
ARTICLE
REGISTERING DISAGREEMENT: REGISTRATION
IN MODERN AMERICAN TRADEMARK LAW

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Trademark scholars widely agree that our current system for evaluating what rights a trademark owner should have over others' uses of their (or similar) marks is broken. Courts too readily find too many acts to be infringing even when they're harmless or actually useful to consumers. Trademark practitioners, meanwhile, while often quite approving of broad interpretations of trademark law, widely recognize that our trademark registration system has significant practical problems. What we haven't done is try to unite concerns over the expansion of trademark rights with concerns over the registration system and explain their relationship to each other.

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

These questions, and a number of others, highlight the need for renewed attention to trademark registration as such. Registration provides opportunities to limit trademark's current structurelessness. Specifically, registration works best in a system that doesn't aim to search out and extirpate every possible instance of confusion, instead recognizing multiple reasons that we might avoid fact-intensive confusion inquiries and either ban or allow certain market behaviors. Moreover, maintaining the registration system requires the investment of substantial government and private resources, which is currently almost irrelevant at the enforcement stage. Applicants and the PTO spend much time and effort crafting the equivalent of an exquisitely detailed origami crane; rather than considering the details, courts then ask the equivalent of "is this paper folded?" and move on. Not only is this a waste of resources, but it also leads courts to misunderstand the proper scope of a registration. There are a number of changes, ranging from small tweaks to sweeping statutory reforms and the rejection of the Supreme Court's ahistorical conclusion that registration is a matter of factual accident rather than an important distinction between types of marks, that could improve the law to the benefit of trademark owners and nonowners alike.

* Professor, Georgetown University Law Center. Thanks to Graeme Dinwoodie, Stacey Dogan, Mark Lemley, Jessica Litman, Mark McKenna, Lisa Ramsey, and Jessica Silbey; to participants at the Harvard Faculty Workshop, the Georgetown Law Faculty Workshop, the Boston Intellectual Property Colloquium, the George Washington Faculty Workshop, the Suffolk Law Faculty Workshop, the Virginia Law Faculty Workshop, the American University Trademark Works in Progress Colloquium, the 2015 Intellectual Property Works in Progress Colloquium, the 2015 Intellectual Property Scholars Conference, the San Diego School of Law Intellectual Property Speaker Series, and the Trademark Roundtables of the past few years; and to my research assistants, Robert McCabe and Soojin Youn.

Trademark scholars widely agree that our current system for evaluating what rights a trademark owner should have over others' uses of their (or similar) marks is broken.¹ Courts too readily find too many acts to be infringing even when they're harmless or actually useful to consumers. Trademark practitioners, meanwhile, while often quite approving of broad interpretations of trademark infringement,² widely recognize that our trademark registration system has significant practical problems.³ Among other things, a pilot study recently showed that registrants overclaimed the goods and services on which they used marks in nearly two-thirds of registrations: they affirmed to the U.S. Patent and Trademark Office (PTO) that they were using marks on goods when they weren't.⁴ In thirteen percent of the examined cases, they weren't using the marks at all.⁵ "Intent to use" (ITU) applications also generate significant numbers of paper rights even though legal rights may never ultimately exist.⁶ This "deadwood" on the register prevents legitimate users from knowing what they can and can't do. Improperly granted registrations are harmful even from the perspective of the greatest trademark expansionists.⁷ What we haven't done is try to unite concerns over the expansion of trademark rights with

¹ See, e.g., Deborah R. Gerhardt, *Consumer Investment in Trademarks*, 88 N.C. L. REV. 427, 429 (2010) ("Trademark law has lost its way."); Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 YALE L.J. 1687, 1688 (1999) ("Courts protect trademark owners against uses that would not have been infringements even a few years ago and protect as trademarks things that would not have received such protection in the past. . . . [T]hese changes have loosed trademark law from its traditional economic moorings and have offered little of substance to replace them.")

² See, e.g., Jerre B. Swann, *The Evolution of Trademark Economics — From the Harvard School to the Chicago School to WIPO 2013 — As Shepherded by INTA and The Trademark Reporter*, 104 TRADEMARK REP. 1132 (2014).

³ Trevor Little, *USPTO Reveals Ambitious Plans to Tackle Register Clutter*, WORLD TRADEMARK REV. (June 28, 2016), <http://www.worldtrademarkreview.com/Blog/detail.aspx?g=d9b81e21-885c-456e-afae-907a2f42b59a> [<https://perma.cc/G3R9-LLXA>].

⁴ U.S. PATENT & TRADEMARK OFFICE, POST REGISTRATION PROOF OF USE PILOT STATUS REPORT (2014) [hereinafter USE STATUS REPORT], www.uspto.gov/sites/default/files/trademarks/notices/Post_Registration_Proof_of_Use.doc [<https://perma.cc/QLK8-386C>].

⁵ *Id.*

⁶ A study of applications filed from 1981 through 2007 showed that the overall grant rate for use-based applications was 75% as compared with 37% of ITU applications (beginning in 1989 when ITUs became available). Although at least as many ITUs were allowed as use-based applications, roughly half never filed a statement of use, meaning that they never matured into true registrations. Barton Beebe, *Is the Trademark Office a Rubber Stamp?*, 48 HOUS. L. REV. 751, 762, 773 (2011) (showing that roughly 76% of ITUs were published for opposition, but only 49% of those proceeded to registration). That is, ITUs blocked other pending registrations and showed up in searches by potential competitors, but never had a commercial existence.

⁷ See Laboratoire de la Mer Trade Marks, [2002] F.S.R. 51 (Ch.) at [19] (describing registered but unused marks as "abandoned vessels in the shipping lanes of trade"); Graeme B. Dinwoodie, *Trademarks and Territory: Detaching Trademark Law from the Nation-State*, 41 HOUS. L. REV. 885, 898 n.44 (2004) ("To the extent that broader rights clutter the market, conflicts become more likely, raising transactional costs attendant to, and thus repressing, global trade.").

concerns over the registration system and explain their relationship to each other.

Foundational critiques of modern trademark law tend not to address the role of registration. Professor Ralph Brown's landmark 1948 article criticizing trademark law for overprotecting existing producers, for example, does not discuss registration⁸ — most likely because the Lanham Act,⁹ the federal law governing trademarks, had only recently become effective, and the extent of its changes to previous law was unclear. Daniel McClure's (nearly) comprehensive examination of trademark theory likewise has almost nothing about registration.¹⁰ Professor Stephen Carter examined some criticisms of registration a quarter-century ago, but focused on the provision of nationwide rights without nationwide use and the resulting constraints on distant competitors rather than on the overall effects of a registration system.¹¹

Proponents of the Chicago School of law and economics approach, whose account of the function of trademark as reducing consumers' search costs is now dominant,¹² likewise have little to say about registration.¹³ Other leading voices have persuasively critiqued the ongoing expansion of concepts of likely confusion, but their arguments do not rely on the role of registration.¹⁴ American scholars, in sum, have of-

⁸ Ralph S. Brown, Jr., *Advertising and the Public Interest: Legal Protection of Trade Symbols*, 57 YALE L.J. 1165 (1948).

⁹ Ch. 540, 60 Stat. 427 (1946) (codified as amended in scattered sections of 15 U.S.C.).

¹⁰ Daniel M. McClure, *Trademarks and Unfair Competition: A Critical History of Legal Thought*, 69 TRADEMARK REP. 305 (1979).

¹¹ See Stephen L. Carter, Comment, *The Trouble with Trademark*, 99 YALE L.J. 759, 760, 777 (1990).

¹² See Barton Beebe, *The Semiotic Analysis of Trademark Law*, 51 UCLA L. REV. 621, 623–24 (2004) (“The Chicago School of law and economics has long offered a totalizing and, for many, quite definitive theory of American trademark law. . . . The influence of this analysis is now nearly total. . . . No alternative account of trademark doctrine currently exists.”).

¹³ The extremely influential work of Professor William Landes and Judge Posner, to take the most prominent example, devotes little attention to registration, simply assuming that it works. WILLIAM M. LANDES & RICHARD A. POSNER, *THE ECONOMIC STRUCTURE OF INTELLECTUAL PROPERTY LAW* 166–209 (2003). Landes and Judge Posner defend a mixed system of registration and use, employing registration to provide cheap notice to potential adopters of similar marks on similar goods, and requiring use to avoid rent-seeking behavior by squatters. *See id.* at 179–80, 182. They characterize registration as a way to negate potential good faith defenses for junior users of the same mark on the same goods, consistent with their treatment of registration as providing simple and effective notice. *See id.* at 183. While it's true that registration provides constructive notice of the registrant's use, it's not true that there is in general a good faith defense to infringement. More generally, as this Article explains, our registration system is neither simple nor particularly effective at providing notice.

¹⁴ See, e.g., Ann Bartow, *Likelihood of Confusion*, 41 SAN DIEGO L. REV. 721, 723–24 (2004) (arguing that the modern likelihood-of-confusion standard has made “trademarks normatively stronger, broader, and ever easier to ‘protect’ for mark holders,” *id.* at 724); Barton Beebe, Essay, *Search and Persuasion in Trademark Law*, 103 MICH. L. REV. 2020, 2069–72 (2005) (discussing rise of “sovereign trademark,” *id.* at 2069); Jessica Litman, *Breakfast with Batman: The Public Interest in the Advertising Age*, 108 YALE L.J. 1717, 1721–25 (1999) (describing the extent of ac-

ten treated registration like a borrowed civil law coat thrown awkwardly over the shoulders of a common law regime. But we've had registration, in its basic modern form, for nearly seventy years. It's time to recognize that it's our coat and to start making alterations so it fits better.

Registration offers some of the most challenging puzzles in trademark. Consider: If the mark REDSKINS for a football team is disparaging and its trademark registration therefore invalid, can trademark law nonetheless protect the team against unauthorized uses of the term? This question became more than theoretical when a district court upheld the invalidation of the REDSKINS registrations, a ruling now on appeal that will be affected by the Supreme Court's forthcoming decision in a similar trademark case involving the Oregon-based Asian-American rock band The Slants.¹⁵ Or suppose the PTO determines that, in the abstract, an applied-for trademark is likely to cause confusion with another previously registered mark. If the applicant decides to use the mark anyway, without a registration, should the PTO's determination bind a federal court asked to determine whether the new mark, as actually used, causes confusion with that previously registered mark? The Supreme Court just decided this issue in a way that generated large-scale uncertainty about the new relationship between registration and infringement liability.¹⁶

These questions, and a number of others, highlight the need for renewed attention to trademark registration as such.¹⁷ Registration pro-

tionable confusion within trademark law); Glynn S. Lunney, Jr., *Trademark Monopolies*, 48 EMORY L.J. 367, 486-87 (1999) ("[W]e have divorced trademark law from its historical and sensible policy focus on the probability of material confusion, and crafted an overbroad, ill-considered legal regime that serves simply to enrich certain trademark owners at the expense of consumers, the market's competitive structure, and the public interest more generally.").

¹⁵ See *Pro-Football, Inc. v. Blackhorse*, 112 F. Supp. 3d 439 (E.D. Va. 2015), *appeal docketed*, No. 15-1874 (4th Cir. Aug. 6, 2015), *cert. denied*, 85 U.S.L.W. 3147 (U.S. Oct. 3, 2016) (No. 15-1311); see also *In re Tam*, 808 F.3d 1321 (Fed. Cir. 2015) (en banc) (invalidating the disparagement bar in section 2(a) of the Lanham Act on First Amendment grounds), *cert. granted sub nom. Lee v. Tam*, 84 U.S.L.W. 3606 (Sept. 29, 2016) (No. 15-1293).

¹⁶ See *B&B Hardware, Inc. v. Hargis Indus., Inc.*, 135 S. Ct. 1293 (2015).

¹⁷ See LIONEL BENTLY & BRAD SHERMAN, *INTELLECTUAL PROPERTY LAW* 887 (4th ed. 2014) (noting that certainty is an important benefit of registration); cf. ROBERT BURRELL & MICHAEL HANDLER, *AUSTRALIAN TRADE MARK LAW* 7 (2010) ("[M]erely identifying reasons for providing legal protection for marks does not necessarily tell us why we should provide a facility for trade mark registration. Having such a system requires a substantial expenditure of resources."). With a few exceptions, recent scholarship on non-U.S. law is more attentive to the implications of registration for the overall trademark system compared with recent scholarship on U.S. law. See, e.g., Michael Handler & Robert Burrell, *Reconciling Use-Based and Registration-Based Rights Within the Trade Mark System: What the Problems with Section 58A of the Trade Marks Act Tell Us*, 42 FED. L. REV. 91, 91 (2014) (discussing the difficulties reconciling registration and use within the federal Australian trade mark system). While the United States grafted registration onto a use-based system, many foreign jurisdictions grafted certain use-based protections onto a registration system, and these differing baselines make different questions seem more

vides opportunities to limit trademark's current structurelessness. Specifically, registration works best in a system that doesn't aim to search out and extirpate every possible instance of confusion, instead recognizing multiple reasons that we might avoid fact-intensive confusion inquiries and either ban or allow certain market behaviors. Moreover, maintaining the registration system requires the investment of substantial government and private resources, which is currently almost irrelevant at the enforcement stage. Applicants and the PTO spend much time and effort crafting the equivalent of an exquisitely detailed origami crane: a 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.¹⁸

There are reasons to make registration procedural, which would mean that registration wouldn't affect the scope of rights but only offered procedural advantages such as presumptions and burdens of proof. There are also reasons to make registration substantive, which would mean treating a registration as having created rights that can be used to manage relationships between businesses regardless of consumer confusion or nonconfusion. None of the tensions in current law can be entirely resolved to favor only one side of the procedural/substantive divide. But by understanding their relationship, we may be able to improve the system.

Courts and the PTO both have their strengths and weaknesses: just as registration and unfair competition protection for unregistered marks have functions, *ex ante* and *ex post* analysis both have a place in the inquiry. More comparative thought can improve the essentially random back-and-forth between the largely judicial approach to registration as procedural and the largely administrative approach to registration as substantive. I ultimately conclude that a more substantive approach could address some of U.S. trademark law's current pathologies, particularly its reliance on amorphous concepts of confusion and its indifference to actual harm.

salient. *Cf.* BENTLY & SHERMAN, *supra*, at 985 (discussing this issue in the context of Case C-252/12, *Specsavers Int'l Healthcare Ltd. v. Asda Stores Ltd.*, 2013 EUR-Lex CELEX LEXIS 0252 (July 18, 2013), <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:62012CJ0252> [<https://perma.cc/W6TD-5WTG>], which considered the defendant's and the plaintiff's actual use despite European law's focus on registration).

¹⁸ See Mark A. Lemley & Mark P. McKenna, *Scope*, 57 WM. & MARY L. REV. 2197 (2016) (arguing that failure to define the proper scope of IP rights leads to mistakes about protectability and infringement).

To explain the stakes, Part I of this Article provides an overview of trademark law and trademark registration. Part II examines a number of ways in which the current registration system interacts and conflicts with the current ideology of consumer confusion as the crucial source of trademark's boundaries.¹⁹ Part III discusses how we could repair the system. Though I discuss a possible procedural turn, I conclude that further moves in the direction of substantive rights stemming from registration offer more promising alternatives. There are a number of changes, ranging from small tweaks to sweeping statutory reforms and the rejection of the Supreme Court's ahistorical conclusion that registration is a matter of factual accident rather than an important distinction between types of marks, that could improve the law to the benefit of trademark owners and nonowners alike.

I. OVERVIEW OF TRADEMARK AND TRADEMARK REGISTRATION

A. Trademarks: Rights Based in Use

Trademarks indicate the sources of goods and services. Trademark law dictates that no one can lawfully produce "Coca-Cola soda" but the Coca-Cola Company. Protection against consumer confusion is the core of modern trademark law: trademark ensures that people can get what they want when they buy Coca-Cola soda.²⁰ Until roughly a century ago, courts required a plaintiff to risk losing sales from confusing uses, so in order for the plaintiff to prevail, the defendant's products had to substitute for the plaintiff's.²¹ After that, the modern view developed that no direct competition was required for infringement if consumers were confused. The trademark owner became an enforcer of consumers' interests in avoiding confusion as it protected its own reputation.²² Coca-Cola could now suppress Coca-Cola posters with-

¹⁹ Cf. Robert G. Bone, *Hunting Goodwill: A History of the Concept of Goodwill in Trademark Law*, 86 B.U. L. REV. 547 (2006) (arguing that the boilerplate assertion that trademark law protects "goodwill" actually contradicts the expressed justifications for trademark law — protecting consumers and ensuring the truthful flow of information).

²⁰ See, e.g., *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 157 (1989) ("[Trademark's function is] protecting consumers from confusion as to source. While that concern may result in the creation of 'quasi-property rights' in communicative symbols, the focus is on the protection of consumers . . ."); Gerhardt, *supra* note 1, at 433 ("Many commentators assume that consumer protection is the theoretical heart of trademark law.")

²¹ Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 NOTRE DAME L. REV. 1839, 1866–71 (2007).

²² See, e.g., *Standard Oil Co. of N.M., Inc. v. Standard Oil Co. of Cal.*, 56 F.2d 973, 978 (10th Cir. 1932) ("[I]t is now well settled that the law of unfair competition is not confined to cases of actual market competition."); *Four Roses Prods. Co. v. Small Grain Distilling & Drug Co.*, 29 F.2d 959, 959–60 (D.C. Cir. 1928); *Yale Elec. Corp. v. Robertson*, 26 F.2d 972, 974 (2d Cir. 1928) (recognizing that this result was legal innovation); Edward C. Lukens, *The Application of the Principles of Unfair Competition to Cases of Dissimilar Products*, 75 U. PA. L. REV. 197, 200 (1927) ("It

out being in the business of selling posters. As the leading treatise, by Professor J. Thomas McCarthy, states, “U.S. trademark law is based primarily on a policy of protecting customers from confusion: trademark law is seen as a form of consumer protection.”²³

Another, often complementary, way to understand trademark law is as a set of instructions for businesses about how they can behave — regulating which terms, product configurations, colors, sounds, and so on they can use — but this concept is decidedly secondary in U.S. law, at least as a matter of rhetoric.²⁴ Producer protection often appears as the idea of protecting trademark owners’ investment in promoting marks so that they quickly communicate meaning. But this is a circular framing of the producer-oriented view, because the “value” generated by this investment only exists because of trademark law itself, as Professor Felix Cohen explained more than eighty years ago.²⁵ Moreover, producers’ investment must be matched by consumers’ response to have any real value. No law can entitle a producer to marketplace success.²⁶ In part because of the normative shallowness of the investment-protecting justification, consumer protection from confusion offers a far more attractive justification for trademark protection.

To unpack the concept of confusion a bit, the scope of trademark protection today is largely determined by what courts think consumers think.²⁷ If consumers are likely to believe, because of the defendant’s use of some symbol, that there is an association between the defendant and the plaintiff, then courts will find that the plaintiff has trademark rights in that symbol and therefore that the defendant infringed. This liability is subject to (1) ongoing disagreement about what counts as actionable association and (2) non-confusion-based defenses that preclude liability, such as functionality (the symbol performs some function that is important for all competitors to be able to use freely, such

is now established beyond controversy that the products need not be the same, in order that relief may be granted.” (footnote omitted).

²³ 3 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 19:1.75 (4th ed. 2013).

²⁴ Another goal was complying with international treaties, which would assist domestic companies to expand overseas. Because the U.S. markets were so large and dominant, local businesses had sizable room to expand before foreign sales would benefit from strong trademarks. As a result, U.S. recognition of the relevance of registration was somewhat delayed compared to the demand for registration systems from traders in other nations, such as the United Kingdom. See *5th Annual Trademark Scholars’ Roundtable*, REBECCA TUSHNET’S 43(B)LOG (Apr. 12, 2013, 12:13 PM), <http://tushnet.blogspot.com/2013/04/5th-annual-trademark-scholars-roundtable.html> [<https://perma.cc/3WSF-7SD6>] (remarks of Lionel Bently).

²⁵ See Felix S. Cohen, *Transcendental Nonsense and the Functional Approach*, 35 COLUM. L. REV. 809, 815 (1935).

²⁶ See Gerhardt, *supra* note 1, at 449–67; Litman, *supra* note 14, at 1730.

²⁷ See, e.g., McKenna, *supra* note 21, at 1898, 1915–16 (discussing law’s shift to consumer-focused theories).

