly acute. A merchandising right should be similarly limited, reflecting the intuition that not all trademarks deserve merchandise protection.³⁰³ Only some trademark holders have created (or at least made a significant contribution to) the cachet their marks enjoy as a merchandised brand (in contrast to those who are merely capitalizing on a cultural moment, responding to a term's general popularity, or otherwise free riding).

There are a number of possible ways for trademark law to

²⁹⁹ *Cf. id.* at 1011 ("[T]he major commercial value of the emblems is derived from the efforts of plaintiffs.").

³⁰⁰ 15 U.S.C. § 1127 ("A 'counterfeit' is a spurious mark which is identical with, or substantially indistinguishable from, a registered mark."). *But see* Arcona, Inc. v. Farmacy Beauty, LLC, 976 F.3d 1074, 1076 (9th Cir. 2020) (stating that a mark identity not enough for counterfeiting claim and that the plaintiff must establish a likelihood of confusion).

³⁰¹ ACPA similarly limits targeted domain names to those that are "identical or confusingly similar" to the trademark of the plaintiff. 15 U.S.C. § 1125(d).

³⁰² 15 U.S.C. § 1125(c).

³⁰³ *See supra* Part III.B.

embody this intuition—to distinguish between, say, the JOY OF SIX and the BOSTON RED SOX. Courts could require a high level of acquired distinctiveness in the relevant market.³⁰⁴ In other words, more consumer identification of the mark would be necessary than what is ordinarily expected to attain basic trademark rights (i.e., the ordinary threshold for a descriptive—or other non-inherently distinctive mark—to meet the secondary meaning requirement).³⁰⁵

Trademark law has used a similar approach to address some of the difficulties stemming from its territorial nature. Trademark rights generally reflect national borders. I can market, say, EAGLE salads notwithstanding prior use by a seller in France who has not taken steps to enter the U.S. market. But what if a large number of American consumers know the French company? Might my selection of the mark confuse them?

The Ninth Circuit addressed the issue in *Grupo Gigante SA De CV v. Dallo & Co.*³⁰⁶ A domestic grocery seller sought to capitalize on the mark GRUPO GIGANTE, which was known for stores outside the United States that were operated by a foreign plaintiff that had not yet entered the U.S. market. Faced with a conflict between territoriality and consumer interests, the court threaded the needle by allowing the claim to go forward, but requiring a heightened standard for demonstrating the plaintiff's trademark rights. “[T]he court must be satisfied, by a preponderance of the evidence, that a *substantial* percentage of consumers in the relevant American market is familiar with the foreign mark.”³⁰⁷ In other words, the question was not the inherent distinctiveness of GRUPO GIGANTE,³⁰⁸ but whether the foreign corporation had

³⁰⁴ Cf. Lee B. Burgunder, *Opportunistic Trademarking of Slogans: It's No Clown Issue, Bro*, 31 CARDOZO ARTS & ENT. L.J. 769, 801 (2013) (arguing that the PTO should require secondary meaning before registering any slogan to be used in a “billboard” product); *id.* at 772 (defining billboard product as “objects that are significantly used by owners to display information about their personalities, emotions, and tastes, including t-shirts, hats, mugs, and key chains, among many other items.”).

³⁰⁵ The percentage of relevant consumers who must see the term as a trademark is not high; a majority is not required. See *generally* 2 MCCARTHY, *supra* note 138, § 15:45.

³⁰⁶ 391 F.3d 1088 (9th Cir. 2004).

³⁰⁷ *Id.* at 1098 (emphasis added); see *id.* (“[S]econdary meaning is not enough.”).

³⁰⁸ Trademark rights can ordinarily be secured by using an inherently distinctive mark, one that is fanciful (e.g., KODAK film), arbitrary (e.g., APPLE computer), or suggestive (e.g., IGLOO refrigerators). Descriptive marks (e.g., TASTY hamburgers) are conceptually weak and cannot be protected without establishing secondary meaning. In other words, the markholder must establish

created enough goodwill to meet a substantial-acquired-distinctiveness standard. That finding, in turn, would bolster confidence that the domestic user of the mark was engaged in unacceptable free riding on the plaintiff's goodwill.