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

Scholars are in general agreement that trademark law's understanding of confusion has stretched past any meaningful definition of the term, is often driven by disapproval of perceived free riding, lacks an empirically sound basis in consumer psychology, and threatens both free expression (by suppressing communicative uses of trademarks) and consumer welfare (by making it harder for competitors to provide consumers with product features they desire).²⁸ Actionable confusion can now be based on similarities in parts of products,²⁹ confusion over whether the plaintiff permitted the defendant's use of its mark in a parody,³⁰ confusion over whether the defendant is an *authorized* reseller of merchandise and not just a reseller,³¹ and much more. Much criticism of this expansion, however, has targeted the confusion standard and related defenses without addressing the effects of overexpansion on the registration system.

B. Registration: Rights Tied to a Record

It is possible to argue that the lowering of consumers' search costs is the only legitimate basis for trademark protection.³² It is also possible to argue that protecting the distinctiveness of a trademark (which also serves the function of rewarding producers' investment) is the only true basis for trademark protection.³³ I believe that trademark serves multiple goals. But whatever the purpose of trademark protection, trademark *registration* is different: it implements the concept of trademark by creating an administrative procedure to define and record trademarks on a publicly accessible registry.

Eleven years after Cohen used trademark as a key example of "transcendental nonsense" in treating legally generated rights as natural facts, he lost the battle in trademark, where the Lanham Act's ver-

²⁸ See, e.g., Michael Grynberg, *Things Are Worse than We Think: Trademark Defenses in a "Formalist" Age*, 24 BERKELEY TECH. L.J. 897, 903–13 (2009); Lemley, *supra* note 1, at 1697–1713; Litman, *supra* note 14, at 1721–25; William McGeeveran & Mark P. McKenna, *Confusion Isn't Everything*, 89 NOTRE DAME L. REV. 253 (2013).

²⁹ See *Maker's Mark Distillery, Inc. v. Diageo N. Am., Inc.*, 679 F.3d 410 (6th Cir. 2012) (finding that a red wax seal on a clearly labeled Jose Cuervo tequila bottle created actionable confusion with Maker's Mark whiskey).

³⁰ See *Mut. of Omaha Ins. Co. v. Novak*, 836 F.2d 397 (8th Cir. 1987).

³¹ See, e.g., *Rosetta Stone Ltd. v. Google, Inc.*, 676 F.3d 144, 158 (4th Cir. 2012).

³² See Stacey L. Dogan & Mark A. Lemley, *A Search-Costs Theory of Limiting Doctrines in Trademark Law*, 97 TRADEMARK REP. 1223 (2007).

³³ See Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813, 831 (1927) ("[T]he preservation of the uniqueness of a trademark should constitute the only rational basis for its protection . . .").

sion of a comprehensive federal registration for trademarks added a new set of legal fictions to the existing ones he had criticized. Registration creates a legal right with contours that are supposed to be delineated at least in part by the statute, not by the existence of economic value or even, in some cases, by consumer perception.³⁴

Trademark registration is available when the PTO determines that a symbol is functioning as a trademark by indicating the source of a product or service (or will immediately do so upon use, in the case of an ITU application).³⁵ Rather than having to establish in each individual legal proceeding that its mark is in fact valid, a registrant is accorded a presumption of validity, and under certain circumstances that presumption is irrebuttable.³⁶ Other benefits to the trademark owner are nationwide priority over other users even without nationwide use,³⁷ eligibility for assistance from the Customs Service in avoiding infringing imports,³⁸ the ability to use the U.S. registration as the basis for extending protection in other countries,³⁹ and preemption of certain state laws.⁴⁰

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

³⁴ “The purchasing public knows no more about trademark *registrations* than a man walking down the street in a strange city knows about legal title to the land and buildings he passes.” *In re Nat’l Distillers & Chem. Corp.*, 297 F.2d 941, 949 (C.C.P.A. 1962) (Rich, J., concurring).

³⁵ Applications to register are initially assigned to a trademark examiner. If the examiner rejects the mark, or if the examiner approves the mark but a third party wishes to oppose the registration, for example on grounds of likely confusion with the third party’s existing mark, the Trademark Trial and Appeal Board (TTAB) resolves the dispute. From the TTAB, a disappointed party can appeal to the Federal Circuit or to a district court. *Trademark Process*, U.S. PAT. & TRADEMARK OFF., <https://www.uspto.gov/trademarks-getting-started/trademark-process> [<https://perma.cc/BR2Z-UJHG>].

³⁶ See 15 U.S.C. § 1057(b) (2012) (registration as prima facie evidence of validity and ownership); *id.* § 1072 (registration as constructive notice of ownership); *id.* § 1065 (eventual eligibility for incontestable status, completely preventing challenge on grounds that registrant’s mark is merely descriptive); *Playboy Enters., Inc. v. Chuckleberry Publ’g, Inc.*, 687 F.2d 563, 567 (2d Cir. 1982) (registration indicates that “the mark is not merely descriptive and gives to it a strong presumption of validity”). These benefits were designed to encourage registration. See *Trade-Marks: Hearings on H.R. 82 Before the Subcomm. on H.R. 82 of the S. Comm. on Patents*, 78th Cong. 21 (1944) (statement of Daphne Robert, Member of the Comm. on Trade-Mark Legis., American Bar Association) (“This bill will bring about . . . an incentive to register because it provides in section 15 . . . an incontestable right.”).

³⁷ 15 U.S.C. § 1072 (registration as providing nationwide constructive notice of ownership, even without actual nationwide use); *id.* § 1124 (allowing trademark registrants to provide details of marks to Treasury Department as assistance in deterring importation of confusingly similar goods).

³⁸ *Id.* § 1125(b) (disallowing the entry at customs of improperly marked or labeled goods).

³⁹ *Id.* § 1141b (simplified process for extending trademark rights to countries that have signed the Paris Convention for the Protection of Industrial Property art. 6quinquies, July 14, 1967, 21 U.S.T. 1583, 828 U.N.T.S. 305).

⁴⁰ *Id.* § 1121(b) (preemption of state laws requiring alteration of or addition to a registered mark); *id.* § 1125(c)(6) (preemption of state dilution claims).

As with other intellectual property systems, the public benefits that might be said to flow from registration lie, for the most part, in the value of the trademark register as a source of information. The strongest informational argument for the value of trademark registration is that it reduces business clearance costs by enabling those engaged in trade to discover quickly and cheaply which signs third parties have already claimed.⁴¹

A business that is considering multiple possible names may be able to eliminate a number of them upon searching the register. Even if the new business unnecessarily avoids deadwood and has to check for conflicts with common law rights in unregistered marks, it nonetheless may benefit from lowered if not eliminated clearance costs. There is, however, an open question about how many businesses actually choose marks this way. While large producers regularly do investigate multiple possible marks, the small producers who would in theory benefit most from concentrating information in a registry seem less likely to go through the search process.⁴²

Overall, however, registration allows businesses to order their affairs more predictably. As the International Trademark Association (INTA) says, registration benefits businesses by providing “a visible deterrent and constructive notice to potential infringers”; allowing the trademark registry to cite the registration in refusing to register potentially confusingly similar marks; and allowing the trademark owner to license the mark to others more easily in standardized commercial transactions, as well as to show evidence of its rights when seeking to use them as security for loans.⁴³ Another way to put it is that, even if *trademark* is a matter of consumer protection, *trademark registration* is a matter of industrial policy, contributing to a national unified mar-

⁴¹ Robert Burrell & Michael Handler, *Dilution and Trademark Registration*, 17 *TRANSNAT'L L. & CONTEMP. PROBS.* 713, 715–16 (2008); see also *id.* at 722 (“The . . . entry of [a] mark on a public register allows third parties to identify what marks are protected in any given sphere of trade.”); Robert Burrell, *Trade Mark Bureaucracies*, in *TRADEMARK LAW & THEORY* 95, 95 (Graeme B. Dinwoodie & Mark D. Janis eds., 2008) (noting that reducing consumer search costs and protecting producers against misappropriation, the primary justifications for trademark protection, do not themselves justify a registration system and its costs).

⁴² Some major businesses don't even use the registration system until quite late in the process. Neither Pinterest nor Instagram, for example, two of the biggest new internet businesses of the decade, sought registrations until well after their marketplace success. See Leonid Kravets, *The IP of Business Insider's Twenty Most Innovative Startups*, *STARTUPS & IP STRATEGY* (Nov. 9, 2011), <http://www.startupsip.com/2011/11/09/the-ip-of-business-insiders-twenty-most-innovative-startups> [https://perma.cc/8JAT-38NW] (Instagram); PINTEREST, Registration No. 4,145,087 (filed March 1, 2011, a year after the claimed first-use date of March 1, 2010).

⁴³ *Trademark Registration*, INT'L TRADEMARK ASS'N, <http://www.inta.org/TrademarkBasics/FactSheets/Pages/TrademarkRegistrationFactSheet.aspx> [https://perma.cc/W9HJ-BZ5W] (last updated Mar. 2015).

ket by providing incentives for registration, including nationwide priority over other users.⁴⁴

Registrations are also increasing inexorably. In 2014, there were over 1.9 million live trademark registrations, approximately ten percent of which were new registrations approved that year.⁴⁵ Based on past experience, approximately half are likely to be renewed in six years. While it took 104 years to get one million registrations (in force and expired), only five years elapsed between four and five million.⁴⁶ Nor has growth peaked: in fiscal year 2015, trademark applications at the PTO rose by over ten percent compared to the previous fiscal year.⁴⁷

C. *The Modern Convergence Between Registrability and Protectability*

In the current version of trademark law, all of the internal boundaries of protectability are based on consumer understanding. There is no ontologically “nontrademarkable” class of symbols.⁴⁸ Anything that is capable of distinguishing the source of goods or services — known as being “distinctive” — can serve as a mark.⁴⁹ Because the Lanham Act makes registration available, with limited exceptions, to all symbols that are capable of functioning as trademarks, registrability is now judged by similar or even identical standards as protectability, though historically this was not the case.

Two provisions of the Lanham Act prohibit infringement: section 32 provides a cause of action against confusing uses of a registered mark, while section 43 uses even broader language, making actionable the use of any symbol that “is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of [the defendant] with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person.”⁵⁰

⁴⁴ Graeme B. Dinwoodie, Trademarks and Commercial Reality 20 (Sept. 21, 2015) (unpublished manuscript) (on file with the Harvard Law School Library).

⁴⁵ Barton Beebe & Jeanne C. Fromer, An Empirical Study of Trademark Depletion 5, 25 (Apr. 18, 2016) (unpublished manuscript) (on file with the Harvard Law School Library).

⁴⁶ Registration No. 1 was granted in 1870. According to the PTO’s Trademark Electronic Search System, Registration No. 1,000,000 was granted in 1974; No. 2,000,000 in 1996; No. 3,000,000 in 2005; No. 4,000,000 in 2011; and No. 5,000,000 in 2016.

⁴⁷ Little, *supra* note 3.

⁴⁸ *Qualitex Co. v. Jacobson*, 514 U.S. 159, 164 (1995) (“It is the source-distinguishing ability of a mark — not its ontological status as color, shape, fragrance, word, or sign — that permits it to serve [as a distinguishing factor for consumers].”).

⁴⁹ *Id.* at 166 (citing U.S. PATENT & TRADEMARK OFFICE, U.S. DEP’T OF COMMERCE, TRADEMARK MANUAL OF EXAMINING PROCEDURE § 1202.04(e), at 1202–13 (2d ed. 1993)).

⁵⁰ 15 U.S.C. § 1125(a)(1)(A) (2012).

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

Government registration in the U.S. is essentially recognition of a right already acquired by use. The underlying right created by use as a mark is recognized by the common law. That is, registration in the U.S. does not create the trademark, the owner creates the underlying right though use in the marketplace. In the marketplace, consumers use the designation as a mark to identify and distinguish source. Registration adds additional rights to the trademark property that already exists.⁵¹

That last sentence is where the magic happens. The *right* exists because of use;⁵² the *registration* then may add to the scope of the right. Most notably, registration provides nationwide rights even when the registrant is using the mark only in one part of the country.⁵³ Nonetheless, trademark doctrine teaches that registration doesn't change the standard for assessing whether confusion with another's use is likely, and in that sense the "scope" of the right is the same.⁵⁴ Courts eviscerated the distinction between registered and unregistered

⁵¹ 3 MCCARTHY, *supra* note 23, § 19:1.75 (footnotes omitted); *see also* DAPHNE ROBERT, THE NEW TRADE-MARK MANUAL 10 (1947) ("The right to use the mark is not granted by the Government and registration of a mark . . . does not in itself create any exclusive rights. Rights in a mark are acquired by *use* and use must continue if the rights are to continue. Registration is simply a recognition by the Government of the right of the owner to use the mark in commerce to distinguish his goods or services."). Most other systems are primarily registration based, though use can also convey some rights under the general law of unfair competition. *See* MCCARTHY, *supra* note 23, § 19:1.75 ("These legal systems place primary value on the public notice that flows from government registration. This public notice affords a measure of fairness and publicity for those who are searching to determine if their mark would conflict with previous marks. In those nations, the public record is a much better reflection of legal and commercial reality than in the United States.").

⁵² The United States also recognizes intent to use as a basis for registration, but the registration is only perfected, and thus available to stop others from using confusingly similar marks, upon use and filing of an acceptable statement of use. *See Section 1(b) Timeline: Application Based on Intent to Use*, U.S. PAT. & TRADEMARK OFF., <https://www.uspto.gov/trademark/trademark-timelines/section-1b-timeline-application-based-intent-use> [<https://perma.cc/6AV2-56X5>] (last modified Aug. 21, 2015).

⁵³ *See Carter, supra* note 11, at 759–60 (noting that registration's automatic nationwide priority, as well as the ITU system, are features that extend protection far beyond the bounds of the common law).

⁵⁴ *See, e.g., 1–800 Contacts, Inc. v. Lens.com, Inc.*, 722 F.3d 1229, 1238 (10th Cir. 2013) (noting that an infringement claim under section 32 is nearly identical to a claim under section 43, except that registration serves as prima facie evidence of validity and of registrant's exclusive right to use mark in commerce); *Century 21 Real Estate Corp. v. Sandlin*, 846 F.2d 1175, 1178 (9th Cir. 1988) ("The 'ultimate test' for unfair competition is exactly the same as for trademark infringement." (citing *New W. Corp. v. NYM Co. of Cal.*, 595 F.2d 1194, 1201 (9th Cir. 1979)); *Medisim Ltd. v. BestMed LLC*, 861 F. Supp. 2d 158, 178 n.150 (S.D.N.Y. 2012) ("As the Supreme Court has made clear, the same likelihood of confusion analysis applies regardless of the name given to the trademark claim — e.g. false designation of origin, infringement, or something else." (citing *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 780 (1992))). *See generally* Mark P. McKenna, *Trademark Law's Faux Federalism*, in *INTELLECTUAL PROPERTY AND THE COMMON LAW* 288 (Shyamkrishna Balganesh ed., 2013).

marks in cases in which the question was whether unregistered marks should get less protection than otherwise identical registered marks do.⁵⁵ As a result, cases about the meaning of registration didn't involve actual registrations, and courts had less reason to consider the consequences of their decisions for the registration system.

Likewise, the remedies available for infringement of registered and unregistered marks are the same, except with respect to counterfeiting.⁵⁶ While the Lanham Act's counterfeiting provisions were designed to give special protection against identical or nearly identical copies of registered marks used on products specified in the registration, courts increasingly conflate counterfeiting with confusion (which doesn't require identical copying).⁵⁷ This means that, even while counterfeiting liability is expanding, the conceptual distinction between having a registration and having a mark that is protectable against confusion is narrowing further.

Because the requirements for registrability have loosened and the concept of infringement has expanded over time, the registry has become less useful, even on the counterfactual assumption that every mark on the register is valid and in use. As further detailed below, the specification of the mark and the list of covered goods and services in the registration increasingly have provided less and less information about what rights actually exist. Though the statute speaks of giving trademark owners an "exclusive" right to use a mark on the goods and services for which it is registered,⁵⁸ that right isn't in fact exclusive. Instead, it is subject to a requirement that the trademark owner prove confusion, so rights might be practically limited to a smaller subset of the listed goods or services. Moreover, even with respect to goods and

⁵⁵ See, e.g., *Taco Cabana*, 505 U.S. at 768.

⁵⁶ 15 U.S.C. § 1117 (2012). Though courts generally reached this result even before Congress made it explicit, see, e.g., *Metric & Multistandard Components Corp. v. Metric's, Inc.*, 635 F.2d 710, 715 (8th Cir. 1980), Congress did so in the Trademark Law Revision Act of 1988, Pub. L. No. 100-667, § 129, 102 Stat. 3935, 3945 (codified at 15 U.S.C. § 1117(a)) (adding to the introductory clause of Lanham Act section 35 a reference to section 43(a)). Failure to mark goods with the ® symbol can sometimes limit the remedies available for infringement of a registered mark, a rule that can't always be avoided by asserting common law rights in the same mark, but the case law is something of a mess. See 3 MCCARTHY, *supra* note 23, § 19:444 (describing this issue as a "difficult question").

⁵⁷ See Mark P. McKenna, *Criminal Trademark Enforcement and the Problem of Inevitable Creep* (2014) (unpublished draft); cf. *Tiffany & Co. v. Costco Wholesale Corp.*, 127 F. Supp. 3d 241, 254–56 (S.D.N.Y. 2015) (holding that use of "Tiffany" on signs for diamond rings constituted counterfeiting even though rings had non-Tiffany marks inscribed on their inner surfaces and were in non-Tiffany packaging with non-Tiffany paperwork, because the word mark was identical and Tiffany showed actual confusion as well as intent to confuse); *Calista Enters. Ltd. v. Tenza Trading Ltd.*, 43 F. Supp. 3d 1099, 1114–16 (D. Or. 2014) (ignoring statutory command to limit anticounterfeiting protection to the goods or services listed in registrant's registration, in favor of a market- and confusion-based inquiry into the relationship of the parties' services).

⁵⁸ 15 U.S.C. § 1057(b).

services not covered by the registration, a similar-enough use could still infringe.⁵⁹ A term on the registry in standard character form (that is, covering all typographical variants of the registered word) might in practice be limited in its scope of protection to particular stylized versions, colors, or fonts.

Professor Robert Burrell, dealing with Australian law, has eloquently elaborated on the difficulties of meshing a registration system designed to provide formal rules for businesses with a confusion-based system that depends on consumer reactions.⁶⁰ In brief: the register lists rights that may not truly exist, while rights may still exist outside the register to surprise actors who proceeded in good faith in reliance on the register. In the United States, as McCarthy's summary indicates, we have told ourselves that both systems, registration and general protection against confusion, have the same goals and the same mechanisms. The result has been increasing tension between irreconcilable empirical and conceptual approaches to trademark problems. The following Part discusses some key examples, including problems that have received national attention (the REDSKINS cancellation) and Supreme Court review (preclusion).

II. REGISTRATION AS RECOGNITION OF RIGHTS OR CREATION OF RIGHTS

Registration often takes a substantive role of managing relations among businesses, determining when rights exist even in the absence of consumer understanding or misunderstanding. Under a pure consumer-protection view, by contrast, registration should be procedural and have no independent meaning, with the underlying law of infringement providing all the rights and expanding or contracting the scope of the registration as needed. As this Part explains, the law of registered trademarks resembles a dance in which the system takes one step 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.

Procedural: courts regularly say that the question whether a symbol meets the standards for protectability as a mark is the same as whether it meets the standards for registrability. In that case, a mark is unregistered only by factual accident. Substantive: when the mark is

⁵⁹ This shift is a change from the common law and earlier statutory law. The Trademark Act of 1905, Pub. L. No. 58-84, 33 Stat. 724, *repealed by* Lanham Act, Pub. L. No. 79-489, § 46(a), 60 Stat. 427, 444-45 (1946), barred only unauthorized uses of a registered trademark on “merchandise of substantially the same descriptive properties as those set forth in the registration.” *Id.* § 16, 33 Stat. at 728.

⁶⁰ *See* Burrell, *supra* note 41.

unregistrable for a policy reason, such as the fact that it disparages a group of people or is not in use in the United States, it may still be protectable under federal unfair competition law, making registered marks a meaningful subset of protectable marks.⁶¹

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

Procedural: the same infringement standard is applied to registered and unregistered marks, making registration irrelevant for infringement inquiries. The related statutory provisions for “incontestability,” to be discussed in detail below, likewise become functionally meaningless. Substantive: registered descriptive terms — terms that describe a characteristic of the product or service, such as the “American” in American Airlines — can still become incontestable, meaning that they will be protected as trademarks even if consumers don’t recognize them as marks. And courts sometimes treat incontestable, or even registered, marks as having a broader scope than otherwise identical unregistered marks do to prevent competing uses.