Alternatively, a merchandising right might import the fame requirement from dilution law. The dilution statute only grants enhanced protection for marks that are "widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark's owner."³⁰⁹ To be sure, this requirement is underinclusive of marks protected by merchandising precedents.³¹⁰ The fame standard might therefore be modified to include "niche fame," a concept utilized by several courts in implementing the federal dilution standard before Congress amended it to require recognition by the general consuming public of the nation as a whole.³¹¹

Or a mix of these antecedents might be required to capture the merchandising caselaw. Courts could recognize the merchandising right in situations in which acquired distinctiveness is strong but for a small number of people. Another way of achieving this end would be to define the relevant market very narrowly for purposes of assessing acquired distinctiveness. Or different metrics focusing on a mark's power as a "brand" might be developed.³¹² Consider the plaintiff's claims in the "Honey Badger" case.³¹³ HONEY BADGER DON'T CARE may well lack either niche fame or strong secondary meaning (in the sense of a broad market segment familiar with it), but may have acquired distinctiveness that

that consumers have come to see the mark as performing a source-identifying function. Secondary meaning may be established with circumstantial evidence (e.g., time in the market, sales). To the extent surveys are used, courts vary on the degree of recognition necessary to establish secondary meaning. 6 MCCARTHY, *supra* note 138, § 32:190 ("Generally, figures over 50% are regarded as clearly sufficient. However, figures of 46%, 48%, and 37 percent have also been found sufficient." (footnotes omitted)).

³⁰⁹ 15 U.S.C. § 1125(c).

³¹⁰ This standard would possibly be insufficient to protect, for example, Anthony Davis's ability to enforce FEAR THE BROW, discussed *supra* notes 196-198 and accompanying text, under a discrete merchandising right.

³¹¹ *See, e.g.,* Coach Servs., Inc. v. Triumph Learning LLC, 668 F.3d 1356, 1372 (Fed. Cir. 2012) ("By using the "general consuming public" as the benchmark, the TDRA [the Trademark Dilution Revision Act of 2006] eliminated the possibility of 'niche fame,' which some courts had recognized under the previous version of the statute.").

³¹² *Cf.* Interbrand, "Best Global Brands," <https://interbrand.com/best-global-brands> [<https://perma.cc/8E7E-DUMR>] (offering valuation estimates of 100 major brands).

³¹³ *See supra* Parts II.A.1-2.

is motivating the purchase.³¹⁴

Regardless of where the line is drawn, an acquired distinctiveness requirement would offer courts a tool to withhold merchandising protection from marks that do not merit it.

4. Market overlaps

The allocation options discussed above could open the door to multiple parties enjoying a merchandising interest. Suppose, to return to an earlier example, two parties—a brewer and a clothier—meet the standard for ROGUE (e.g., they are both well-known in a niche market). They face the prospect that one holder of a merchandising interest might seek to invade the market of another.³¹⁵ As set forth here, however, a merchandising right might offer two checks. First, the heightened distinctiveness requirement of the right would limit the number of players capable of moving into the merchandising market. Second, the right could require that the appearance of the merchandised product mimic the trademark in its primary, source-identifying use. So, to return to the ROGUE v. ROGUE clash, if each presents their marks in distinctive ways, there should be less possibility of collision among the sellers' respective audiences (and distinctive appearances would be the norm as that would facilitate coexistence between the marks in ordinary trademark law). Allowing coexistence of this sort could also limit the ability of trademark bullies to mount plausible challenges to unobjectionable marks.³¹⁶ It would also have the salutary effect of preserving the ordinary trademark law baseline, which allows similar marks to exist in different markets with different owners as distinct trademarks.

5. Limitations

A discrete merchandising right could also contain limitations to prevent it from reaching too far. If merchandising were a statutory right, Congress could enact specific defenses along the lines of those that exist for trademark dilution.³¹⁷ Likewise, the merchandising right should require use as merchandise. The right could be limited

³¹⁴ To be sure, *Dastar* treats the authorial source association as one that should be off limits for trademark law, but let us assume that the hypothetical right will overlook that issue, as did the Ninth Circuit in *Gordon*. Perhaps giving the Gordons of the world their due will make courts less inclined to breach the *Dastar* holding in non-merchandising situations.

³¹⁵ See *supra* Part III.A.3.

³¹⁶ See *supra* Part III.A.4.

³¹⁷ 15 U.S.C. § 1125(c)(3).

to situations in which the presence of the mark is substantially the good being sought by the purchaser.³¹⁸

If, however, the defendant does more and adds creativity to the raw material of the merchandised mark—making a parody, for example—the logic of the merchandising right should not apply. In such cases, protection would allow the trademark holder to free ride off of the defendant’s efforts.

Having a discrete defense of this nature would mitigate the danger of simply relying on doctrines like *Rogers* in the merchandising realm. That concern gets a subsection of its own.

6. Formality spillovers?

Perhaps the reification of merchandising in trademark doctrine might have adverse spillovers of its own, particularly with regards to free expression. So suppose a merchandising right simply reimports the *Rogers* test. In recent years, when push comes to shove between the First Amendment and trademark law, the interests of free expression generally prevail, even if it takes a fight. The Honey Badger litigation, discussed above in Part III.A, is notable for being out of step with this trend.³¹⁹ But if it signals a countertrend, one fueled by the impulses behind the merchandising right, then we might want to contain it by segregating such cases from the main run of trademark law. On this logic, the strong intuition of both desert for the plaintiff and unacceptable free riding by the defendant might result in a “loss” for the *Rogers* defense, but one that would not spill into larger trademark law.³²⁰ Indeed, as noted above,³²¹ the current threat to *Rogers* before the Supreme Court in the *Jack Daniel’s* case may reflect the failure to fence off merchandising uses from its protective ambit.

³¹⁸ Cf. *Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc.*, 457 F.3d 1062, 1074 (9th Cir. 2006) (rejecting defendant’s functionality argument in merchandising case noting that “consumers want ‘Audi’ and ‘Volkswagen’ accessories, not beautiful accessories. This consumer demand is difficult to quarantine from the source identification and reputation-enhancing value of the trademarks themselves. The demand for [defendant’s] products is inextricably tied to the trademarks themselves. Any disadvantage [defendant] claims in not being able to sell Volkswagen or Audi marked goods is tied to the reputation and association with Volkswagen and Audi.”) (citations and footnote omitted).

³¹⁹ As seen by the many cases the Ninth Circuit had to distinguish in order to *not* rule for the defendant based on *Rogers*.

³²⁰ This could be so even if the *Rogers* analysis would apply in the merchandising realm.

³²¹ See *supra* notes 157-159 and accompanying text.

If, however, *Rogers* survives fully intact, then maybe the suggested fencing creates problems of its own. First, even if having a box for merchandising cases limits the scope of precedents like *Gordon*, it does nothing to alter the result with respect to the parties. Worse, it perhaps makes outcomes of that sort more likely when merchandising is at issue. While *Gordon* under the *Rogers* framework is a hard case for judicial intuitions, it *should* still be a win for the defendant. That may be clearer to judges when the Drape Creatives of the world are able to style themselves as being part of a precedential line that vindicates the free expression rights of artists in non-merchandising settings. Creating a box to specifically contain merchandising disputes may leave such defendants metaphorically alone.

Perhaps that potential tradeoff is worth it. Maybe the risk that the *Gordon* defendants—who *are* less attractive defendants when desert theories are considered—may lose more often is worth the preservation of a robust *Rogers* defense in other situations.

But that response belies a more serious concern. Even as the creation of a more formal merchandising right does little to resolve a case like *Gordon*, it may simultaneously draw other cases into its vortex. If the *Rogers* test that applies in the merchandising context is weaker than the familiar one, there is a risk of upsetting pro-defendant results in future similar cases.