Procedural: in infringement cases, courts generally evaluate a mark as it’s actually used, regardless of how it’s registered — as a typewritten word, a word in a particular font, and so on. For example, WINTERFRESH is registered as a standard character mark for gum,⁶² but courts will evaluate an allegedly infringing use for its similarity to the word in combination with its design:



⁶¹ That is, if unregistrable marks are unprotectable, then the result for anyone using a disparaging mark is the same whether it has a registration or not: the user can’t sue under the Lanham Act. Conversely, registration would mean nothing special about the rights to which a protectable mark is entitled. All the work would be done by the protectability determination, reflecting a procedural view of registration. If some unregistrable marks are protectable, by contrast, registration would have additional substantive meaning — registrable marks would be entitled to specific benefits that unregistrable marks could never access — over and above the basic protectability determination.

⁶² WINTERFRESH, Registration No. 3,064,491.

Courts also tend to treat a two-dimensional picture and a three-dimensional version of a depicted item as the same, replicating what they understand to be the general fuzziness of consumer perceptions. Likewise, the theoretically nationwide scope of a registration is limited by judicial doctrine requiring actual expansion into the defendant's area, or at least actual recognition in the defendant's area, before the plaintiff can take advantage of its registration to suppress the defendant's use, meaning that registration's exclusive nationwide rights require actual nationwide use or recognition. Substantive: the PTO grants broader protections when a word mark is registered as a standard character mark, considering it to appear in essentially all fonts and configurations even if in practice the registrant's use is far more limited. Moreover, the nationwide scope of local registered marks applies to preclude other registrations, even of distant users, as well as to provide the right to expel distant junior (that is, later-adopted) uses if nationwide expansion does occur.

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

*A. Disparaging Marks: Is There Matter
that Is Unregistrable but Protectable?*

Section 2 of the Lanham Act precludes registration of matter that is, among other things, "disparag[ing]."⁶³ A mark that was disparaging when registered may be cancelled at any time by the Trademark Trial and Appeal Board (TTAB).⁶⁴ After extended wrangling, the TTAB recently cancelled a number of REDSKINS football-related registrations for the second time (having been reversed on procedural grounds the first time).⁶⁵ The U.S. District Court for the Eastern District of Virginia upheld the cancellation,⁶⁶ and the Fourth Circuit is waiting to resolve the appeal of that case until the Supreme Court decides *Lee v. Tam*.⁶⁷ In *Tam*, the Supreme Court will consider a First Amendment challenge to the disparagement bar.

If the courts sustain the cancellation, Washington's football team will confront a question to which, surprisingly, there is no clear answer even after nearly seven decades under the Lanham Act: If a mark is

⁶³ § 2(a), 60 Stat. at 428 (codified as amended at 15 U.S.C. § 1052(a)).

⁶⁴ 15 U.S.C. § 1064.

⁶⁵ *Blackhorse v. Pro-Football, Inc.*, 111 U.S.P.Q.2d (BNA) 1080 (T.T.A.B. 2014).

⁶⁶ *Pro-Football, Inc. v. Blackhorse*, 112 F. Supp. 3d 439 (E.D. Va. 2015).

⁶⁷ See *In re Tam*, 808 F.3d 1321 (Fed. Cir. 2015) (en banc) (invalidating section 2(a)'s disparagement bar on First Amendment grounds), *cert. granted sub nom. Lee v. Tam*, 84 U.S.L.W. 3606 (Sept. 29, 2016) (No. 15-1293).

unregistrable and not just unregistered by factual accident, can it still be federally protected through section 43(a)'s coverage of unregistered marks?⁶⁸ If the answer is yes, then the team will have suffered a symbolic blow to its mark, but will still be able to enforce its rights in its name against infringers once it proves that its mark has source-identifying meaning to consumers, a showing that will not likely be difficult.⁶⁹ If the answer is no, then denial of registration will be the death knell for any other form of protection, making the First Amendment challenge to section 2(a) more salient. Moreover, if section 43 protection is unavailable, in the many states that follow the federal lead, anyone will be able to use the term, though not the unchallenged team logo or team colors. Because of the importance of merchandising to modern sports teams, the team would predictably change its name; therefore, declaring the term free for anyone to use would almost certainly lead to its commercial extinction.

If an unregistrable term is entitled to trademark protection under section 43, that might affect only the contours of the First Amendment analysis.⁷⁰ What's notable is that this seemingly basic predicate question — what are the protections available to an unregistrable term under federal law? — can easily be answered two different ways under current law.

1. *Registration as Procedural and Coextensive with Protectability — or Not.* — The argument that registration is limited to a specially favored subset of protectable marks relies on both text and history. As Professor Mark McKenna argues, because section 2 reads that “[n]o trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless’ it runs afoul of one of

⁶⁸ Although the development of the common law largely halted once federal law became available, older authorities suggest that common law protection could be unavailable for disparaging marks or marks otherwise against public policy. Treatise writer William Henry Browne, writing in the nineteenth century, claimed that “any business conflicting with the morals of the time should not be able to enforce trademark and unfair competition rights.” Jasmine Abdel-khalik, *To Live in In-“Fame”-y: Reconceiving Scandalous Marks as Analogous to Famous Marks*, 25 CARDOZO ARTS & ENT. L.J. 173, 188 (2007) (citing WILLIAM HENRY BROWNE, A TREATISE ON THE LAW OF TRADE-MARKS AND ANALOGOUS SUBJECTS (FIRM-NAMES, BUSINESS-SIGNS, GOOD-WILL, LABELS, &C.) 342 (Boston, Little, Brown & Co. 2d ed. 1885)). Browne stated that a mark “must not transgress the rules of morality or public policy.” BROWNE, *supra*, at 465. Likewise, earlier federal trademark statutes, which did not create any substantive rights, treated marks similarly. *Id.* at 343; *see also* Hughes v. Alfred H. Smith Co., 205 F. 302, 315 (S.D.N.Y. 1913).

⁶⁹ The team's ability to get seizures of counterfeits at the border would be limited, but not to the extent that it would continue to rely on its unchallenged registrations for its logo and color schemes. *See* 15 U.S.C. §§ 1124, 1125(b).

⁷⁰ *See* Rebecca Tushnet, Essay, *The First Amendment Walks into a Bar*, NOTRE DAME L. REV. (forthcoming 2017) (arguing that section 2(a)'s disparagement bar should ultimately survive scrutiny).

the provisions in subsections (a)–(f),” the statute “implies that the question whether a claimed designation qualifies as a trademark is logically prior to, and independent of, the question of registrability.”⁷¹ That is, only some subset of trademarks qualify for registration.

McKenna suggests that the concept of unregistrable but protectable trademarks was perfectly sensible to trademark lawyers in the 1940s and 1950s, when a number of valid trademarks were unregistrable — “because they were not used in interstate commerce (a concept that then would have been more limiting), because they were not technical trademarks, or because they failed one of the other statutory requirements.”⁷² Such trademarks would have been protectable only in an action for unfair competition, which had more stringent requirements for secondary meaning⁷³ and required plaintiffs to show actual trade diversion instead of just likely harm. However, courts spent the subsequent decades “eviscerating the substantive differences between trademark infringement and unfair competition,” making it hard for them to understand this older conception.⁷⁴

The argument that registrability and protectability are coextensive is simple: courts have said so. Almost any symbol, the Supreme Court said in *Qualitex v. Jacobson*,⁷⁵ can be a trademark, and if it can serve as a source identifier, it’s also entitled to registration.⁷⁶ In the 1992 case of *Two Pesos, Inc. v. Taco Cabana, Inc.*,⁷⁷ the Court first explicitly said that the standard for protectability under section 43(a) — the provision of the Lanham Act allowing federal protection against infringement for unregistered marks — was the same as the standard for registrability under section 2.⁷⁸ *Taco Cabana*, though it didn’t reflect the history of registration, profoundly (and negatively) shaped courts’ subsequent treatment of unregistered marks.

⁷¹ Mark P. McKenna, Trademark Year in Review 5 (Feb. 5, 2015) (unpublished manuscript) (emphasis added) (quoting 15 U.S.C. § 1052), http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2645863 [<https://perma.cc/NK7M-VKHJ>].

⁷² *Id.*

⁷³ “Secondary meaning” is trademark meaning in the marketplace; consumers recognize a mark with secondary meaning as a trademark because they’ve seen it before and associate it with specific products or services. See *Levi Strauss & Co. v. Blue Bell, Inc.*, 632 F.2d 817, 820 (9th Cir. 1980) (“The basic element of secondary meaning is a mental recognition in buyers’ and potential buyers’ minds that products connected with the symbol or device emanate from or are associated with the same source.”).

⁷⁴ McKenna, *supra* note 71, at 6.

⁷⁵ 514 U.S. 159 (1995).

⁷⁶ *Id.* at 162; see also *id.* at 171 (using the registration language at 15 U.S.C. § 1052(f) to conclude that a descriptive word may “act as a trademark” if it has acquired secondary meaning (emphasis added)).

⁷⁷ 505 U.S. 763 (1992).

⁷⁸ *Id.* at 773; see also *id.* at 784 (Stevens, J., concurring in the judgment) (“[Section] 43(a) is properly understood to provide protection in accordance with the standards for registration in § 2.”).

Of course, the Court's statements were made without explicit consideration of the non-distinctiveness-based limits in section 2, including disparagement and scandalousness. Yet there are reasons to think that the exclusions in section 2 reflect public policies that also apply to unregistered marks. Section 2 excludes merely descriptive marks and marks that cause confusion with other marks; section 43(a) wouldn't protect those either. The other exclusions in section 2 mostly cover matter that is potentially deceptive in one way or another, or features that are functional and therefore free for competitors to use as a policy matter, even if consumers associate the features with a particular producer. Deceptive or functional marks are unprotectable under section 43(a).⁷⁹ The market- and consumer-protection rationales for these exclusions sit at the core of trademark policy.

Given the completely sensible reasons that marks that are unregistrable under most parts of section 2 should be unprotectable in general, it seems not wild-eyed lunacy to reason that the remaining exclusions in section 2 are indicators of unprotectability too. The exclusions in section 2 that at least arguably don't go to core trademark policy are those for immoral, scandalous, or disparaging marks; flags, coats of arms, and other insignia of political units; names, signatures, or portraits of living persons or of deceased Presidents with living spouses without their written consent; geographic indications on wine or spirits identifying some place other than their origin; and primarily geographically deceptively misdescriptive terms. Some of these exclusions are closer to source significance, and to preventing deception, than are others. The legislative history indicates that the prohibition on "disparaging" marks was closely related to the ban on creating a false connection with another entity, the latter of which clearly relates to trademark's anticonfusion policy.⁸⁰ It is also worth noting that the

⁷⁹ 15 U.S.C. § 1125(a)(3) (barring protection under section 43(a) for functional features); *Eco Mfg. LLC v. Honeywell Int'l, Inc.*, 295 F. Supp. 2d 854, 876 (S.D. Ind. 2003) ("[T]rademark law never authorized protection of functional product features."); *Havana Club Holding, S.A. v. Galleon, S.A.*, 49 U.S.P.Q.2d (BNA) 1296 (S.D.N.Y. 1998) (rights acquired by deceptive use of unregistered mark would be unenforceable), *later proceedings*, 62 F. Supp. 2d 1085 (S.D.N.Y. 1999). Older cases granted some limited relief to plaintiffs with functional marks. *See, e.g., Kellogg Co. v. Nat'l Biscuit Co.*, 305 U.S. 111, 120 (1938) (holding that defendant was free to use functional shape "subject only to the obligation to identify its product lest it be mistaken for that of the plaintiff"); *Am. Greetings Corp. v. Dan Dee Imps., Inc.*, 807 F.2d 1136, 1141, 1145 (3d Cir. 1986).

⁸⁰ In the hearings on what ultimately became the Lanham Act, lawyer Edward Rogers — also the primary drafter of the Lanham Act — stated that some sellers may be "prostituting great names," *Trade Marks: Hearings on H.R. 9041 Before the Subcomm. on Trade-Marks of the H. Comm. on Patents*, 75th Cong. 79 (1938), and obtaining "vicarious credit to goods by putting a great man's name on them," *id.* at 81. One of his suggested solutions was a prohibition on marks that "bring [someone] into disrepute or ridicule [by] anyone in the place or community he resides." *Id.* at 80. Later testimony suggested that the disparagement and scandalousness bars would allow the PTO to refuse, for example, ABRAHAM LINCOLN gin — a classic false connection. *Trade-*

“core” exclusions are pretty well mixed in with the noncore ones, so that “deceptive” is listed right in between “immoral” and “scandalous.” Arguably, it’s all congressional policy about what ought to serve as a mark.

For example, in *Renna v. County of Union*,⁸¹ a federal district court recently justified the exclusion of flags and other government insignia on the ground that governments ought not to have access to ordinary trademark remedies, given that governments aren’t ordinary commercial actors and that the First Amendment risks of allowing such remedies were uniquely high when the government was pursuing a defendant.⁸² The court stated that there was “a difference between a mark that happens to be unregistered, and one that *cannot* be registered as a matter of law”⁸³:

The Section 2 restrictions serve a broader purpose to distinguish fit from unfit subjects of trademark protection. To put it another way, a mark is not denied registration under Section 2 because of some quirk of the registration process; it is deemed unregistrable because it is not a suitable, protectable mark.⁸⁴

Furthermore, the court continued, consistency was an “independent virtue.”⁸⁵ As McCarthy’s treatise said, “What the law does not need is a separate set of different substantive trademark rules followed in § 43(a) cases. . . . A plethora of different rules and standards provides neither predictability nor consistency, both hallmarks of a rational and democratic legal system.”⁸⁶ The Supreme Court echoed this concern in its recent opinion in *B&B Hardware, Inc. v. Hargis Industries, Inc.*,⁸⁷ reasoning that a federal district court empowered to decide both

Marks: Hearings on H.R. 4744 Before the Subcomm. on Trade-Marks of the H. Comm. on Patents, 76th Cong. 19–20 (1939). Still later, the bill was amended to insert the additional prohibition against “falsely suggest[ing] a connection with” — broader, but not different in kind than the immediately preceding ban on disparagement. H. JOURNAL, 77th Cong., 2d Sess. 542 (1942).

⁸¹ 88 F. Supp. 3d 310 (D.N.J. 2014).

⁸² *Id.* at 323.

⁸³ *Id.* at 320.

⁸⁴ *Id.*

⁸⁵ *Id.* at 321.

⁸⁶ *Id.* (citing 5 MCCARTHY, *supra* note 23, § 27:18). McCarthy’s comments currently found in section 27:18 first appeared in the second edition. 2 J. THOMAS MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 27:3 (2d ed. 1984). In the second edition, he was primarily addressing the question whether there is any divergence in the likely confusion test for granting relief as between traditional state infringement law and section 43(a); the third edition switched the emphasis to whether there was any difference between section 32’s and section 43(a)’s provisions for infringement of registered versus unregistered marks, respectively. 3 J. THOMAS MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 27:03 (3d ed. 1996). However, his point has some force in the context of unregistrable marks as well.

⁸⁷ 135 S. Ct. 1293 (2015).

registrability and infringement shouldn't be forced to use two different standards.⁸⁸

Relatedly, the *Renna* court believed that the whole point of section 43 was to provide unregistered marks with the same protection as registered marks, just without registration's presumptions — the key move in the modern treatment of unregistered marks, making registration purely procedural.⁸⁹ If an unregistrable mark could qualify for the seemingly broader protection of section 43, it might seem to get more benefits by virtue of not being registered. The court rejected such a result: "A mark should not earn extra protection *because* it is not registered."⁹⁰ This reasoning arguably confuses the existence of rights with their scope once established, but it's plausible.

Under the same logic, Washington's football team should be out of luck. Recently, Judge Moore of the Federal Circuit agreed: "[Section] 43(a) protection is only available for unregistered trademarks *that could have qualified for federal registration*. Thus, no federal cause of action is available to protect a trademark deemed disparaging, regardless of its use in commerce."⁹¹ Subsequently, a majority of the Federal Circuit agreed that protection under section 43(a) was likely unavailable to unregistrable marks.⁹²

On the other hand, a vigorous dissent in the Federal Circuit disagreed, relying on the arguments of the International Trademark Association.⁹³ Likewise, a federal district court evaluating the REDSKINS marks held to the contrary, not even considering the question worth careful analysis: registration isn't required for trademark protection, so cancellation of the marks at issue didn't deprive them of all legal protection and didn't raise significant First Amendment concerns.⁹⁴ A Fourth Circuit panel recently ruled similarly that section 43(a) protection doesn't require the plaintiff to own a protectable trademark, though without addressing section 2(a) specifically.⁹⁵

2. *The Thoroughly Modern Nature of the Dispute.* — When the Lanham Act was enacted, trademark lawyers generally didn't consider

⁸⁸ *Id.* at 1307.

⁸⁹ See 88 F. Supp. 3d at 321.

⁹⁰ *Id.*

⁹¹ *In re Tam*, 785 F.3d 567, 576 (Fed. Cir.) (Moore, J., additional views) (citations omitted), *rev'd en banc*, 808 F.3d 1321 (Fed. Cir. 2015), *cert. granted sub nom.* Lee v. Tam, 84 U.S.L.W. 3606 (Sept. 29, 2016) (No. 15-1293).

⁹² *Tam*, 808 F.3d at 1344 n.11.

⁹³ *Id.* at 1375 (Lourie, J., dissenting).

⁹⁴ *Pro-Football, Inc. v. Blackhorse*, 112 F. Supp. 3d 439, 455–57 (E.D. Va. 2015).

⁹⁵ *Belmora LLC v. Bayer Consumer Care AG*, 819 F.3d 697, 706 (4th Cir. 2016) ("[T]he plain language of § 43(a) does not require that a plaintiff possess or have used a trademark in U.S. commerce as an element of the cause of action.")

registration coextensive with protectability.⁹⁶ A significant number of source identifiers that were entitled to protection against unfair competition were nonetheless not registrable — most notably marks comprising “trade dress,” such as the overall color or general appearance and shape of a product.⁹⁷ To prevail in a claim for unfair competition based on unregistrable trade dress required proof of secondary meaning, and also often proof of intentional copying and harm.⁹⁸ This treatment is broadly consistent with the idea that inherently distinctive terms — once known as technical trademarks — are better marks because they are more easily recognized as indications of source, and because there’s no good reason to allow other producers of the same goods to copy them.

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

Even twenty years ago, when Congress passed the NAFTA amendments barring registration of “primarily geographically misdescriptive marks,” it didn’t notice the issue.⁹⁹ Congress intended¹⁰⁰ to switch geographically misdescriptive marks from registrable to unregistrable. Thus, Virginia Microchips not made in Virginia would be unregistrable, even if consumers didn’t actually care where the microchips came from (and thus suffered no harm from the misdescription) and even if the term developed secondary meaning.

⁹⁶ See Mark McKenna, *Guest Post by Prof. McKenna: The Implications of Blackhorse v. Pro-Football, Inc.*, PATENTLY-O (June 19, 2014), <http://patentlyo.com/patent/2014/06/implications-blackhorse-football.html> [<https://perma.cc/V73W-337Q>]. Daphne Robert said, for example, that “[a]ll distinctive marks which may lawfully be used are entitled to registration on the principal register by their owners.” ROBERT, *supra* note 51, at 39; see also *id.* at 226 (“The Lanham Trademark Act erases [previous] limitations[and] permits registration of all marks which are in lawful use in interstate or foreign commerce . . .”). This reading implied that nothing that was valid was unregistrable. At the same time, she also said that unfair competition additionally applied to “passing off” and trade dress, *id.* at 167, among other things, presumably all of which must be “lawfully used.” This implied that there are symbols that are not “marks” whose misuse is capable of confusing consumers but that are not registrable.

⁹⁷ See ROBERT, *supra* note 51, at 167.

⁹⁸ See *id.*

⁹⁹ Robert Brauneis & Roger E. Schechter, *Geographic Trademarks and the Protection of Competitor Communication*, 96 TRADEMARK REP. 782, 832–34 (2006).

¹⁰⁰ An intent vitiated by the Federal Circuit, but still the intent and natural meaning of the law Congress passed. See *id.* at 833–34 (discussing *In re Cal. Innovations*, 329 F.3d 1334 (Fed. Cir. 2003)).