This is a serious objection, but I think the potential tradeoffs remain worth it. First, a merchandising right can also be used to *exclude* more plaintiffs. So even if *Gordon* might prevail over insufficiently original Honey Badger greeting cards, there would now be a firmer legal basis for excluding free riding attempts at merchandising like LETTUCE TURNIP THE BEET.³²² Second, to the extent the merchandising right has a thin scope, even those caught up in the merchandising litigation will remain able to assert expressive interests if they are indeed adding expression in a way that Drape Creative was not. And if they aren't, to the extent judicial intuition is that they lose, they lose in a way that maximizes legal clarity and limits the imposition of trademark interests on First Amendment protected speech.³²³

³²² See *supra* Part III.B.1.b.

³²³ In other words, my own belief is that *Gordon* should have been resolved in the defendant's favor, but the plaintiff may—and often will—win in similar cases. Given that, it is better that the damage of such cases be contained.

C. Reforming the merchandising right

How might a merchandising right be formalized? One possibility, of course, is by statute. The Lanham Act could be amended—as it was for domain name protection³²⁴ and dilution³²⁵—to recognize a special right for a discrete class of trademark holders. A statute could direct the PTO to issue special registrations for those meeting a heightened secondary meaning requirement—or whatever standard suffices to activate merchandising protections beyond mere trademark status—giving holders of an enhanced right an “m” mark or some such. The special statute could likewise delineate specific exclusions to limit the scope of the merchandising right—in much the same manner as the Lanham Act’s dilution provisions do.³²⁶ Given current congressional realities—and the likelihood that the merchandising industry would fear the potential of disturbing a good thing—this path seems unlikely. At the very least, it does not inspire confidence in a nuanced appreciation of the various consumer interests at stake in merchandising.

Even if Congress is uninterested, current doctrine offers courts options to recognize and accommodate trademark merchandising practices, interests, and policies as part of the ongoing judicial evolution of trademark law in the common law style.³²⁷

1. Working with the multifactor test

Assessing likelihood of confusion is the heart of any trademark infringement claim.³²⁸ This is so regardless of the interest that courts are trying to vindicate—thus the tortured reasoning of a

³²⁴ 15 U.S.C. § 1125(d).

³²⁵ 15 U.S.C. § 1125(c).

³²⁶ 15 U.S.C. § 1125(c)(3) excludes:

(A) Any fair use, including a nominative or descriptive fair use, or facilitation of such fair use, of a famous mark by another person other than as a designation of source for the person’s own goods or services, including use in connection with—

(i) advertising or promotion that permits consumers to compare goods or services; or

(ii) identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner.

(B) All forms of news reporting and news commentary.

(C) Any noncommercial use of a mark.

³²⁷ I say “style” as courts are proceeding under a statute, albeit one with open text in places. *See generally* Grynberg, *supra* note 72, at 933-45.

³²⁸ 15 U.S.C. §§ 1114, 1125(a).

case like *Boston Professional Hockey*, which purported to find it in unlikely places.³²⁹ Ordinarily, likelihood of confusion analysis proceeds via a multifactor test.³³⁰ Over time, courts have been willing to tailor the factors to particular circumstances, either by emphasizing certain factors,³³¹ or by adding new ones.³³²

All of this can complicate trademark law, but it also provides an avenue for fencing off merchandising from ordinary infringement cases. The merchandising market is a discrete one, requiring critical evaluation of the trademark holder’s claims to merchandising exclusivity. These considerations can be readily accommodated to standard elements of the multifactor test.

a. Mark strength and desert

The merchandising right is driven in part by the view that the merchandiser deserves the monopoly rents that flow from the right,³³³ while trademark law struggles with claims made by plaintiffs who themselves look like free riders.³³⁴ If trademark law is to recognize merchandising interests, these plaintiff classes must be distinguished.

A nuanced approach to mark strength—a factor common in multifactor tests³³⁵—can implement this goal and formally account for questions of desert. In ordinary infringement analysis, a mark’s conceptual strength³³⁶ (arguably) matters insofar as it affects

³²⁹ See *supra* notes 36-37 and accompanying text.

³³⁰ Every federal judicial circuit has a version. 4 MCCARTHY, *supra* note 138, §§ 24:30-43 (4th ed. 2009).

³³¹ See, e.g., *Network Automation, Inc. v. Advanced Systems Concepts, Inc.*, 638 F.3d 1137, 1148-49 (9th Cir. 2011) (discussing “troika” of factors deemed relevant to domain name cases); *Century 21 Real Estate Corp. v. Lendingtree, Inc.*, 425 F.3d 211, 224-26 (3d Cir. 2005) (modifying multifactor test for nominative fair use situations).

³³² *Network Automation*, 638 F.3d at 1154.

³³³ See *supra* Part II.A.

³³⁴ See *supra* Part III.B.

³³⁵ 4 MCCARTHY, *supra* note 138, §§ 24:30-43.

³³⁶ That is, its relative placement on the spectrum of distinctiveness associated with *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4 (2d Cir. 1976). Fanciful and arbitrary marks are seen as conceptually strong; descriptive marks are weak (as they require secondary meaning for protection). Suggestive marks are strong enough to receive protection without requiring secondary meaning, but are often treated as weak for purposes of infringement analysis. Compare, e.g., *Hasbro, Inc. v. Lanard Toys, Ltd.*, 858 F.2d 70, 73 (2d Cir. 1988) (“Generally, if a term is suggestive it is entitled to trademark protection without proof of secondary meaning and recognition as a strong mark.” (citation omitted)), with *Star Indus., Inc. v. Bacardi & Co.*, 412 F.3d 373, 385 (2d Cir.

whether a consumer seeing the same mark in different contexts will automatically assume a trademark usage consistent with past experience.³³⁷ That rationale does not carry weight in the merchandising context. In a merchandising case, the trademark function is not to designate physical source, but rather some amalgamation of qualities forming the mark’s larger identity as a successful brand. Whether a mark is inherently distinctive tells a court nothing about the presence or absence of these attributes. But assessing acquired distinctiveness does.

Under the merchandising right’s anti-free riding principles, the goodwill actually created and “earned” by the markholder (such that the law would care about the markholder’s “approval” of a defendant’s product)³³⁸ is what matters. Requiring merchandised marks to clear a significant threshold of acquired distinctiveness will distinguish marks pursued as goods due to identification with the markholder’s source-based activities and not simply because the symbol is inherently attractive or culturally salient.³³⁹

Applied in this manner, the factor could limit the merchandising right without complicating questions of trademark eligibility. Focusing on earned goodwill would address the conundrums of, for example, a case like *Packman*.³⁴⁰ JOY OF SIX might clear the hurdle of trademark protection for matters of source—nobody would blink at protecting JOY OF SIX office paper, for example—without having the accumulated goodwill necessary to bring a merchandising claim.

b. Narrowing the scope of merchandising, consumer sophistication, and fandom

In merchandising cases, the consumer sophistication factor may be applied in a manner reflecting the interests animating the right. A fan of the Red Sox who cares about the team enough to buy

2005) (“In the absence of any showing of secondary meaning, suggestive marks are at best moderately strong.”), and *Pom Wonderful LLC v. Hubbard*, 775 F.3d 1118, 1126 (9th Cir. 2014) (“[S]uggestive marks, although stronger than descriptive or generic marks, are still presumptively weak.” (citation and internal quotation omitted)).

³³⁷ *Virgin Enterprises Ltd. v. Nawab*, 335 F.3d 141, 148 (2d Cir. 2003) (“The more unusual, arbitrary, and fanciful a trade name, the more unlikely it is that two independent entities would have chosen it. In contrast, every seller of foods has an interest in calling its product ‘delicious.’”).

³³⁸ See *infra* Part IV.C.2.

³³⁹ See *supra* Part IV.B.3.