Did Congress also intend to make such marks unprotectable under section 43? The United States's treaty obligation was to provide the means to prevent the *use* of misdescriptive marks that misled the public about the geographical origins of goods, and not just the registration thereof.¹⁰¹ Perhaps Congress should have expanded the existing prohibition on false advertising to cover this situation, but it didn't.¹⁰² Nor does the legislative history contain any hint of concern that someone might evade the prohibition on registration by claiming a right under section 43(a).¹⁰³ Congress failed to fulfill the United States's treaty obligations, even while indicating its intent to use the Lanham Act to do so.¹⁰⁴ It is relevant that Congress acted before the Supreme

¹⁰¹ North American Free Trade Agreement, Can.-Mex.-U.S., art. 1712, ¶ 1, Dec. 17, 1992, 32 I.L.M. 289 (1993) ("Each party shall provide, in respect of geographical indications, the legal means for interested persons to prevent: (a) the *use* of any means in the designation or presentation of a good that indicates or suggests that the good in question originates in a territory, region or locality other than the true place of origin, in a manner that misleads the public as to the geographical origin of the good . . ." (emphasis added)); see also Agreement on Trade-Related Aspects of Intellectual Property Rights art. 22, ¶ 2, Apr. 15, 1994, 33 I.L.M. 81 (1994) [hereinafter TRIPs] (obliging member states to prevent the use of designations or presentations that indicate or suggest that the good in question "originates in a geographical area other than the true place of origin in a manner which misleads the public as to the geographical origin of the good"); Brauneis & Schechter, *supra* note 99, at 837 n.181. Congress did not amend the Lanham Act to implement this provision, while it amended section 2 to deal with registration. Presumably, the assumption was that false advertising law covered the situation already. However, materiality is a requirement under false advertising law — if consumers don't presently care about origin, a misrepresentation isn't actionable. Our trading partners wanted more, because part of the theory behind protecting all geographic indications is that different places should be encouraged to develop reputations for specific qualities. Protection should enable such reputations to develop even if they don't exist now and therefore aren't material now. See Irene Calboli, *Expanding the Protection of Geographical Indications of Origin Under TRIPs: "Old" Debate or "New" Opportunity?*, 10 MARQ. INTELL. PROP. L. REV. 181, 200-01 (2006).

¹⁰² Current false advertising law requires materiality to a consumer's purchasing decision, *Apotex Inc. v. Acorda Therapeutics, Inc.*, 823 F.3d 51, 63 & n.8 (2d Cir. 2016), while the geographic misdescriptiveness bar did not, *LOUIS ALTMAN & MALLA POLLACK*, 6 CALLMANN ON UNFAIR COMPETITION, TRADEMARKS & MONOPOLIES § 26:34 (4th ed. 2004).

¹⁰³ Email from J. Thomas McCarthy, Senior Professor of Law, Univ. of S.F., to author (June 20, 2014, 12:04 PM) (on file with the Harvard Law School Library). Perhaps this is related to the fact that our treaty partners operate more registration-based systems, Dinwoodie, *supra* note 7, at 918, and weren't attuned to the fact that the United States now offers essentially the same protection to registered and unregistered marks.

¹⁰⁴ The same problem occurred with our obligation under TRIPs to prevent the use of certain geographical terms for wines and spirits, which the United States also implemented as a registration bar. Compare 15 U.S.C. § 1052(a) (2012) (barring registration for "a geographical indication which, when used on or in connection with wines or spirits, identifies a place other than the origin of the goods"), and S. REP. NO. 103-412 (1994) (indicating that Lanham Act amendments would bar such registrations), with TRIPs, *supra* note 101, art. 23 ("Each Member shall provide the legal means for interested parties to *prevent use* of a geographical indication identifying wines for wines not originating in the place indicated by the geographical indication in question or identifying spirits for spirits not originating in the place indicated by the geographical indication in question, even where the true origin of the goods is indicated or the geographical indication is used in translation or accompanied by expressions such as 'kind', 'type', 'style', 'imitation' or the like." (em-

Court said, in *Qualitex* and *Taco Cabana*, that almost anything could be a trademark and that anything that could be a trademark could be registered. Thus, neither our trading partners nor Congress had much occasion to consider the interaction between section 43(a) and section 2.¹⁰⁵

My point here is not to argue that the REDSKINS mark should or shouldn't be protectable under section 43 or state common law. Rather, what is interesting about this question is that it has to be asked because of the modern, and historically novel, conception that any symbol that can be protected can be registered. Only on this view of the law does the contrapositive — a symbol that can't be registered can't be protected — become plausible.¹⁰⁶

The Supreme Court didn't frame its decisions in *Taco Cabana* and *Qualitex* as significant departures from existing trademark law. Its rhetoric suggested that universal protectability and registrability were obvious consequences of Congress's broad language in the Lanham Act.¹⁰⁷ If registration is merely about providing procedural advantages and presumptive nationwide scope (as well as assistance with Customs and eligibility for protection against counterfeiting), then it follows that a registration should have no other effect on the substantive scope of the trademark right. Of course, presumptions of validity can be incredibly important, but if that's all, then registration merely crystallizes the borders of an otherwise existing right.

As the next sections show, however, registration also changes the nature of what's protected, with nationwide geographic scope regardless of actual use being only the most obvious consequence. Because a registration extracts a symbol from its context, a registrability inquiry is carried out through a series of significant abstractions. The registration's specification, which is its definition of the "mark" and of the

phasis added)). Alcohol-specific labeling rules may keep the United States from breaching its treaty obligations, but it's notable that an obligation to prevent use, which could easily have been inserted into the Lanham Act as such, shows up only as a prohibition on registration.

¹⁰⁵ For an example of the more restrictive pre-*Taco Cabana* approach to protecting unregistered trade dress, see *Fuddrucker's, Inc. v. Doc's B.R. Others, Inc.*, 826 F.2d 837, 841 (9th Cir. 1987). I thank Professor Jessica Litman for the example.

¹⁰⁶ In the older view of unfair competition, what was protected wasn't an unregistered mark as such, but rather conduct that (intentionally) deceived consumers. McKenna, *supra* note 21, at 1860–61. But courts and litigants ultimately pushed for specifications of what it was about the targeted conduct that was deceptive and, once identified, those elements became understandable as trade dress. *Id.* at 1909–10. The older concept of passing off without infringement of a trademark made less sense the more the only remaining exclusions from trademark protection implemented important policy goals (for example, functionality, genericity, or territoriality).

¹⁰⁷ See, e.g., *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 774 (1992) ("Protection of trade dress, no less than of trademarks, serves the Act's purpose to 'secure to the owner of the mark the goodwill of his business and to protect the ability of consumers to distinguish among competing producers.'" (quoting *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 198 (1985))).

goods and services for which the mark is to be registered, departs from marketplace realities. Rights stemming from registration therefore only imperfectly follow the primary articulated justification for trademark protection: saving consumers from confusion. Right now, these two versions of rights stemming from registration — the wrapper around an existing common law right, and the right in its own merit — coexist, but without coherence.

*B. Likely Confusion as a Barrier to Registration
and as an Independent Cause of Action*

In *B&B*, the TTAB had found that an applied-for mark was unregistrable because it was likely to cause confusion with a preexisting registered mark.¹⁰⁸ The Supreme Court held that this finding had preclusive effect in a subsequent trademark infringement case.¹⁰⁹ When TTAB opposition proceedings brought to prevent registration of a mark were sufficiently similar in procedural protections to court proceedings, and because the question of refusing registration on grounds of likely confusion was sufficiently similar to the question of finding infringement, the Court reasoned, TTAB rulings could be preclusive.¹¹⁰ The Supreme Court's preclusion holding raised the stakes of contested registration proceedings, both for applicants and for opposers, in ways that are not consistent with the oft-stated aim of making the registration process relatively simple and low-cost.¹¹¹

The Supreme Court observed that the statutory language governing registration was highly similar to that governing infringement, and that a court can cancel a trademark registration as part of an infringement claim.¹¹² It wouldn't make much sense for that court to have to apply two different standards.¹¹³ And yet the Court also said

¹⁰⁸ *B&B Hardware, Inc. v. Hargis Indus.*, 135 S. Ct. 1293, 1302 (2015). Section 2(d) of the Trademark Act provides that a registration shall not issue where the applicant's designation "[c]onsists of or comprises a mark which so resembles [another] mark . . . as to be likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive . . ." 15 U.S.C. § 1052(d).

¹⁰⁹ *B&B*, 135 S. Ct. at 1310.

¹¹⁰ *Id.* at 1308–09 ("If a mark owner uses its mark in ways that are materially the same as the usages included in its registration application, then the TTAB is deciding the same likelihood-of-confusion issue as a district court in infringement litigation. . . . [I]f the TTAB does not consider the marketplace usage of the parties' marks, the TTAB's decision should 'have no later preclusive effect in a suit where actual usage in the marketplace is the paramount issue.'" *Id.* at 1308 (quoting 6 MCCARTHY, *supra* note 23, § 32:101); see also *id.* at 1310 (Ginsburg, J., concurring) (emphasizing that preclusion would not apply in many cases where the TTAB compares marks in the abstract).

¹¹¹ See *id.* at 1306 (majority opinion) (acknowledging that issue preclusion may lead parties to devote more resources to TTAB proceedings).

¹¹² *Id.* at 1306–07.

¹¹³ See *id.* at 1307.

that, in many cases, preclusion would be inappropriate because the TTAB would have determined a somewhat different question than that asked by a court deciding an infringement claim.¹¹⁴ While the *B&B* rule may or may not apply very often to preclude relitigation of likely confusion,¹¹⁵ it creates substantial uncertainty for every TTAB likely confusion proceeding, raising the stakes from a right to registration to a right to use.¹¹⁶ The Eighth Circuit's recent decision that the TTAB ruling at issue in *B&B* itself qualified to preclude a likely confusion defense, despite that court's earlier holding that the TTAB hadn't considered the differences in markets between the parties, may signal a relatively aggressive view of preclusion.¹¹⁷

The problem for preclusion is that the PTO's inquiry into likely confusion differs from judicial inquiries into likely confusion in significant ways, primarily deriving from the fact that registration requires a specification of what is to be registered, while an infringement case does not. Where the PTO is careful in defining the applied-for mark, it paints in much broader strokes than courts do when determining

¹¹⁴ *Id.* at 1306, 1308.

¹¹⁵ See Mark B. Harrison, *TTAB Strategy After B&B Hardware*, VENABLE LLP (May 5, 2015), <https://www.venable.com/ttab-strategy-after-bb-hardware-05-05-2015> [<https://perma.cc/QQD2-5EGL>] (noting that TTAB rulings are extremely rare, occurring in less than one-half of one percent of all oppositions and cancellations, and noting that the TTAB generally stays its proceedings in most situations involving concurrent civil litigation, though pointing out that the TTAB practice of staying its proceedings may no longer be justified after *B&B*).

¹¹⁶ *Id.* (arguing that the possibility of dispute over whether a factual situation has changed enough to avoid preclusion "opens the door to time-consuming and costly motions practice and possible interlocutory appeals," and that "the specter of issue preclusion in future disputes now looms over all inter partes TTAB proceedings"; parties may end up litigating TTAB proceedings more heavily because the TTAB "may be their only bite at the likelihood of confusion apple," meaning that this application of issue preclusion "may have the perverse net effect of increasing litigation"); see also Alexandra H. Bistline, *Raising the Stakes: Trademark Litigation in the Wake of B & B Hardware, Inc. v. Hargis Industries, Inc.*, 105 TRADEMARK REP. 867, 868 (2015) (concluding that preclusion is likely to apply to most issues the TTAB decides, other than likely confusion, and that the threat of preclusion "significantly raises the stakes (and the corresponding costs) of an opposition or cancellation proceeding before the TTAB," likely driving litigants directly to court rather than to the TTAB); *id.* at 918 (predicting that preclusion will also often apply to likely confusion); Steve Baird, *On Unintended Consequences: Will the B&B SCOTUS Ruling Encourage Trademark Bullies?*, JD SUPRA (Mar. 31, 2015), <http://www.jdsupra.com/legalnews/on-unintended-consequences-will-the-bb-01062> [<https://perma.cc/JW5H-ZLF6>] (arguing that *B&B* will lead companies to default in a TTAB opposition proceeding and abandon registration attempts when there is an opposition to avoid the possibility of preclusion, and that this result "will only embolden those who have a bloated view of their trademark rights").

¹¹⁷ See *B&B Hardware, Inc. v. Hargis Indus.*, 800 F.3d 427 (8th Cir. 2015); see also *Ashe v. PNC Fin. Servs. Grp., Inc.*, 165 F. Supp. 3d 357 (D. Md. 2015) (applying *B&B* to find preclusion where TTAB had determined the date of a party's priority). Arguably, the *B&B* Court might have meant that if the actual goods and channels of trade were no different than those described in the registration, preclusion would apply, even if additional material such as trade dress, house marks, or logos would in practice decrease or increase the likelihood of confusion. Bistline, *supra* note 116, at 910.

whether there is a conflict with existing marks. For example, the PTO only considers the applied-for matter, but an infringement case looks at the overall impression created by the defendant's product or service — additional matter such as “house marks” that name a recognizable national brand, color, or other differences in presentation can avoid confusion even when some part of the defendant's overall look is similar to the plaintiff's mark.¹¹⁸ If the previously registered mark is in standard character form, the PTO will disregard colors, fonts, and other design elements of the mark itself that might serve to distinguish the two in the world outside the PTO, thus making a confusion finding more likely.¹¹⁹ Courts will not.¹²⁰

Consumer reaction evidence is the most persuasive kind of evidence in infringement cases,¹²¹ but the PTO rarely considers it. Even when the PTO does consider consumer reaction evidence, it understandably requires that surveys must track the specification to be relevant. In order to be relevant to a registration inquiry, therefore, a consumer survey must show a word mark to respondents typed on a white card against a plain background, rather than in a marketplace context.¹²² This same procedure would make a survey inadmissible, or at the very least of minimal weight, in infringement litigation because it wouldn't provide the requisite marketplace context.¹²³

More broadly, in a registration case, the PTO deems certain arguments legally irrelevant because they don't address the breadth of the prior mark as registered, or of the applied-for mark as applied for, even though these arguments might be dispositive in an infringement

¹¹⁸ Compare, e.g., *J.T. Colby & Co. v. Apple Inc.*, 586 F. App'x 8 (2d Cir. 2014), with *Checkpoint Sys., Inc. v. Check Point Software Techs., Ltd.*, 2002 WL 1181046, at *3 (T.T.A.B. 2002) (“[L]ikelihood of confusion is determined only as to the applied-for mark on the applied []for goods, regardless of the context of actual usage.” (alteration in original) (quoting 4 MCCARTHY, *supra* note 23, § 32:98)).

¹¹⁹ *SquirtCo v. Tomy Corp.*, 697 F.2d 1038, 1041 (Fed. Cir. 1983) (determining that a party presenting its mark in standard-character form during registration is barred from asserting a difference based on type style).

¹²⁰ *Hornady Mfg. Co. v. Doubletap, Inc.*, 746 F.3d 995, 1002 n.2 (10th Cir. 2014) (determining that in an infringement action, “standard character registration does not override the requirement that likelihood of confusion be measured by the perceptions of consumers in the marketplace, including the effect of packaging”).

¹²¹ See, e.g., *All. Metals, Inc. v. Hinely Indus.*, 222 F.3d 895, 907 (11th Cir. 2000) (“The most persuasive evidence in assessing the likelihood of confusion is proof of actual confusion.”); *Cairns v. Franklin Mint Co.*, 24 F. Supp. 2d 1013, 1041 (C.D. Cal. 1998) (“Survey evidence is not required to establish likelihood of confusion, but it is often the most persuasive evidence.”).

¹²² See, e.g., *Meier's Wine Cellars, Inc. v. Meyer Intellectual Props. Ltd.*, 2008 WL 902837, at *4–6 (T.T.A.B. 2008) (finding respondent's survey was “without probative value,” *id.* at *6, for registration, in part because the survey stimulus was a wine bottle, not just the mark).

¹²³ See, e.g., *THOIP v. Walt Disney Co.*, 690 F. Supp. 2d 218, 231 (S.D.N.Y. 2010) (“[T]he closer the survey methods mirror the situation in which the ordinary person would encounter the trademark, the greater the evidentiary weight of the survey results.” (alteration in original) (quoting 6 MCCARTHY, *supra* note 23, § 32:163)).

lawsuit.¹²⁴ For example, differences in the parties' products and services can make confusion unlikely. But when an applicant argues that its goods or services differ in important practical ways from those of an opposer, the TTAB holds that it's the list in the application that matters, not what the parties actually sell or how they sell it.¹²⁵ If the goods listed in the specification are legally identical, the TTAB presumes that they travel in the same channels of trade to the same classes of consumers.¹²⁶ In infringement actions, by contrast, differences in types of products or actual channels of trade may render confusion unlikely.¹²⁷

Along with the factors already listed, the PTO doesn't consider differences of price or quality, so the applicant's presumptive class of likely purchasers is almost always broader and more likely to overlap with an opposer's than the real class of purchasers.¹²⁸ Courts do con-

¹²⁴ *Compare In re N.Y. Football Giants, Inc.*, 2014 WL 3427342, at *1 (T.T.A.B. 2014) ("While it is not unusual for an applicant . . . to argue that confusion is not likely because of marketplace conditions, typically such arguments fail to recognize that the [TTAB] is required, under applicable precedents[,] . . . to analyze likelihood of confusion based on the involved identifications . . ."), with *Medici Classics Prods. LLC v. Medici Grp. LLC*, 683 F. Supp. 2d 304, 311 (S.D.N.Y. 2010) ("Notwithstanding [the infringement] plaintiff's argument that its registered trademark is for 'Medici Classics Productions' 'without claim to any particular font, style, size or color,' this inquiry requires looking not 'just at the typewritten and aural similarity of the marks, but how they are presented in the marketplace.'" (citations omitted)).

¹²⁵ *Longshore v. Retail Royalty Co.*, 589 F. App'x 963, 966 (Fed. Cir. 2014) (citing *Cunningham v. Laser Golf Corp.*, 222 F.3d 943, 948 (Fed. Cir. 2000); *Octocom Sys., Inc. v. Hous. Comput. Servs., Inc.* 918 F.2d 937, 942 (Fed. Cir. 1990); U.S. PATENT & TRADEMARK OFFICE, U.S. DEP'T OF COMMERCE, TRADEMARK MANUAL OF EXAMINING PROCEDURE § 1207.01 (2014)) (upholding rejection of applicant's argument that confusion was unlikely because his mark appeared on "inspirational wear," while opposer's mark was used only for women's clothing, and noting that likely confusion must be based on the goods as identified in the application and registration); *Canadian Imperial Bank of Commerce v. Wells Fargo Bank, Nat'l Ass'n*, 811 F.2d 1490, 1493-94 (Fed. Cir. 1987) (stating that likely confusion must be based on the goods or services in the application compared to the goods or services in the opposer's registration, regardless of the actual facts about the nature of the goods or services, their channels of trade, or their purchasers).

¹²⁶ *Victoria's Secret Stores Brand Mgmt., Inc. v. Yael Mamroud/Cummins*, 2014 WL 3976451, at *6 (T.T.A.B. 2014).

¹²⁷ *Leelanau Wine Cellars, Ltd. v. Black & Red, Inc.*, 502 F.3d 504, 519 (6th Cir. 2007) (determining that where defendant primarily sold its wines through its tasting rooms and plaintiff primarily sold through large retail stores, there existed "very limited overlap" in channels of trade and "a lesser likelihood of purchaser confusion").

¹²⁸ See *Octocom*, 918 F.2d at 942 ("The authority is legion that the question of registrability . . . must be decided on the basis of the identification of goods set forth in the application regardless of what the record may reveal as to . . . the particular channels of trade of the class of purchasers to which sales of the goods are directed."). See generally Pamela S. Chestek, *How to Write a Good Identification of Goods for Trademark Applications*, CHESTEK LEGAL (Sept. 20, 2014), <http://chesteklegal.com/wp-content/uploads/2014/09/Trademark-ID-of-Goods-pres0.pdf> [<https://perma.cc/V33Z-3STR>] (advising applicants not to describe characteristics or uses, channels of trade, or users).

sider these differences.¹²⁹ Widespread use of a term by third parties weakens it in an infringement case,¹³⁰ whereas the PTO historically has given little weight to third-party registrations or even uses.¹³¹

Most of the PTO's rules abstracting the application from its broader context favor prior registrants, and therefore tilt in favor of finding likely confusion.¹³² Doubts are resolved in favor of the senior registrant,¹³³ whereas the senior user bears the burden of proof in infringement cases.¹³⁴ Indeed, the one instance in which the PTO does look for marketplace evidence is where doing so helps the senior registrant. While a proliferation of similar marks can be evidence that a mark is weak, and thus that another similar mark doesn't infringe,¹³⁵ the PTO doesn't consider registrations of similar marks to show a giv-

¹²⁹ See, e.g., *Cont'l Plastic Containers v. Owens Brockway Plastic Prods., Inc.*, 141 F.3d 1073, 1081 (Fed. Cir. 1998) (stating that the inquiry is about determining the "consumers in the market for the particular product[] at issue" (alteration in original) (quoting *Dorr-Oliver, Inc. v. Fluid-Quip, Inc.*, 94 F.3d 376, 382 (7th Cir. 1996))).