³⁴⁰ See *supra* Part III.B.1.a.

a branded cap knows the difference between the RED SOX and the WHITE SOX or the difference between the NFL and XFL.³⁴¹ If that weren't the case, the desert case for the team would be weak indeed.³⁴² Though that may not matter in the context of sports leagues that engage in the collective licensing of their marks, it might matter more in other licensing cases. To whatever extent ROGUE beer is to enjoin ROGUE clothing,³⁴³ consumers of the former should know something about the mark they are purchasing.³⁴⁴ In other words, merchandising cases should require a baseline expectation of consumer sophistication that accounts for the reason why trademark law recognizes merchandising markets—here, the view that consumers care enough about certain brands to treat them as goods because of brand-specific associations. That suggests that consumers as fans are sufficiently discriminating to know what their objects of desire look like. That, in turn, suggests a heightened role for the fundamental factor of mark similarity. To the extent a mark in a particular configuration has achieved fandom, that does not mean a similar following exists for other representations of the underlying term, and rigorous application of mark similarity can police the border between these situations.

Taken together, these interpretations of the multifactor test would provide another avenue to distinguish “real” merchandising activities, e.g., of paraphernalia of major sports teams, from the faux, like the effort to control LETTUCE TURNIP THE BEET.³⁴⁵ Brand aficionados know what they want, but consumers know a pun when they see one. If a brand hasn't done the work to be seen as the former, the multifactor test should not be twisted to cover for an absence of earned goodwill.

c. Market proximity and the discrete merchandising market

³⁴¹ See *supra* notes 172-174 and accompanying text.

³⁴² Though in this example, MLB baseball marks are licensed collectively, so there would be no trademark collision. <https://www.capsinfo.com/index.php/mlb/mlb-main-page> [<https://perma.cc/S4M3-7VYS>].

³⁴³ See *supra* Part III.A.3.

³⁴⁴ This distinction would not run afoul of the Lanham Act's provision that a mark is a mark when it designates source “even if the source is unknown.” 15 U.S.C. § 1127. Here, we are concerned with a narrow application of the likelihood of confusion standard in the context of “approval,” 15 U.S.C. § 1125, not the general question of trademark eligibility. Likewise, this would not affect the provision stating that “purchaser motivation” is irrelevant to determining abandonment due to generic status or lost trademark significance. *Id.* § 1127.

³⁴⁵ See *supra* Part III.B.1.b.

The merchandising market is discrete from others in which a trademark holder might operate.³⁴⁶ That is, the owner of the ROGUE mark may sell promotional goods, but that market is distinct from its “home” market for beer. The market proximity factor of the multifactor test can accommodate this concern. All circuits considering infringement claims consider this question (or a variant thereof),³⁴⁷ and analysis under this factor may parse the precise markets at issue in trademark merchandising cases.

This is so even when the markets seem similar, as when a beer seller and a clothier both sell branded apparel.³⁴⁸ It should not necessarily be the case that a brewer’s merchandised goods should preclude clothes sales under the same mark in what is a functionally different market. And we might go further to allow for coexistence within merchandising markets of similar marks embodying distinct communities of goodwill. A nuanced approach to market proximity, leavened by an appreciation of what consumers in the respective markets are looking for,³⁴⁹ can achieve that end.

2. Constructing “approval”

These modifications of the multifactor test can be set off from ordinary trademark litigation as a construction of section 43(a), whose cause of action encompasses likelihood of confusion as to a markholder’s “approval” of a defendant’s goods, services, or activities, as distinct from their “origin” or “sponsorship.”³⁵⁰ In essence, approval is what merchandising claims are about.³⁵¹ They are not about source, and merchandising licensing does not fit easily into a conception of sponsorship insofar as the mark owners do not generally stand as guarantors of quality.³⁵²

Moreover, the term “approval” cries out for judicial construction, given that approval could simply mean “permission.”³⁵³ That extreme reading would quickly take trademark law out of its acceptable bounds given its breadth and because permission is not a matter of inherent concern to

³⁴⁶ See *supra* Part III.A.3.

³⁴⁷ 4 MCCARTHY, *supra* note 138, §§ 24:30-43.

³⁴⁸ See *supra* notes 161-164 and accompanying text.

³⁴⁹ See *supra* notes 342-345 and accompanying text.

³⁵⁰ 15 U.S.C. § 1125(a).

³⁵¹ See *supra* Part II.B.1.