¹³⁰ See, e.g., *Kate Spade LLC v. Saturdays Surf LLC*, 950 F. Supp. 2d 639, 644 (S.D.N.Y. 2013) (stating that the fact that the field of marks was crowded reduced the strength of the plaintiff's mark SATURDAYS SURF NYC and made confusion with KATE SPADE SATURDAY unlikely).

¹³¹ See, e.g., *Longshore v. Retail Royalty Co.*, 589 F. App'x 963, 966-67 (Fed. Cir. 2014) (relating that third-party registration for similar design was of limited probative value given the lack of evidence of actual usage of the mark); *Olde Tyme Foods, Inc. v. Roundy's, Inc.*, 961 F.2d 200, 204 (Fed. Cir. 1992) ("As to the strength of a mark, . . . registration evidence may not be given *any* weight." (citing *AMF Inc. v. Am. Leisure Prods., Inc.*, 474 F.2d 1403, 1406 (C.C.P.A. 1973)); *Am. Hosp. Supply Corp. v. Air Prods. & Chems., Inc.*, 194 U.S.P.Q. (BNA) 340, 343 (T.T.A.B. 1977) ("It is now settled that third-party registrations are of little probative value in determining whether the marks [in a section 2(d) situation] . . . are in conflict in the marketplace. As it has often been stated, third-party registrations cannot aid an applicant in registering another confusingly similar mark."). *But see* *Juice Generation, Inc. v. GS Enters. LLC*, 794 F.3d 1334, 1341 (Fed. Cir. 2015) (telling the PTO to give other marks more weight). Third-party registrations can also be persuasive on whether a term is descriptive. See *Dade Behring Inc. v. Bio-Chem Lab. Sys., Inc.*, 2001 WL 243404, at *2 (T.T.A.B. 2001).

¹³² See, e.g., *Light Sources, Inc. v. Cosmedico Light, Inc.*, 360 F. Supp. 2d 432, 440 (D. Conn. 2005) (distinguishing registration and registrability from use in marketplace); 3 ANNE GILSON LALONDE, *GILSON ON TRADEMARKS* § 9.01[2][b] (92d rev. ed. 2016) (stating that jurisdiction of federal courts is "much broader" than TTAB's and that "much of the evidence relevant to infringement actions . . . is of little or no import in T.T.A.B. practice"); 6 MCCARTHY, *supra* note 23, § 32:101 ("In an opposition, likelihood of confusion is determined only as to the registrability of the applicant's mark exactly as shown in the application and only as to the goods listed, regardless of actual usage."); Discussion, *Trademark Prosecution in the Patent and Trademark Office and Litigation in the Trademark Trial and Appeal Board*, 8 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 451, 478 (1998) (remarks of David W. Ehrlich) (noting TTAB's tendency to favor owners of prior rights and skepticism that third-party use reduces the strength of registered marks).

¹³³ See, e.g., *In re Shell Oil Co.*, 992 F.2d 1204, 1209 (Fed. Cir. 1993) (citing *In re Hyper Shoppes (Ohio), Inc.*, 837 F.2d 463, 464-65 (Fed. Cir. 1988)).

¹³⁴ *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 118 (2004).

¹³⁵ See, e.g., *Kate Spade*, 950 F. Supp. 2d at 639.

en senior mark's weakness absent evidence about their actual presence in the marketplace.¹³⁶

Likewise, infringement law is far more favorable to parodies. Courts often explain that the very humor of a parody signals that it is not the original and thus averts confusion.¹³⁷ By contrast, the PTO routinely finds parodic versions of existing marks likely to cause confusion,¹³⁸ reasoning that:

[W]hen federal courts are dealing with questions of alleged infringement, the protective penumbra of free speech may well support the premise that members of the public have a right to use words in the English language to interest and amuse other persons. However, when this Board is asked the narrower question of applicants' right to registration under Section 2(d) of the Lanham Act, the First Amendment claim is not as strong as with issues of restraint on use.¹³⁹

But *B&B*'s preclusion holding means that, in a subsequent infringement case, *CRACKBERRY* might be found to infringe the registered mark *BLACKBERRY* despite an otherwise valid First Amendment defense. While many preclusion battles might be resolved by introducing new evidence of the actual marketplace context, the First Amendment rule used by the TTAB is not evidence based. Arguably the issue with parody is merely that one decisionmaking body is using the wrong standard,¹⁴⁰ but the divergence highlights the practical disparity between the courts and the PTO.

¹³⁶ See sources cited *supra* note 131; see also Discussion, *supra* note 132, at 478. But see *Juice Generation*, 794 F.3d at 1341 (telling the PTO to give other marks more weight). Third-party registrations can also be persuasive on whether a term is descriptive. See *Dade Behring*, 2001 WL 243404, at *2.

¹³⁷ *E.g.*, *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC*, 507 F.3d 252, 263 (4th Cir. 2007) (holding that *CHEWY VUITON* dog toys were obviously nonconfusing parodies).

¹³⁸ See, *e.g.*, *In re My Other Bag Inc.*, 2015 WL 7772686, at *6 (T.T.A.B. 2015) (finding specification limited to "parodic canvas tote bags screen-printed with an artist's cartoonish rendering of a well-known designer handbag" unregistrable under section 2(d)); *Bos. Red Sox Baseball Club L.P. v. Sherman*, 88 U.S.P.Q.2d (BNA) 1581, 1592 (T.T.A.B. 2008) ("In finding that the marks are not similar, we have given no weight to applicant's argument that his mark is a parody. Parody is not a defense if the marks would otherwise be considered confusingly similar." (citing *Columbia Pictures Indus. v. Miller*, 211 U.S.P.Q. (BNA) 816, 820 (T.T.A.B. 1981))).

¹³⁹ *Research in Motion Ltd. v. Defining Presence Mktg. Grp.*, 102 U.S.P.Q.2d (BNA) 1187, 1191 (T.T.A.B. 2012).

¹⁴⁰ The TTAB has, in addition to its dislike of parody in infringement oppositions, applied dilution more broadly than at least some courts. When a symbol is used as a mark, it's not entitled to the statutory exemptions for nontrademark uses in federal dilution law, see 15 U.S.C. 1125(c)(3) (2012), as applying to register a mark is clearly intent to use the symbol as a mark. Nonetheless, the dilution plaintiff must still prove likely dilution, even for symbols used as marks. As a result, the Fourth Circuit held that *CHEWY VUITON* dog toys did not dilute Louis Vuitton's famous mark because the parody reinforced the fame of LV's mark. *Louis Vuitton*, 507 F.3d at 267. By contrast, the TTAB has rejected that reasoning, holding that the (inapplicable) statutory exclusions are parody's only hiding place. *N.Y. Yankees P'ship v. IET Prods. & Servs., Inc.*, 114 U.S.P.Q.2d (BNA) 1497, 1510 (T.T.A.B. 2015) ("[G]iven the circumstances generally presented by

The upshot is that, if the applicant chooses to use her mark without registering it and the opponent sues for infringement, the very arguments that failed at the PTO might secure her victory before a court.¹⁴¹ This disincentive to applying to register, while marginal, is contrary to the overall information-disclosure purposes of the registration system.

The TTAB's rules are mostly sensible in the registration context. Good specifications are written to preserve the registration even if a party's sales channels, price range, or target consumers evolve over time, and even to give some flexibility about the covered goods.¹⁴² Woe betide the musical group whose registration covers "cassette tapes" but not CDs or music downloads.¹⁴³ Abstracting somewhat away from actual marketplace conditions means there's less need for costly factfinding. Likewise, discovery is sharply limited in TTAB proceedings in order to keep them manageable.¹⁴⁴ The desire for greater efficiency, however, conflicts with the more fact-intensive inquiry of judicial determinations of likely confusion. These limits frame registration as a question of business management: administrative burdens are an important part of the relevant considerations for putting marks on the registry, whereas we will accept more costs to determine confusion when there is allegedly a live conflict in the market.

B&B's claim to self-limitation is that the PTO will regularly not consider the mark in its full marketplace context,¹⁴⁵ meaning that the

opposition and cancellation proceedings based on allegations of dilution, we find it virtually impossible to conceive of a situation where a parody defense to a dilution claim can succeed in a case before the Board.")

¹⁴¹ Registration-based systems more often engage in the same partly artificial inquiry as the PTO does when they assess infringement: Looking at the specification — the mark on the page, and the goods or services listed in the registration — would the defendant's registration or use be likely to cause confusion with the plaintiff's mark as registered, not as used? BURRELL & HANDLER, *supra* note 17, at 12.

¹⁴² See Chestek, *supra* note 128.

¹⁴³ The PTO has a pilot program to update some descriptions of goods and services in specifications to account for technological change, as long as there's no prejudice to other rightsholders. Among other things, this program would treat the updated goods and services as not incontestable, regardless of the previous status of the registration. U.S. PATENT & TRADEMARK OFFICE, U.S. DEP'T OF COMMERCE, ANNOUNCEMENT OF PILOT PROGRAM TO ALLOW AMENDMENTS TO IDENTIFICATIONS OF GOODS AND SERVICES IN TRADEMARK REGISTRATIONS DUE TO TECHNOLOGY EVOLUTION (2015), http://www.uspto.gov/sites/default/files/documents/Technology_Evolution_Pilot_Program.docx [https://perma.cc/3J6S-4BND].

¹⁴⁴ See U.S. PATENT & TRADEMARK OFFICE, U.S. DEP'T OF COMMERCE, TRADEMARK TRIAL AND APPEAL BOARD MANUAL OF PROCEDURE §§ 402.01, 402.02 (2016), <https://mpep.uspto.gov/RDMS/TBMP/current#/current/sec-9377a6cc-a185-42c3-ab14-8b3033e6797f.html> [https://perma.cc/U3LU-8FY8] ("In view of the [TTAB's] limited jurisdiction, the narrowness of the issues to be decided by the [TTAB], and the concerns existing with respect to excessive e-discovery, the burden and expense of e-discovery will weigh heavily against requiring production in most cases." *Id.* § 402.02.).

¹⁴⁵ *B&B Hardware, Inc. v. Hargis Indus.*, 135 S. Ct. 1293, 1308 (2015).

section 2(d) and subsequent section 32 or section 43(a) questions will not always be the same. But if the standard by which marks are evaluated is different for infringement and registration, then it seems that some noninfringing marks would nonetheless be unregistrable, and maybe some infringing marks should be registrable. Perhaps the idea is that any mark that is confusing in practice is confusing in the abstract as applied to the relevant goods or services, and marketplace factors can only decrease likelihood of confusion. In that case, no infringing mark would be registrable even if the standards differ, while some nonconfusing marks would nonetheless be properly refused even in the presence of sufficient evidence that confusion was unlikely in practice.¹⁴⁶

This understanding of registration — as a means to block some registrations even if the corresponding uses can't be barred — provides a coherent treatment of registration, but it also opens up a gap between registrability and validity. Strategic considerations may widen this gap, as well-informed applicants will now attempt to describe their goods and services in ways that diverge enough from the actual marketplace facts to ensure that an adverse PTO ruling won't be preclusive against them in a subsequent infringement suit.¹⁴⁷ *B&B* contained statements consistent with both the substantive and the procedural views,¹⁴⁸ perpetuating the conflict in current law and leaving future courts unclear about which view ought to dominate.

C. Confusion in the Courts: What Effect Does a Registration Have?

When we move to conflict originating in the courts, registration takes on a new character: the fact of registration itself becomes a potential factor in the likely confusion inquiry.¹⁴⁹ The presumptive (and sometimes conclusive) validity of a registered mark is a legal fiction added as an element to an otherwise empirically oriented test.

The significance of a plaintiff's registration to a likely confusion claim is not immediately relevant. While different circuits phrase their

¹⁴⁶ A second possibility is that the standards for registration and confusion could truly be the same, but the evidence available in the average registration proceeding is limited. This second view allows us to see some registrations as mistaken in that registration should never have been granted had the true likelihood of confusion been understood, and some refusals as mistaken if the PTO only considered the specification and not the practical reality. This view, however, seems inconsistent with the idea of a specification.

¹⁴⁷ See Shane Olafson & Sean Garrison, *United States: The Preclusive Effect of Trademark Trial and Appeal Board Decisions*, *WORLD TRADEMARK REV.* (Feb./Mar. 2016), <http://www.worldtrademarkreview.com/Magazine/Issue/59/Country-correspondents/The-preclusive-effect-of-Trademark-Trial-and-Appeal-Board-decisions> [https://perma.cc/A77Q-LQ7S] (describing this strategic practice, as well as others related to foreign applications).

¹⁴⁸ *B&B*, 135 S. Ct. at 1308.

¹⁴⁹ See *Savin Corp. v. Savin Grp.*, 391 F.3d 439, 457 (2d Cir. 2004).

multifactor likelihood-of-confusion tests differently, they are the same whether the plaintiff is suing for an infringement of a registered mark or an unregistered mark.¹⁵⁰ For example, the Ninth Circuit considers:

- (1) the strength of the mark;
- (2) the proximity of the goods;
- (3) the similarity of the marks;
- (4) evidence of actual confusion;
- (5) marketing channels used;
- (6) type of goods and the degree of care likely to be exercised by the purchaser;
- (7) defendant's intent in selecting the mark; and
- (8) likelihood of expansion of the product lines.¹⁵¹

The United States is unusual in treating registered and unregistered marks so similarly. For example, countries such as Australia, New Zealand, and the United Kingdom have statutes governing registered marks that "have more or less no role to play in determining whether an unregistered mark has been infringed."¹⁵² Instead, unregistered marks are protected by the tort of passing off. Whereas registration entitles the registrant to various presumptions in its favor, a passing-off plaintiff must meet the burden of showing "each element of the 'classical trinity' of 'goodwill,' 'misrepresentation,' and 'damage.'"¹⁵³ The U.S. equalization of registered and unregistered marks was also accomplished by courts, rather than by any legislative instruction. There was thus little statutory guidance to courts about how to merge the historical concepts of unfair competition or passing off with the action for infringement of a trademark.

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

1. *Registration and Strength.* — In theory, a registration means that the PTO has determined that a symbol has cleared the minimum barrier to being a mark at all: it's either inherently distinctive or descriptive with secondary meaning. All we know from a registration is that it is somewhere on the spectrum from "weak" to "strong," or,

¹⁵⁰ See, e.g., *Brookfield Commc'ns, Inc. v. W. Coast Entm't Corp.*, 174 F.3d 1036, 1046 n.6 (9th Cir. 1999); *Gucci Am., Inc. v. Duty Free Apparel, Ltd.*, 286 F. Supp. 2d 284, 287 (S.D.N.Y. 2003).

¹⁵¹ *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979).

¹⁵² *Burrell & Handler*, *supra* note 41, at 749.

¹⁵³ *Id.* at 749-50 (citing *Reckitt & Colman Prods. Ltd. v. Borden Inc.* [1990] 1 WLR 491 (HL) 499 (Lord Oliver of Aylmerton) (appeal taken from Ct. of App.) (Eng.)).

where a registration was issued without proof of secondary meaning, that the PTO determined that the mark was inherently distinctive without assessing its marketplace strength.¹⁵⁴

However, there is a vein of U.S. case law that says that registration makes a mark not only presumptively valid, but also presumptively strong. This additional presumption is important because the stronger the mark, the more courts are likely to deem similar marks confusing.¹⁵⁵ The Second Circuit, for example, has stated that registration offers “the utmost degree of protection” and creates a “presumption of an exclusive right” to use the mark for the goods or services for which it is registered.¹⁵⁶

The conventional understanding is that registration means only that the mark has crossed the minimum threshold for protection, either by being inherently distinctive or by way of consumer recognition in the marketplace. It’s true that the test for whether a symbol has that minimal distinctiveness is often unclear. The amount of secondary

¹⁵⁴ *Lovely Skin, Inc. v. Ishtar Skin Care Prods., LLC*, 745 F.3d 877, 887 n.4 (8th Cir. 2014) (“Whether a mark is federally registered does not bear on a mark’s strength or affect the likelihood of confusion analysis.”); *Am. Soc’y of Plumbing Eng’rs v. TMB Publ’g, Inc.*, 109 F. App’x 781, 790 (7th Cir. 2004) (“[T]he strength of a mark does not rely on the mere incontestability of the registered mark . . .”); *Gen. Mills, Inc. v. Kellogg Co.*, 824 F.2d 622, 626 (8th Cir. 1987) (“[A] mark’s registered status is only an evidentiary tool, and the fact of registration does not affect the plaintiff’s ultimate burden of proof in an infringement action.”).

¹⁵⁵ See Barton Beebe, *An Empirical Study of the Multifactor Tests for Trademark Infringement*, 94 CALIF. L. REV. 1581, 1610, 1633 (2006) (finding that strength is one of the key factors for predicting results in infringement cases). Particularly with a famous mark, consumers might easily recognize variations, especially in the case of parody. But for these purposes, I will stick with the general black letter doctrine that a mark’s greater strength weighs in favor of an infringement plaintiff. Professor Barton Beebe suggests that courts often articulate reasons to support a result they’ve already reached based on general reactions, see *id.* at 1616–17; that phenomenon might mean that mentions of registration are meaningless add-ons, but articulated reasons may still guide others’ behavior in and out of court — and they can affect what seems intuitively correct to the next set of judges.

¹⁵⁶ *Savin Corp. v. Savin Grp.*, 391 F.3d 439, 457 (2d Cir. 2004); see also, e.g., *Americana Trading Inc. v. Russ Berrie & Co.*, 966 F.2d 1284, 1287, 1290 (9th Cir. 1992) (“[Plaintiff] holds a registered and presumptively strong mark.” *Id.* at 1290.); *Sanrio Co. v. J.I.K. Accessories*, No. C-09-0440, 2012 WL 1366611, at *1, *3 (N.D. Cal. Apr. 19, 2012) (“First, the Hello Kitty mark is protected on the principal register, creating a presumption that the mark is strong.” *Id.* at *3.); *Road Dawgs Motorcycle Club of the U.S., Inc. v. Cuse Road Dawgs, Inc.*, 679 F. Supp. 2d 259, 286 (N.D.N.Y. 2009) (“Plaintiffs’ mark is registered and thus is presumptively strong . . .”); *Choice Hotels Int’l, Inc. v. Patel*, No. C94-20536, 1994 WL 621668, at *1, *2 (N.D. Cal. Nov. 3, 1994) (“[T]he Court presumes the strength of Plaintiff’s marks since they are registered.” *Id.* at *2.); *French Transit, Ltd. v. Modern Coupon Sys., Inc.*, 818 F. Supp. 635, 638 (S.D.N.Y. 1993) (“[P]laintiff’s . . . mark [] obtains a presumption of strength by virtue of its registration.” (omission and second alteration in original) (quoting *Gordon Elecs., Inc. v. Katone Corp.*, No. 89 Civ. 2339, 1991 WL 8485, at *4 (S.D.N.Y. Jan. 17, 1991))); *Dollar Rent A Car Sys., Inc. v. Sand Dollar Car Rentals, Inc.*, 765 F. Supp. 876, 879 (D.S.C. 1990) (“The registration of a mark creates a strong presumption that the mark is strong.”); *Polo Fashions, Inc. v. Gordon Grp.*, 627 F. Supp. 878, 887 (M.D.N.C. 1985) (“The fact that the Polo trademarks are the subject of U.S. trademark registrations, in addition to creating a strong presumption of validity, stands as proof of the strength of the marks.”).

meaning required to register is itself uncertain and often merely guessed at; an applicant who provides evidence of five years of exclusive use can be accorded a presumption of secondary meaning for registration purposes regardless of its success or lack thereof in the marketplace.¹⁵⁷ Registration simplifies matters of validity by allowing courts to presume that the threshold has been crossed.

Under the procedural view, the infringement inquiry should proceed the same way regardless of whether the mark is registered. Without explicitly justifying this conclusion, the minority of courts that say that registration presumptively makes a mark strong are treating registration as substantively expanding the scope of the mark. They will pretend, based on the registration, that confusion with some other mark is always more likely than it was before the registration. Then, courts state that they will also weigh other factors more tied to empirical reality but with the registration as a thumb on the scale, essentially increasing the scope of the right because of the registration.¹⁵⁸

Substantive treatment of registration as strength might provide an incentive to register and thus to provide a more public signal of a claim of right, but it isn't about consumer confusion. If the only question trademark infringement law seeks to answer is whether confusion is likely, then it doesn't make sense to add in a booster that pretends that confusion is more likely than the facts show it to be. However, the multifactor likelihood-of-confusion test itself is so inchoate that courts have not noticed the incommensurability between the "legal" strength of a mark and the other, more market-based confusion factors.¹⁵⁹

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

¹⁵⁷ 15 U.S.C. § 1052(f) (2012).

¹⁵⁸ See, e.g., *Current Commc'ns Grp. LLC v. Current Media LLC*, No. 1:05-CV-385, 2005 WL 1847215, at *7 (S.D. Ohio Aug. 2, 2005) ("Plaintiff's strongest argument is that its marks are registered and therefore presumptively strong. Nevertheless, the strength of the marks is undercut because they have not been promoted extensively, because there is substantial third-party use of the word 'current,' and because Plaintiff's marks are not known outside of the limited area in which it presently offers broadband services.").

¹⁵⁹ Cf. *Barbecue Marx, Inc. v. 551 Ogden, Inc.*, 235 F.3d 1041, 1044 (7th Cir. 2000) ("The likelihood of confusion test is an equitable balancing test. . . . [N]o single factor is dispositive, and courts may assign varying weights to each of the factors in different cases. . . ." (citations omitted)).

quieting title in the existence of the trademark.¹⁶⁰ While some courts hold that incontestability creates a presumption of strength,¹⁶¹ the majority of courts holds that the fact that a mark is un rebuttably *protectable* does not make it *strong*.¹⁶²

What could it mean to say that a mark such as “Park ’N Fly” is incontestably serving as a mark in a case involving alleged confusion if we were confident that in fact consumers don’t recognize those words as indicating the source of goods or services but rather deem them to describe characteristics of the relevant service? It seems paradoxical to ignore evidence of lack of function as a mark when evaluating whether someone else’s use of a similar “mark” is likely to confuse consumers. Consider the limit case: when the incontestable mark at issue isn’t recognized by anyone as indicating the source of goods or services, and consumers are therefore never likely to be confused about source or sponsorship by anyone else’s use of the same term. The registrant could *never* win a trademark infringement claim against any other user if confusion were empirically assessed. In what sense is this

¹⁶⁰ 15 U.S.C. § 1065; *id.* § 1115(b) (establishing that incontestability of a registered mark is “conclusive evidence of the validity of the registered mark and of the registration of the mark, of the registrant’s ownership of the mark, and of the registrant’s exclusive right to use the registered mark in commerce”). This statutory language sounds broader than the statement in text, but there are a number of defenses and exceptions to incontestability that cut down its effect substantially. The key benefit of incontestability is that an incontestable mark can’t be challenged on the ground that it’s merely descriptive and lacks secondary meaning. *Park ’N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 191 (1985). Thus, even if it’s actually not serving as a mark — a symbol consumers use to identify a particular producer — the registrant still has trademark rights, though it may have some difficulty proving infringement by other users.

¹⁶¹ The Eleventh Circuit has held that an incontestable mark is “presumed to be at least descriptive with secondary meaning, and therefore a relatively strong mark.” *Dieter v. B&H Indus. of Sw. Fla., Inc.*, 880 F.2d 322, 329 (11th Cir. 1989); *see also Jet, Inc. v. Sewage Aeration Sys.*, 165 F.3d 419, 422 (6th Cir. 1999) (noting that incontestable registration makes a mark strong for infringement analysis). Such holdings could be understood merely to elevate descriptive marks with secondary meaning over inherently distinctive marks without secondary meaning, but the minority of courts following this rule have not so limited their pronouncements. *Cf. Aero-Motive Co. v. U.S. Aeromotive, Inc.*, 922 F. Supp. 29, 37 (W.D. Mich. 1996) (stating that the presumption of strength “may be rebutted by demonstrating that the [incontestable] mark, while inherently distinctive, is nevertheless not distinctive in the marketplace due to certain acquired characteristics”). Interestingly, inherent distinctiveness involves the same legal fiction as incontestability: because the mark satisfies some formal qualification, we treat it as if it serves the function of distinguishing goods or services for consumers. *See Robert G. Bone, Enforcement Costs and Trademark Puzzles*, 90 VA. L. REV. 2099, 2131–32 (2004) (“Because of the high probability that these marks already have or will soon acquire secondary meaning, the conclusive presumption is very likely to be correct most of the time. Moreover, the conclusive presumption saves the litigation costs of actually proving secondary meaning in individual cases.” (footnote omitted)).

¹⁶² *See, e.g., Gruner + Jahr USA Publ’g v. Meredith Corp.*, 991 F.2d 1072, 1077–78 (2d Cir. 1993) (holding that an incontestable mark may be “strong” for the purpose of validity but “weak” for the purpose of infringement); 6 MCCARTHY, *supra* note 23, § 32:155 (“[T]he majority of courts hold that [incontestability] does not prevent defendant from questioning the *strength* and hence the scope of protection of the mark as to different goods in determining likely confusion.”).

registrant's mark "valid"?¹⁶³ Because of the incontestability provisions of the Lanham Act, the trademark registration couldn't be cancelled for descriptiveness. But the registrant would have adversely possessed a right that did not permit it to exclude anyone else, which seems inconsistent with the idea of adverse possession.

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

If we operated on a more business-relations-oriented model, we could simply treat the registrant's exclusive right to use the mark for the registered goods and services as settled, regardless of consumer reactions, providing the certainty that businesses prefer.¹⁶⁴ The incontestability provision of the Lanham Act, after all, does refer to incontestability as the trademark owner's "exclusive" right to use the mark for the relevant products.¹⁶⁵ But then there would be no point in conducting a fact-based confusion analysis.

Incontestability and standard likelihood-of-confusion analysis are orthogonal. Because all infringement questions are now subsumed into confusion, U.S. trademark law is forced into a contradiction: on the one hand, the incontestable mark must be valid; on the other, it may lack both inherent distinctiveness and secondary meaning, making actual confusion impossible.

In *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*,¹⁶⁶ the Supreme Court was offered a way to resolve the contradiction that would implicitly have acknowledged a non-confusion-based purpose for incontestability, but it declined to do so. *KP Permanent* involved a

¹⁶³ The registrant might be able to keep other people from registering similar marks, use the U.S. registration as a basis for foreign registrations, or perhaps even keep some goods out at Customs (though those goods wouldn't be confusing, so maybe not). But how much this effort would benefit the registrant remains unclear. One might also argue that the registrant could win claims against someone using both the same term and some other features of the registrant's overall trade dress — but then we've changed what the protectable mark is, limiting it to the term used in conjunction with those other features.

¹⁶⁴ *Trade-Marks: Hearings on H.R. 82 Before the Subcomm. on H.R. 82 of the S. Comm. on Patents*, 78th Cong. 128 (1944) (statement of Earl H. Thomson) ("[A] trade-mark adopter, when he has registered his trade-mark, wants to feel that after a period of time, certainly, he will know that he owns that trade-mark and can maintain his right . . ."); F.T. Alexandra Mahaney, Comment, *Incontestability: The Park 'N Fly Decision*, 33 UCLA L. REV. 1149, 1186 (1986) (recognizing that incontestability provides security and stability for mark owners).

¹⁶⁵ 15 U.S.C. § 1115(b).

¹⁶⁶ 543 U.S. 111 (2004).

defense known as descriptive fair use: regardless of any registration, others are entitled to use a term fairly in its descriptive sense, and not as a mark.¹⁶⁷ Thus, Ocean Spray could describe its juices as “sweet-tart” despite the registration of SWEETARTS for candy.¹⁶⁸ The Ninth Circuit held that, if confusion was likely, then no descriptive fair use defense was possible for the plaintiff’s use of the term “micro colors” to describe pigment for permanent makeup.¹⁶⁹ The Supreme Court reversed, reasoning that the Ninth Circuit had stripped any meaning from the descriptive fair use defense: since confusion is a predicate to liability in the first place, no defendant would ever be protected by the defense, as opposed to a failure of the plaintiff’s proof on its *prima facie* case.¹⁷⁰ Instead, the descriptive fair use defense reflected a congressional judgment that some likely confusion would have to be tolerated, at least at the margin, in order to preserve others’ freedom to use terms that accurately described their own goods and services.¹⁷¹

This reasoning makes sense in the confusion-over-all paradigm. But the losing side offered an account of trademark that could have made the Ninth Circuit’s rule understandable. The respondent in *KP Permanent* argued that, in the original understanding, incontestability really was an *exclusive* right to use the mark on the goods or services at issue, similar to the current “double identity” rule in Europe, which does not require any inquiry into likely confusion when the defendant’s mark and goods or services are identical to the registrant’s mark and goods or services.¹⁷² Indeed, the respondent’s proposed rule would have tracked the pre-Lanham Act rule often applied in the United States for “technical” trademarks — arbitrary or fanciful marks, as opposed to descriptive terms that had acquired secondary meaning — which granted relief against uses of similar marks on the

¹⁶⁷ *Id.* at 118.

¹⁶⁸ *Sunmark, Inc. v. Ocean Spray Cranberries, Inc.*, 64 F.3d 1055, 1059 (7th Cir. 1995).

¹⁶⁹ *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 328 F.3d 1061, 1072 (9th Cir. 2003).

¹⁷⁰ 543 U.S. at 118, 120.

¹⁷¹ *Id.* at 122.

¹⁷² *See, e.g.*, BENTLY & SHERMAN, *supra* note 17, at 1038; BURRELL & HANDLER, *supra* note 17, at 11 (Australian law). Article 16(1) of the TRIPs Agreement requires WTO members to create a presumption of likelihood of confusion in cases where third parties use a sign identical to a registered mark in relation to the goods or services identified in the specification. Agreement on Trade-Related Aspects of Intellectual Property Rights art. 16.1, Apr. 15, 1994, 1869 U.N.T.S. 299. The United States has not specifically enacted legislation setting out a double identity rule, but there’s little doubt that this is the ordinary result of the current likelihood-of-confusion test. *See, e.g.*, *Philip Morris USA Inc. v. Shalabi*, 352 F. Supp. 2d 1067, 1073 (C.D. Cal. 2004) (citing *Philip Morris USA Inc. v. Felizardo*, No. 03 Civ. 5891, 2004 WL 1375277, at *5 (S.D.N.Y. June 18, 2004) (virtually identical marks are “inherently confusing”); 6 MCCARTHY, *supra* note 23, § 23:20 (“Cases where a defendant uses an identical mark on competitive goods hardly ever find their way into the appellate reports. Such cases are ‘open and shut’ and do not involve protracted litigation to determine liability for trademark infringement.”).

same goods even in the absence of any additional evidence of likely confusion.¹⁷³ As a matter of history, it's probably fair to say that some of the proponents of the Lanham Act endorsed the respondent's position, while others opposed it, and Congress declined to resolve the issue, leaving it for the courts to work out as best they could.

Assuming that the respondent in *KP Permanent* was correct that the rule was that infringement would be automatic upon use for the registered goods or services, the descriptive fair use defense would serve a very real function even if one element of the defense were showing that confusion is unlikely. Descriptive fair use would identify cases in which an exception to the general blanket-liability rule was justified because the defendant's nonconfusing use of the term was valuable in describing the defendant's products and was not harmful to consumers. Unfortunately for the respondent, this completely coherent system is not our current system. The idea that trademark registration might serve other market-regulating functions, sometimes in tension with preventing confusion, seems alien.¹⁷⁴

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

*D. Extending Legal Rights Beyond the Scope of Actual Use:
Of Specifications, Product Categories, and Territorial Boundaries*

1. *Scope in Infringement Cases.* — According to standard infringement doctrine, registration does not expand the scope of a mark in terms of its visual appearance. As mentioned in section II.B, if a registrant has a standard character registration, but routinely uses the mark in a particular font or with a particular design, courts will take

¹⁷³ See Milton Handler & Charles Pickett, *Trade-Marks and Trade Names — An Analysis and Synthesis: I*, 30 COLUM. L. REV. 168, 169 (1930) (“If a [technical] trade-mark is substantially copied, its use will be enjoined notwithstanding that it is accompanied by such distinguishing features as render it unlikely that the public will mistake the goods bearing the simulated mark for those stamped with the original.”); Milton Handler & Charles Pickett, *Trade-Marks and Trade Names — An Analysis and Synthesis: II*, 30 COLUM. L. REV. 759, 781 (1930) (“In unfair competition, [which covered symbols that were not technical trademarks,] confusion of source (at least) must exist before relief will be granted; in trade-mark law, confusion of source is irrelevant where the marks are identical or all but identical.”); see also Robert G. Bone, *Taking the Confusion out of “Likelihood of Confusion”: Toward a More Sensible Approach to Trademark Infringement*, 106 NW. U. L. REV. 1307, 1322 (2012) (“In the late nineteenth century, the tort of trade-mark infringement was based on a formalistic property theory. . . . Anyone who used an identical or nearly identical mark on directly competing goods infringed the owner’s property right and was liable without regard to likely confusion.”).

¹⁷⁴ See Trademark Law Revision Act of 1988, Pub. L. No. 100-667, sec. 128, § 33, 102 Stat. 3935, 3944-45 (1988 amendment, making incontestability subject to proof of infringement).

that into account, and those presentation differences can make confusion unlikely even if there's great similarity between the defendant's use and the standard character version of the plaintiff's mark.¹⁷⁵

One could argue that, for the registration in standard character form to have meaning, some independent weight must be given to the existence of a registration for the standard character form, not just for a particular font or color.¹⁷⁶ This treatment would be similar to the European approach to registration, which treats the specification as controlling the scope of a registrant's right in an infringement case. But such a result would be doctrinal innovation in a U.S. infringement case. We give meaning to the standard character registration, but only on the registration side of the system: we block other attempted registrations based on their similarity to the standard character form, even when the applicant's font and colors are substantially different from the way the registrant presents its mark in the marketplace.

Yet courts are sometimes quite careless about the scope of a registration.¹⁷⁷ For example, in the registration process, applicants may "disclaim" elements of their marks, usually generic or descriptive words, stating that no claim is made to those elements except as part of the overall mark.¹⁷⁸ However, in subsequent infringement actions, the disclaimer has essentially no weight, and the disclaimed matter can be considered in determining the likelihood of confusion.¹⁷⁹ After all,

¹⁷⁵ See *supra* text accompanying notes 119–120.

¹⁷⁶ In the infringement case *Pom Wonderful LLC v. Hubbard*, 775 F.3d 1118 (9th Cir. 2014), for example, Pom Wonderful had a registration for the standard character mark POM for fruit juices. This established "Pom Wonderful's exclusive right to use the mark in connection with fruit juices." *Id.* at 1124. Because it was a standard character mark, the court of appeals reasoned, the mark covered all design variations, though the Ninth Circuit cited only registration cases and not infringement cases to support this claim. "Therefore, Pom Wonderful's exclusive right to use its 'POM' standard character mark is extremely broad, covering the word in all types of depictions." *Id.* at 1125. But then the court of appeals went on to conduct an ordinary likelihood-of-confusion analysis. It did not appear that the claim about the breadth of the mark made any difference. *Id.* at 1127–30 (evaluating similarity in the marks as used, not as registered).

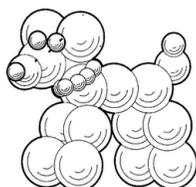
¹⁷⁷ See, e.g., *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 191 & n.2 (1985) (treating registered design mark as if the words were all that were relevant); *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 328 F.3d 1061, 1068–69 (9th Cir. 2003) (same), *rev'd on other grounds*, 543 U.S. 111 (2004). European courts are not immune to this problem either; the divergence between right-granting authority and right-interpreting authority poses its own problems. See, e.g., *Whirlpool Corp. v. Kenwood Ltd.* [2009] EWCA (Civ) 753 [118], [133] (Eng.) (finding that the drawing of a KitchenAid food mixer with the word "KitchenAid" on it, which was registrable because it wasn't *exclusively* an unregistrable shape under Article 7(I)(e)(ii) or (iii) of the Community Trade Mark Regulation, now qualified the shape of the mixer for protection as a "mark with a reputation").

¹⁷⁸ 3 MCCARTHY, *supra* note 23, § 19:71.

¹⁷⁹ *In re Viterra Inc.*, 671 F.3d 1358, 1366 (Fed. Cir. 2012) ("[T]he dominant portion of a composite word and design mark is the literal portion, even where the literal portion has been disclaimed."); 3 MCCARTHY, *supra* note 23, § 19:72 ("For purposes of determining the likelihood of confusion concerning a registered composite mark of which portions are disclaimed, the dis-

ordinary consumers “neither know nor care about disclaimers.”¹⁸⁰ The result is that trademark registrants can shrink their claims to get registrations, then expand them in infringement cases, making it more difficult to predict the scope of any right.

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



The court nonetheless treated litigation over actual jewelry in the shape of bead dogs as an unremarkable (though ultimately unsuccessful) assertion of trademark rights.¹⁸¹



Symbolic scope — the *meaning* of the mark that’s protected, here what it signifies visually — can thus become broader than the mark as registered. The TTAB recognized the problem when it refused registration to a two-dimensional image of a dehumidifier on the grounds that the image had no “acquired distinctiveness” — that consumers would understand this to be equivalent to the shape of the dehumidifier itself.¹⁸²



claimed matter cannot be ignored. Even if a portion of a composite registered mark has been disclaimed, the total composite (including the disclaimed matter) will be considered in determining a likelihood of confusion concerning the composite mark.” (footnote omitted).

¹⁸⁰ 3 MCCARTHY, *supra* note 23, § 19:72.

¹⁸¹ Nola Spice Designs, LLC v. Haydel Enters., Inc., 783 F.3d 527, 534–36 (5th Cir. 2015); *id.* at 554–56 (appendix).

¹⁸² *In re Crane USA, Inc.*, 2015 WL 5118052, at *1–2 (T.T.A.B. 2015) (“[W]hat Applicant seeks to register is a depiction of its product. Applicant’s attempt to register the mark with a description of it as ‘a two-dimensional depiction of a three-dimensional housing’ does not alter the likely consumer perceptions, or for that matter perceptions of competitors, that what is claimed is the trade dress as otherwise depicted in the drawing and the description.” *Id.* at *2.).

Similar issues arise with the scope of a registration in terms of covered products. Trademark registration requires a careful identification of the goods and services on which the registrant is actually using the mark. Though enforcement of this requirement is minimal, registrants and the PTO nonetheless spend a fair amount of time at the front end of the application process specifying covered goods and services.¹⁸³ Once an infringement inquiry begins, however, the plaintiff's rights aren't limited to the registered goods and services. Rather, the scope of the mark depends on both its strength in the market and the relatedness of the parties' goods and services. Even if the plaintiff doesn't make the same kind of things as the defendant, courts ask whether consumers might nonetheless think it did.¹⁸⁴

In contrast to symbolic and product scope, registration *is* supposed to expand the scope of a mark in terms of its geographic reach. A registrant gets nationwide rights over all territories except in the unusual case where there's a local preregistration senior user. As a matter of law, the registrant has rights even though it has no recognition in areas where it hasn't yet expanded.¹⁸⁵ But it need never expand to maintain nationwide rights as long as there's local use. We have decided that the registrant is the proper holder of rights even for sections of the country it's not (yet or ever) going to operate in.¹⁸⁶ Just as formalist is

¹⁸³ See Chestek, *supra* note 128 (detailing numerous important steps in writing the specification).

¹⁸⁴ See, e.g., *Makers Mark Distillery, Inc. v. Diageo, N. Am.*, 679 F.3d 410 (6th Cir. 2012); *Dreamwerks Prod. Grp., Inc. v. SKG Studio*, 142 F.3d 1127 (9th Cir. 1998); *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492 (2d Cir. 1961).