³⁵² Cf. *Bd. of Supervisors for Louisiana State Univ. Agric. & Mech. Coll. v. Smack Apparel Co.*, 550 F.3d 465, 482–83 (2008) (noting that license merchandise generally bears the trademark of the licensee).

³⁵³ See Grynberg, *supra* note 72, at 964-66.

consumers.³⁵⁴ A discrete merchandising right would give the Lanham Act’s approval language a specific purpose within trademark doctrine. Having a task will perhaps limit its potential for mischief in other trademark disputes, thus offering trademark restrictionists something in return for making peace with the merchandising right.

3. Summary

Merchandising precedents suggest that courts are guided by a particular vision of the merchandising right: Liability for approval confusion requires a high level of acquired distinctiveness on the part of the trademark plaintiff. To be covered by the right, merchandise purchases must be motivated by the plaintiff’s goodwill embodied by the mark. Absent this goodwill, no claim should proceed.

Trademark law has found it difficult to deploy these principles as a check on the merchandising right. Efforts to use functionality or trademark use principles fail to explain “legitimate” merchandising efforts.³⁵⁵ Judges are therefore reluctant to accept them lest they upset current merchandising practices. Courts therefore muddle along in a way that offers little guidance to litigants. They need not. Trademark doctrine offers avenues for more explicit recognition of the interests at play in merchandising cases.

V. CONCLUSION

The merchandising right is bad for reasons beyond its imposition of a tax on consumers. Its poor fit with trademark doctrine has negative ripple effects that are unjustified by the considerations giving rise to the right. We also gain nothing from the merchandising right. Trademark holders already have ample incentive to create attractive marks with strong brand identities as part of their efforts to make their goods and services attractive to

³⁵⁴ While trademark law lacks a materiality requirement for infringement suits, its standards reflect those considerations. *See* Grynberg, *supra* note 72, at 963-66; *cf.* *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 32-33 (2003) (“The consumer who buys a branded product does not automatically assume that the brand-name company is the same entity that came up with the idea for the product, or designed the product—and typically does not care whether it is. The words of the Lanham Act should not be stretched to cover matters that are typically of no consequence to purchasers.”). *But see supra* notes 105-109 and accompanying text.

³⁵⁵ *See supra* Part III.B.1.

consumers. People would still find the Volkswagen logo attractive even if the automaker couldn't extract rents on its use as a keychain. And lots of indicia that are not protected by IP law are merchandised freely without apparent harm to the consuming public.³⁵⁶ People still derive pleasure from sporting them even without having to pay monopoly markups. Finally, marketers in need of extra-trademark incentives to create attractive symbols can look to copyright law.

Oh well.³⁵⁷

If the right is here to stay, trademark law ought to smooth out its wrinkles by placing it within a specific doctrinal framework. Doing so could ameliorate some of the tensions inherent to the merchandising right while limiting its ability to disrupt trademark doctrine as a whole. Even without congressional action, the tools to do so are already available in trademark precedent.

A formalized merchandising right may appear to be a further expansion of trademark rights. Not so. Formalization might in fact contribute to trademark's *contraction*. Because merchandising interests do not fit neatly into traditional trademark doctrine, their accommodation opens the door to claims that are unjustified by the (debatable) moral intuitions that allow for merchandising markets. But once these contortions are in place, judges cannot easily ignore them, potentially requiring further contortions that exacerbate doctrinal uncertainty. Fencing off merchandising interests can ease some of these pressures. Moreover, the exercise might rein in some of the overly energetic assertions of rights under section 43(a)'s policing of "approval" confusion. Read too broadly, this provision threatens to swallow trademark law. A focus on the question whether a trademark owner has done enough to "earn" the approval market would help.

Even if one doesn't agree that formalization might carry gains, this article highlights some of the hidden costs of merchandising to the structure of trademark law. If nothing else, courts should be alert to these spillovers and avoid treating merchandising cases as if they were ordinary trademark matters. They are not.

³⁵⁶ Compare the price for a Colorado logo on a hat (which cannot be registered due to its status as a government symbol under 15 U.S.C. § 1052(b)) with one for the Colorado Rockies baseball team.

³⁵⁷ See *supra* Part I.