¹⁸⁵ 5 MCCARTHY, *supra* note 23, § 26:42 ("If a federal registrant of a descriptive, geographically descriptive, or personal name mark is required to prove secondary meaning in an area before it can enjoin a junior user's use, then such marks are a kind of second-class citizen in the world of registered marks. . . . All that the Act requires is a likelihood of confusion, and that will occur the moment the federal registrant is likely to enter the market with either sales or advertising."). As discussed below, *infra* note 194 and accompanying text (discussing *Dawn Donut Co. v. Hart's Food Stores, Inc.*, 267 F.2d 358 (2d Cir. 1959)), courts' equitable discretion to deny relief is a limit on this principle of nationwide rights without use, and is an example of the contradictions embedded in the Lanham Act's treatment of registration as substantive but also procedural. See Peter J. Karol, *Trademark's eBay Problem*, 26 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 625, 687–88 (2016) ("The drafters simply could not find a way to reconcile the views of those who wanted to give the federal trademark law substance, by giving an exclusive federal right, with those who did not, preferring to keep the common law scheme. So it granted an exclusive right, but reserved to the courts discretion to enforce it. That is an exclusive right to judicial discretion — in other words, no exclusive right at all.").

¹⁸⁶ One could argue that blocking registration of marks from other areas prevents confusion in the long run when one or another business expands and then encounters a similarly named competitor, but (1) most businesses never expand enough to face that risk, so this is a very expensive solution to a rare problem, and (2) of course, barring registration doesn't bar use, so the problem of colliding expansion can still exist and is especially likely for entities that start small and, usually, without trademark counsel. So, while it is possible to imagine an empirical story defending nationwide priority in confusion terms, and while courts have accepted less plausible confusion theories, I consider this reasoning a back-formation from the true explanation, which is that

the fact that trademark rights traditionally end at national boundaries,¹⁸⁷ although recently the Ninth Circuit has recognized a partial exception for “famous foreign marks,”¹⁸⁸ and the Fourth Circuit recently allowed an unfair competition claim under section 43(a) by a foreign rights owner.¹⁸⁹ In other circuits, trademark status in Mexico does not give a user any rights in the United States.¹⁹⁰

Why do we treat territorial, symbolic, and product aspects of marks so differently? Part of this difference may have to do with the technology of registration. It seemed logical that a registration system needed some way of distinguishing what goods a registrant would get protection for and what goods it wouldn't. Policymakers never thought it was sensible to protect an average mark across all classes of goods and services. For territoriality, by contrast, federal registration is an exercise in capitalist nation building: the federal government built a single national market through the use of political boundaries, enabling predictability for businesses operating within that market.¹⁹¹ Legally rigid boundaries, however permeable in practice, are essential to sovereignty, and the geographic scope of trademark rights can be mapped onto those boundaries.¹⁹² As a result, we have rules for territoriality, in which examining the record can provide all the necessary information, and standards for product markets and symbolic scope, in which a case-by-case determination is required.

It's easier to draw arbitrary, *ex ante* lines for political borders than it is when changeable product markets are at stake. However, courts have softened those arbitrary lines, precisely because of their arbitrariness. In this Article's terms, geographic scope is substantive: registrations end at or extend to national boundaries even though consumer understanding doesn't work that way. Even in circuits that don't rec-

nationwide registration is extremely useful for businesses and the government in ordering trademarks.

¹⁸⁷ See, e.g., *ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135, 163 (2d Cir. 2007) (refusing to recognize Lanham Act protection for famous foreign marks).

¹⁸⁸ *Grupo Gigante SA de CV v. Dallo & Co.*, 391 F.3d 1088, 1094 (9th Cir. 2004).

¹⁸⁹ *Belmora LLC v. Bayer Consumer Care AG*, 819 F.3d 697, 714–15 (4th Cir. 2016).

¹⁹⁰ See, e.g., *ITC Ltd.*, 482 F.3d 135; *Paleteria La Michoacana, Inc. v. Productos Lacteos Tocumbo S.A. de C.V.*, 69 F. Supp. 3d 175 (D.D.C. 2014), *reconsideration denied*, 79 F. Supp. 3d 60 (D.D.C. 2015), *subsequent opinion*, No. 11-01623, 2016 WL 3034150 (D.D.C. May 27, 2016).

¹⁹¹ Likewise, the EU deliberately attempted to create a unified common market in part through its Trademark Directive, requiring members to harmonize their systems. See Directive 10374/15, of the European Parliament and of the Council of 16 December 2015 to Approximate the Laws of the Member States Relating to Trade Marks, 2015 O.J. (L 336) 12.

¹⁹² See Dinwoodie, *supra* note 44 (manuscript at 20) (arguing that registration systems are matters of industrial and economic policy, designed to create larger, more unified trading units and political communities); see also Dinwoodie, *supra* note 7 (discussing the economic, political, and commercial origins of various aspects of territoriality).

ognize foreign rights in the United States, courts have reintroduced a procedural conception of trademark rights through the rule from *Dawn Donut Co. v. Hart's Food Stores, Inc.*,¹⁹³ which allows registrants to exercise their nationwide rights to suppress junior users only when they are actually entering a particular geographic area.¹⁹⁴ In 2015, for example, a court declined to find likely confusion when the defendant's mark was a direct copy of the plaintiff's registered logo, used on the same goods, but a thousand miles away from the plaintiff's actual trading area.¹⁹⁵

The legislative choice to introduce substantive nationwide rights makes sense as a nation-building project. Providing one producer with the right to expand into another market (whether product or geographic) in which it is not presently active is a political choice about structuring commercial relationships, not solely a consumer issue.¹⁹⁶ But the judicial reaction also makes sense from the perspective of consumer perception, which is the only principle courts now understand as animating trademark law.¹⁹⁷ This relationship is similar to the dynamic that Professor Carol Rose has described with respect to property law generally: the legislature makes crystalline rules, and the courts muddy them up in an attempt to do equity.¹⁹⁸

Should protecting consumers against confusion always trump principles of territoriality, sovereignty, and other systemic goals? Courts increasingly answer yes, but, as I argue in Part III, a substantive approach weighing other interests more heavily would be beneficial.

2. *Scope in Dilution-Based Preemption Cases.* — “Dilution” is a concept that has grown over the past few decades. It's both highly intuitive, especially to trademark owners, and extremely hard to define or prove. Trademark dilution is some sort of interference with the uniqueness or distinctiveness of a mark. Dilution can come through blurring — the proliferation of trademark meanings even in the absence of confusion (for example, Delta Airlines, Delta Dental, Delta Faucets) or through tarnishment — the growth of negative associations

¹⁹³ 267 F.2d 358 (2d Cir. 1959).

¹⁹⁴ *Id.* at 364; *cf.* Karol, *supra* note 185, at 627–29 (discussing the tension between exclusive rights on the one hand and judicial discretion and equitable remedies on the other). In theory, the registrant need not expand into the junior user's exact trading area as long as the registrant expands enough that confusion becomes likely. Either way, courts will deny relief to the owner of “exclusive” nationwide rights.

¹⁹⁵ *Stone Creek Inc. v. Omnia Italian Design Inc.*, No. CV-13-00688, 2015 WL 6865704, at *7 (D. Ariz. Nov. 9, 2015).

¹⁹⁶ *Cf.* Dinwoodie, *supra* note 44 (manuscript at 22) (“In Europe, registration has a quite different conceptual basis: the trade mark registration creates rights. This is true throughout the countries of the European Union . . .”).

¹⁹⁷ See *supra* notes 22–23 and accompanying text.

¹⁹⁸ Carol M. Rose, *Crystals and Mud in Property Law*, 40 STAN. L. REV. 577 (1988).

surrounding the mark (for example, associating Reese's Peanut Butter Cups with illegal drugs through the "Reefer's Cup," which combines marijuana and chocolate¹⁹⁹). Because dilution doesn't depend on confusion or even on any similarity in the parties' goods or services, it poses some particular challenges to a registration system.

Dilution began as a state-law concept and was not initially incorporated into the Lanham Act. In order to partially harmonize the law of dilution nationwide, Congress added federal protection against dilution of "famous" marks.²⁰⁰ Congress also incorporated a mark's registration status as one factor among others to consider in determining whether a mark is famous.²⁰¹ In addition, Congress preempted state dilution claims against federally registered marks,²⁰² a significant move both because some states protect nonfamous marks against dilution and because some states arguably define "dilution" more broadly than federal law does. Thus, a federally registered mark is protected against certain challenges that might otherwise be brought against it.

But what exactly constitutes a registered mark? Recall that, when the PTO issues a registration for a word or words in standard character form, the registration isn't limited to any particular design.²⁰³ So what should happen when another trademark owner claims that the design the registrant has chosen dilutes the trademark owner's mark under state law? Recently, ExxonMobil litigated this issue against Fox's FXX network. Fox owns a registration for the standard character mark FXX. But when Fox adopted a version of the logo in which the Xs overlapped, ExxonMobil sued Fox for dilution under Texas law.



¹⁹⁹ Kristen Drew, *Seattle Pot Co-Op Sued by Hershey's for Trademark Infringement*, KOMONEWS.COM (June 4, 2014), <http://www.komonews.com/news/local/Chocolate-company-suing-Seattle-pot-co-op-for-trademark-infringement-261905731.html> [https://perma.cc/MDB9-EEJR].

²⁰⁰ 15 U.S.C. § 1125(c)(1) (2012).

²⁰¹ *Id.* § 1125(c)(2)(a).

²⁰² *Id.* § 1125(c)(6) ("The ownership by a person of a valid registration . . . shall be a complete bar to an action against that person, with respect to that mark, that — (A) is brought by another person under the common law or a statute of a State; and (B)(i) seeks to prevent dilution by blurring or dilution by tarnishment; or (ii) asserts any claim of actual or likely damage or harm to the distinctiveness or reputation of a mark, label, or form of advertisement.")

²⁰³ See 37 C.F.R. § 2.52(a) (2015) (defining registration in standard character form as one "without claim to any particular font style, size, or color").

Both parties had very simple but contradictory arguments. Fox's syllogism was: (1) standard character registrations cover all forms of the mark, however stylized;²⁰⁴ (2) registrations bar state dilution claims.²⁰⁵ On the other side, ExxonMobil argued that, if that were so, McDonald's could never assert dilution claims against people who registered standard character marks including the letter M and who then imitated the Golden Arches in their designs.²⁰⁶



In my opinion, Fox had the better argument — federal dilution claims, not to mention state and federal confusion claims, would still remain available to McDonald's in the hypothetical, so the consequences of preemption would hardly be catastrophic. And if a plaintiff can avoid preemption by arguing that its state law dilution claim extends to the particular font or design in which the defendant has used its registered mark, preemption would essentially never be available, defeating Congress's attempt to protect registered marks.²⁰⁷

²⁰⁴ See, e.g., U.S. PATENT & TRADEMARK OFFICE, U.S. DEP'T OF COMMERCE, TRADE-MARK MANUAL OF EXAMINING PROCEDURE § 1207.01(c)(iii) (2016) ("A registrant is entitled to all depictions of a standard character mark regardless of the font style, size, or color, and not merely 'reasonable manners' of depicting such [a] mark."). When an application being considered in a section 2(d) resemblance analysis is for a standard character mark without any stylizations or designs, or when a previously registered mark in standard character form is assessed for potential confusion, the Federal Circuit has held that the PTO should consider a "broader range" than the "reasonable manners" in which such a mark may be displayed. *In re Vittera Inc.*, 671 F.3d 1358, 1364 (Fed. Cir. 2012). The PTO is allowed to consider "illustrations of the mark as actually used . . . in visualizing other forms in which the mark might appear." *Citigroup Inc. v. Capital City Bank Grp., Inc.*, 637 F.3d 1344, 1353 (Fed. Cir. 2011). Apparently the PTO should also consider at least some unreasonable variants, though the Federal Circuit has not explicitly mandated the consideration of any given mark in the Coca-Cola font.

²⁰⁵ Defendants' Reply Brief in Support of Rule 12(b)(6) Motion to Dismiss Count V of Plaintiff's Amended Complaint at 1, *Exxon Mobil Corp. v. FX Networks, LLC*, 39 F. Supp. 3d 868 (S.D. Tex. 2014) (No. 13-cv-02906).

²⁰⁶ Plaintiff's Response to Defendants' Rule 12(b)(6) Motion to Dismiss Count V of Plaintiff's Amended Complaint at 7, *Exxon Mobil Corp.*, 39 F. Supp. 3d 868 (No. 13-cv-02906).

²⁰⁷ See *Pharmacia Corp. v. Alcon Labs., Inc.*, 201 F. Supp. 2d 335, 386 (D.N.J. 2002) (dismissing state dilution claim on preemption grounds because of federal registration for defendant's work mark, but plaintiff's challenge included the similar coloration of the product packages). The legislative history is silent on this issue, in part because the House's initial version of the bill did not include a preemption provision. See H.R. REP. NO. 104-374, at 6, 8 (1995). The enacted version did include a preemption provision. Federal Trademark Dilution Act of 1995, Pub. L. No. 104-98, sec. 3(a), § 43(c)(3), 109 Stat. 985, 986 (1996) (codified in scattered sections of 15 U.S.C.) (preempting state claims "with respect to that [registered] mark"). The pattern repeated with the Trademark Dilution Revision Act of 2006. See H.R. REP. NO. 109-23, at 8 (2005) (containing no preemption provision); Trademark Dilution Revision Act of 2006, Pub. L. No. 109-312, sec. 2, § 43(1)(c)(6), 120 Stat. 1730, 1732 (codified in scattered sections of 15 U.S.C.) (similar in relevant part to previous preemption provision). A drafting mistake had made the preemption provision extend to federal dilution claims; the numbering of the provision was fixed, again without discus-

However, the federal district court agreed with ExxonMobil's position, given that Fox could have received a standard character registration simply by making use of the term FXX in any font or design, including ones very unlike ExxonMobil's mark.²⁰⁸ And ExxonMobil's argument was not without its attractions because of the current tensions between registration-based and use-based doctrines. If the standard character mark really does include all possible fonts, then what are we to make of the PTO's common practice of issuing registrations for a distinctive standard character mark and for a stylized version of that same mark, when the PTO also says that it doesn't issue duplicate registrations?²⁰⁹ Why isn't the stylized version, like every other stylized version, inherent in the standard character version? And, if a standard character registration is evidence that the registrant has the right to use the mark in any design, then shouldn't almost all standard character marks encroach on marks with famous fonts? Consider the effect of this switch²¹⁰:

Harry Potter Coca-Cola

So HARRY POTTER shouldn't be entitled to a standard character registration; it should be entitled to register only stylized versions that don't infringe other marks or dilute famous marks. Relatedly, Fox's position would imply that, in assessing whether a standard character mark ought to be registered, the PTO ought to imagine it in every possible font, and deny the registration if any of those fonts is likely to cause confusion.²¹¹ It's hard to imagine many standard character mark registrations issuing under that rule. (Perhaps that would be a good thing.)

Congress offered a justification for preemption consistent with the initial aims of registration: "[T]he provision was designed to encourage Federal registration of trademarks, a worthy policy goal that prevents state laws from interfering with federally-protected marks and ensures that registered marks are protected nationwide."²¹² But if standard character marks don't cover all variations, then the incentive to register is decreased and the registry becomes even less useful as a guide to

sion of the meaning of "that mark." Trademark Act of 1946 Correction, Pub. L. No. 112-190, 126 Stat. 1436 (2012) (codified at 15 U.S.C. § 1125(c)(6)).

²⁰⁸ *Exxon Mobil Corp.*, 39 F. Supp. 3d at 871-72.

²⁰⁹ U.S. PATENT & TRADEMARK OFFICE, U.S. DEP'T OF COMMERCE, *supra* note 204, § 703 (stating the PTO's policy against issuing duplicate registrations).

²¹⁰ Jenna Giles, *Font Swap*, ROUNDPEG (Feb. 23, 2012), <http://www.roundpeg.biz/2012/02/font-swap> [<https://perma.cc/8DHX-7QVW>].

²¹¹ *Cf. Exxon Mobil Corp.*, 39 F. Supp. 3d at 872 (suggesting that under Fox's interpretation mark owners would have to oppose any potentially overlapping standard character applications).

²¹² H.R. REP. NO. 112-647, at 3 (2012).

what other businesses can do. However, the legislative history does not address this problem, so references to “complete” preemption do not directly foreclose a narrow reading of the “mark” that is “complete[ly]” protected, though I think they counsel against it.²¹³

This immediate problem with dilution is a consequence of dilution’s foundational flaw: dilution eschews any consumer protection purpose.²¹⁴ It is about protecting trademark owners, whether that protection is framed as rewarding investment, protecting property rights, or safeguarding dignity. As a result, confusion serves no function in delineating the boundary of the trademark right at issue. Since, in the rest of trademark law, confusion is now the *only* thing that matters (absent functionality or free speech concerns), it’s very hard to figure out where the dilution right should end or what should count as dilutive. Indeed, the tests for whether dilution is “likely” are essentially meaningless, since it isn’t an empirical concept.²¹⁵ Instead, it is a policy issue: How far should a trademark owner’s rights extend beyond the specification of the mark and the goods and services to which it applies? I will have more to say about dilution in Part III, but for now the point is that a failure to conceptualize registration’s proper place in the overall system has unduly complicated the application of federal dilution law.

²¹³ See *id.* at 5. Earlier testimony had likewise argued for national uniformity, a goal that could support reading the preemption provision broadly, but did not specifically engage with the scope of a registered mark. See *Madrid Protocol Implementation Act and Federal Trademark Dilution Act of 1995: Hearing on H.R. 1270 and H.R. 1295 Before the Subcomm. on Courts & Intellectual Prop. of the H. Comm. on the Judiciary*, 104th Cong. 128 (1995) (statement of Thomas E. Smith, Chair, Section of Intellectual Property Law, American Bar Association) (“[T]he existing patchwork of state antidilution statutes, each of which comes with its own idiosyncrasies, renders it difficult for businesses to implement a truly national brand management strategy.”); *id.* at 209–10 (statement of Michael K. Kirk, Executive Director, American Intellectual Property Law Association) (arguing for strong preemption on national uniformity grounds). Nothing in the subsequent revisions changed the preemption situation, as far as witnesses noticed. See *Trademark Dilution Revision Act of 2005: Hearing on H.R. 683 Before the Subcomm. on Courts, the Internet & Intellectual Prop. of the H. Comm. on the Judiciary*, 109th Cong. 17 (2005) (statement of Anne Gundelfinger, President, International Trademark Association) (stating that registration is and should remain “a complete bar” to a state dilution claim).

²¹⁴ See *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 429 (2003) (“Unlike traditional infringement law, the prohibitions against trademark dilution are not the product of common law development, and are not motivated by an interest in protecting consumers.”); *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 905 (9th Cir. 2002) (“[D]ilution law protects only the distinctiveness of the mark, which is inherently less weighty than the dual interest of protecting trademark owners and avoiding harm to consumers that is at the heart of every trademark claim.”).

²¹⁵ Rebecca Tushnet, *Gone in Sixty Milliseconds: Trademark Law and Cognitive Science*, 86 TEX. L. REV. 507, 527–46 (2008) (explaining the failure of empirical accounts of dilution).

E. Summary: The Procedural/Substantive Seesaw

The substantive and procedural approaches are intertwined in current law, creating a back-and-forth whose poles are summarized in the following chart:

ISSUE	PROCEDURAL	SUBSTANTIVE
PROTECTABILITY & REGISTRABILITY	Equivalent standards	Marks unregistrable for policy reasons may be protectable under unfair competition law
ISSUE PRECLUSION	Favored	Disfavored
INCONTESTABILITY	Nearly meaningless	Meaningful for strength of mark
TERRITORIALITY	Nationwide scope of registration limited by doctrine requiring actual expansion in defendant's area; foreign rights protected without U.S. use	Nationwide scope of local registered marks precludes other registrations and allows expulsion of distant junior users if nationwide expansion occurs; foreign rights unprotected in the United States
SCOPE OF MARK	Courts generally evaluate marks as they're used, regardless of how they're registered	PTO grants broader protections when a word mark is registered as a typewritten mark
DILUTION	Registration doesn't determine scope of rights	Registration has independent significance

III. RATIONALIZATION OR CONTINUED UNCERTAINTY?

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

One might well note that incoherence and the pursuit of conflicting goals are normal features of law; why should trademark law be different? There's not even a consensus about what trademark is *for* — only protecting consumers or also rewarding producer investment and enhancing competition? Rose has addressed a similar issue in her work on crystals and mud in real property law, with "crystals" standing for rules that clearly instruct parties on exactly what they must do

to obtain or enforce rights, and “mud” representing standards that bring in contextual considerations and try to give meaning to the parties’ intent.²¹⁶ She concludes that legal regimes seesaw between them because each has features that operate as necessary correctives to the other. Legislatures make hard-edged rules and courts tend to soften them for equitable reasons. After a long enough period in which the strict rules become fuzzy around the edges, the legislature imposes a new, crystalline regime, onto which courts again splash mud.

In trademark, by contrast, instead of a cycle of reform, we purport to have a crystalline registration system, but the common law mud always surrounds it. The crystals put in place by the PTO do most of the work in the absence of live disputes, and it’s the mud that determines what rights courts will actually enforce. It’s certainly plausible that retrospective review by courts has advantages over prospective decisions by an agency, justifying at least some of the muddiness. Courts deciding specific disputes can develop factual records; agencies trying to predict the appropriate scope of a right may find doing so much more difficult.

On the other hand, when the agency establishes the right but leaves its scope ill-defined, that creates special problems of inequity and unpredictability. Professors Robert Burrell and Michael Handler persuasively contend that the best reason to have a registration system, not just a trademark system, is to allow businesses to determine what they can and cannot do in their own operations.²¹⁷ Yet combining registration with general protection for unregistered marks interferes with this function, because looking at the specifications in the registry cannot on its own assure a business that it will have freedom to operate — or that it won’t.²¹⁸ Given that we’re spending a lot of resources on the registration system but still mired in the mud, a number of potential reforms could improve matters.²¹⁹ In particular, embracing a substantive approach to registration could resolve many issues more easily, and not always in the direction of increasing trademark owners’ rights.

²¹⁶ See Rose, *supra* note 198.

²¹⁷ BURRELL & HANDLER, *supra* note 17, at 7 (“The best explanation for why we provide a facility for trade mark registration is that the existence of a trade mark register provides the business community with a valuable source of information. Most importantly, a trade mark register helps reduce business ‘clearance costs,’ that is, it helps traders to discover which signs are already owned by third parties, thereby assisting them in choosing marks that can be used safely. In order to perform this function effectively it is essential that the register provides as accurate a source of information as possible.” (footnote omitted)).

²¹⁸ See *id.* at 7 n.20.

²¹⁹ Often IP reform proposals have to deal with potential effects on our treaty obligations. The good news here is that most imaginable changes to our registration system will be acceptable since many other countries in the IP treaty regime have a registration-based system; whether we make registration stronger or weaker, we are unlikely to go outside the boundaries of what’s permissible.

A. Fewer Marks

We should register fewer marks and cancel more. This is appropriate whether we decide to make registration more procedural or substantive. Deadwood on the register harms either type of system. The trademark system is like other government-built, market-forming structures, such as judicially enforced private contracts, public roads and waterways, and the land registry system. If overused or gamed by people otherwise seeking to avoid paying their fair shares, the registration system could break down much as land registration broke down before the financial crisis of 2008.²²⁰ Even the industry organization that constantly advocates for broader rights for trademark owners, the INTA, supports making removing deadwood easier, though it's unlikely to support tightening initial registration standards.²²¹

1. *The Harms of Registration Without Use.* — In analyzing over twenty-five years of PTO data, a study found that roughly seventy-five percent of all trademark applications were ultimately approved.²²² However, many of these were approvals of ITU applications,²²³ which are pretty much what they sound like: applications filed in advance of actual use in the marketplace. Over forty-three percent of approved ITU applications never filed a statement of use, meaning that at any given time in recent years there have been tens of thousands of marks that are practically unavailable for others but will never become valid for the applicant.²²⁴ These symbols are not really trademarks, but they are nonetheless capable of creating legal rights and thus block market

²²⁰ See Rose, *supra* note 198, at 596 (noting that registration systems are subject to a tragedy of the commons problem, so too many claims that shouldn't be recorded end up clogging the system; "the very attractiveness of making clear one's claims by recording them defeats the purpose of the system").

²²¹ See INT'L TRADEMARK ASS'N, BOARD RESOLUTIONS: STANDING REQUIREMENTS IN CONNECTION WITH NON-USE CANCELLATION ACTIONS (2013), <http://www.inta.org/Advocacy/Pages/StandingRequirementsNonUseCancellationActions.aspx> [<https://perma.cc/6YXC-6KHT>] (arguing that standing requirements for cancellation for nonuse should be minimal or nonexistent where possible); INT'L TRADEMARK ASS'N, MODEL LAW GUIDELINES: A REPORT ON CONSENSUS POINTS FOR TRADEMARK LAWS § 1.5, at 4 (2007) (proposing simplified cancellation proceedings for nonuse).

²²² See Beebe, *supra* note 6, at 762.

²²³ See *id.* at 764 tbl.2.

²²⁴ The PTO's more recent statistics reveal numbers consistent with Beebe's findings. *Id.* at 773. Because successful ITU applicants have up to three years to file a statement of use, the number of ITU allowances in a calendar year can't be directly linked to the number of statements of use filed in that same year, but every year, there are roughly twice as many allowances issued as statements of use filed, suggesting that about half of the allowances will create paper rights that never mature into real rights. In 2015, the numbers were 198,349 allowances and 75,461 statements of use filed. U.S. PATENT & TRADEMARK OFFICE, U.S. DEP'T OF COMMERCE, PERFORMANCE AND ACCOUNTABILITY REPORT FISCAL YEAR 2015, at 198 tbl.16 (2015), <https://www.uspto.gov/sites/default/files/documents/USPTOFY15PAR.pdf> [<https://perma.cc/3L9Q-5YG3>].

entry. Even with use-based applications and renewals of existing registrations, the standard for use or continuing use is low and not very well policed, suggesting that, of the over 250,000 marks registered or renewed each year,²²⁵ a substantial number do not reflect real use.

It's easy to use a registration to threaten other market participants into either ceasing use of symbols that benefit consumers or taking an unnecessary license.²²⁶ For example, notorious trademark troll Leo Stoller maintained registrations for numerous STEALTH marks; many small businesses took licenses because of his threats until Stoller's enterprises ultimately collapsed under pressure from a defendant with enough stamina to choose an expensive defense over a relatively cheap license.²²⁷ Similar business models are not unknown.²²⁸ Even enterprises that didn't begin in bad faith can, when unsuccessful or even defunct, take their registrations as reason to claim massive damages from a later user.²²⁹

But does a registration have a greater chilling effect than a simple letter claiming trademark rights? If not, easy registration isn't worsen-

²²⁵ U.S. PATENT & TRADEMARK OFFICE, U.S. DEP'T OF COMMERCE, *supra* note 224, at 198 tbl.16.

²²⁶ See, e.g., William T. Gallagher, *Trademark and Copyright Enforcement in the Shadow of IP Law*, 28 SANTA CLARA COMPUTER & HIGH TECH. L.J. 453, 487 (2012) (“[A]ggressive and bullying enforcement tactics can work and are sometimes part of the IP owner’s overall enforcement strategy. They are effective, in part, because many targets do not have the resources to defend a trademark or copyright claim on the legal merits in court.”); Kenneth Port, *Trademark Extortion: The End of Trademark Law*, 65 WASH. & LEE L. REV. 585 (2008) (reviewing published cases). Because of the minimal enforcement of the use requirement, use is unable to serve its otherwise promising role in deterring trademark trolls. But see Michael S. Mireles, *Trademark Trolls: A Problem in the United States?*, 18 CHAP. L. REV. 815, 816, 827 (2015) (arguing that trademark law’s use requirements prevent classic “trolling,” that is, lying in wait until another user shows up); *id.* at 831 & n.96 (asserting, without evidence, that “potential trademark owners . . . conduct relatively extensive searches before adopting a mark or filing a federal registration,” *id.* at 831, and that they “often” search “international[ly],” so they won’t be surprised by trolls, *id.* at 831 n.96).

²²⁷ See, e.g., *Cent. Mfg., Inc. v. Brett*, 492 F.3d 876 (7th Cir. 2007) (dealing with Stoller’s claim to own STEALTH as a mark for many, many goods and services); see also *Google, Inc. v. Cent. Mfg., Inc.*, 316 F. App’x 491, 492 (7th Cir. 2008) (dealing with Stoller’s claim to own GOOGLE).

²²⁸ See, e.g., *Amscan Inc. v. Shutter Shades, Inc.*, No. 13-CV-1112, slip op. at 4–5 (S.D.N.Y. Apr. 30, 2015) (noting registrant used trademark registration to extract license fees from multiple parties, a scheme that persisted until a deep-pocketed defendant found the registration worth challenging).

²²⁹ See, e.g., *Specht v. Google Inc.*, 747 F.3d 929 (7th Cir. 2014) (addressing a claim against Android for e-commerce software); *Chance v. Pac-Tel Teletrac Inc.*, 242 F.3d 1151 (9th Cir. 2001); *Monster Prods., LLC v. Monster Cable Prods., Inc.*, No. 6:06-293, 2006 WL 2193190 (D.S.C. Aug. 1, 2006); Jessica M. Kiser, *To Bully or Not to Bully: Understanding the Role of Uncertainty in Trademark Enforcement Decisions*, 37 COLUM. J.L. & ARTS 211 (2014); Jason Vogel & Jeremy A. Schachter, *How Ethics Rules Can Be Used to Address Trademark Bullying*, 103 TRADEMARK REP. 503, 510–11 (2013); cf. *Procter & Gamble Co. v. Johnson & Johnson Inc.*, 485 F. Supp. 1185 (S.D.N.Y. 1979), *aff’d*, 636 F.2d 1203 (2d Cir. 1980) (discussing a large company that kept a portfolio of registered but not truly used marks and asserted them against competitor’s new product).

ing the problem of abusive trademark threats. There is not much empirical evidence, but anecdotally, registrations play a big role in the effectiveness of cease-and-desist letters, and small businesses without legal counsel may mistake the meaning of a registration, especially given the statutory language of “exclusive right,” which trademark owners are happy to quote despite its limited practical meaning.²³⁰ Consider also the effects of having a registration, with its potential suggestion of a government imprimatur, on willingness to *assert* rights, among ordinary businesspeople who don’t know that the registration has almost no effect on the scope of their rights.

Registrations unsupported by use, or broader than their actual scope of use, also interfere with *ex ante* searches by businesses trying to proceed cautiously, but are of little value in any contested case because any actual confusion inquiry will discover there isn’t use. The current system therefore favors big firms that know enough to research actual use before making legal decisions, as compared to small firms that know only enough to know that a registration matters.²³¹ Thus, these registrations aren’t justified either in consumer protection or business management terms. If registration is to be meaningful — whether as providing notice or providing substantive rights — it needs to be cleaned up.

Nearly two-thirds of the renewals in the PTO’s recent pilot study couldn’t show use on some or all of the goods for which they’d paid renewal fees.²³² The move toward fewer registrations should therefore involve requiring more proof of use on the listed goods and services. The PTO has proposed initial steps in this direction, allowing it to ask for more proof of use when a trademark is renewed,²³³ but more remains to be done. Ideally, registrants should provide proof of use for each category of goods and services claimed, both at registration and on renewal, which initially occurs after five or six years and then every ten years. There should be meaningful penalties for intentional misstatements of use, and a substantial, negligent overstatement should

²³⁰ See Leah Chan Grinvald, *Shaming Trademark Bullies*, 2011 WIS. L. REV. 625, 644 (discussing relationship between registration and exaggerated claims of strength).

²³¹ Professor Jessica Silbey’s qualitative work, discussed in her book *The Eureka Myth: Creators, Innovators, and Everyday Intellectual Property*, revealed that lawyers and in-house counsel used registrations as a matter of course, while individual creators and business owners often didn’t seek to register. Email from Jessica Silbey, Professor of Law, Ne. Univ. Sch. of Law, to author (Oct. 12, 2015, 11:48 AM) (on file with the Harvard Law School Library).

²³² The PTO has itself suggested possible reforms for further exploration, including requiring more proof of use, a streamlined nonuse procedure for eliminating previously claimed goods and services from a registration, and further random audits of the register. See USE STATUS REPORT, *supra* note 4, at 2–3.

²³³ Changes in Requirements for Affidavits or Declarations of Use, Continued Use, or Excusable Nonuse in Trademark Cases, 81 Fed. Reg. 40589 (proposed June 22, 2016) (to be codified at 37 C.F.R. pts. 2, 7).

invalidate the entire registration, leaving the claimant with whatever common law rights it had managed to acquire.

Another, less radical proposal would be an expedited nonuse procedure, similar to that available in Canada,²³⁴ but that would require an opponent who knew enough to seek cancellation for nonuse. A related suggestion is that the PTO should be allowed to charge more for broader registrations or applications of the type that are likely to cause more trouble (colors or other forms of trade dress, standard character marks instead of stylized marks, ITUs).²³⁵ Any of these suggestions would require statutory change, but the latter ones might not be as controversial as other, more aggressive reforms.

2. *Higher Standards for Marks and for Confusing Uses.* — How rigorous should examination be?²³⁶ Professor Graeme Dinwoodie says that “[i]t is undisputed that the U.S. system, with its use requirement and its rigorous examination system, turns up fewer false positives” than a registration-based system that doesn’t require use to establish

²³⁴ As one trademark lawyer explained:

[S]ection 45 of the Canadian Act has been increasingly used as a swift, inexpensive alternative way to deal with the cluttered Canadian Register. . . . [A] section 45 proceeding . . . remov[es] from the Register a trademark for which the registrant cannot show use in the “normal course of trade” or cannot provide an adequate excuse for nonuse.

Richard J. Taylor, *Loss of Trademark Rights Through Nonuse: A Comparative Worldwide Analysis*, 80 TRADEMARK REP. 197, 259 (1990).

²³⁵ See Burrell & Handler, *supra* note 41, at 714–15 (noting the awkward fit between the logics of antidilution measures and normal registration). INTA reports a mixed experience with such registries. INT’L TRADEMARK ASS’N, BOARD RESOLUTIONS: WELL-KNOWN MARK REGISTRIES (2005), <http://www.inta.org/Advocacy/Pages/Well-KnownMarkRegistries.aspx> [<https://perma.cc/WYU2-3Q73>] (noting that although Chinese and Mexican well-known mark registries assist in enforcement against infringement, many trademark owners found that these registries underperformed and were unduly difficult).

²³⁶ There’s a related debate over patents and the appropriate amount of “rational ignorance” at the Patent Office. See, e.g., David Fagundes & Jonathan S. Masur, *Costly Intellectual Property*, 65 VAND. L. REV. 677, 705–06 (2012) (finding costly screens appropriate for patents but not copyright); Mark A. Lemley, Essay, *Rational Ignorance at the Patent Office*, 95 NW. U. L. REV. 1495 (2001); Jonathan S. Masur, *Costly Screens and Patent Examination*, 2 J. LEGAL ANALYSIS 687, 688 (2010) (arguing that costly utility patent-granting mechanisms are justified where they lead private actors to self-select against pursuing patent rights that aren’t worth much). Given the differences in intellectual property regimes, the level of rigor should depend on trademark-specific concerns. First, the trademark inquiry is different from the patent inquiry: whether a symbol serves to indicate the source of goods or services is a measure of relative distinctiveness in the marketplace, not of novelty and nonobviousness. This distinctiveness may usually be easier for nonexperts to evaluate because it is about signs rather than specific technology. Second, trademark is nominally about consumer protection and/or trade regulation, rather than being an incentive regime — can we trust the PTO more with one over the other? It’s not clear which way this prioritization would cut. Third, the effects of a bad grant or a bad denial may differ. A patent applicant can get some claims approved but not others, so it’s not a binary decision. However, the patent process is still more absolute than trademark registration, as even if trademark registration is denied, there is still some common law protection against passing off. Thus the marginal effects of both bad grants and bad denials might be more limited in trademark, justifying somewhat more confidence in the PTO.

rights, as exists in Europe.²³⁷ Yet there's more to be done to limit the marks that are granted registration to the truly deserving (with weaker unfair competition protection remaining to other symbols that might sometimes indicate source) and to limit the scope of those marks once granted.²³⁸ Solutions should include heightened distinctiveness requirements, both in terms of an applicant's burden of proof and in terms of whether a particular use is serving a source-identifying function; these requirements should use the concepts of "limping marks" and ornamentality. In addition, greater attention to the unprotectable elements of a mark could better limit trademarks' scope in infringement cases.

First, the PTO should be very willing to find marks to be descriptive instead of inherently distinctive, requiring the applicant to show real secondary meaning in the market.²³⁹ This requirement would have positive effects on the ITU system as well, since fewer marks would qualify for ITU protection in the absence of use and market recognition.²⁴⁰ Professor Jake Linford has persuasively argued that, based on empirical evidence from linguistics and consumer psychology, "suggestive" terms are no more inherently distinctive than descriptive terms and that only arbitrary and fanciful marks should be treated as inherently distinctive and immediately registrable without a showing of secondary meaning.²⁴¹ This change would also avoid current wasteful hairsplitting over whether a term is suggestive or descriptive. Mistaken registrations of descriptive terms are anticompetitive, and a higher standard would have the benefit of channeling aspiring trademark owners toward more clearly arbitrary or fanciful marks.²⁴²

²³⁷ Dinwoodie, *supra* note 44 (manuscript at 7); see also USE-BASED SYS. SUBCOMM., INT'L TRADEMARK ASS'N, REPORT AND RECOMMENDATION: USE-RELATED REQUIREMENTS FOR ISSUANCE AND MAINTENANCE OF TRADE MARK REGISTRATIONS 5 (2005) (arguing that use requirements make the registration system more likely to reflect the marketplace).

²³⁸ Many marks that my proposal would make unregistrable on the Principal Register might be appropriate for the Supplemental Register, which is for symbols that could in theory indicate source but have not actually been shown to do so. My proposals would increase the numbers of such marks relative to the number of marks deemed distinctive. The Supplemental Register serves a notice function, but doesn't provide a presumption of validity, which could make it useful even for disappointed applicants who sought registration on the Principal Register.

²³⁹ Cf. Lisa P. Ramsey, *Descriptive Trademarks and the First Amendment*, 70 TENN. L. REV. 1095 (2003) (arguing that descriptive trademark laws violate the First Amendment).

²⁴⁰ The ITU process has valuable features that need not be abandoned. Instead, they should be allowed, but subject to rules designed to put more space between registered marks, as discussed in greater detail in subsequent sections. ITUs are appropriate for arbitrary or fanciful marks, or for an extension of a mark with marketplace distinctiveness to new goods and services where that distinctiveness is likely to transfer (for example, if American Airlines went into the travel-guide business), and should be subject to the same proof of use requirements before maturing to registration.

²⁴¹ Jake Linford, *The False Dichotomy Between Suggestive and Descriptive Trademarks*, 76 OHIO ST. L.J. 1367, 1367 (2015).

²⁴² For business reasons, sellers often choose marks that are as descriptive as they can get away with because those marks convey useful information. See, e.g., PHILLIP H. SMITH, INTENT-TO-

Currently, after a procedurally valid application is filed, the statute provides that a registration “shall” issue unless a statutory barrier applies. The PTO has the burden of proof in finding an applied-for symbol to be descriptive.²⁴³ Shifting the burden to the applicant to show protectability would be a small step toward preventing the register from being further clogged.²⁴⁴ And it would not necessarily increase the burden on examiners, since the onus would be on the applicant to come forward with sufficient proof of registrability.²⁴⁵

Second, the PTO should recognize the existence of limping marks — marks that are always accompanied by, and need the support of, other marks, rather than serving on their own to identify a particular brand, or to create a separate commercial impression. Various precedents in other countries indicate that limping marks are not entitled to registration because they’re not being used to distinguish goods or services, although they could in theory do so.²⁴⁶ For example, an

USE TRADEMARK PRACTICE § 7.5 (1992) (“[B]usiness persons and marketing managers sometimes prefer the adoption of suggestive or descriptive marks [thinking] such marks are easier to promote and advertise and will be of more help in establishing a new market as compared to highly distinctive or coined marks.”). A fortunate side effect, from sellers’ perspective, is that trademark rights in descriptive terms can hamper competitors. See Carter, *supra* note 11, at 760. The law could provide a counterbalance.

²⁴³ *In re Merrill Lynch, Pierce, Fenner & Smith, Inc.*, 828 F.2d 1567, 1571 (Fed. Cir. 1987) (noting that PTO has burden of proof on mere descriptiveness rejections).

²⁴⁴ The PTO does not currently do a good job of assessing secondary meaning, so one might reasonably ask whether it should be asked to do more of this. To the extent that we are concerned with predictability, the current standard has some merit: if the applicant has had substantially exclusive use of the mark for five years or more, the examiner may, but need not, infer that there is secondary meaning. If the burden were on the applicant to show that the use was substantially exclusive, for example by submitting search results, instead of simply having to aver it, the results might be better.

²⁴⁵ We might also need to devote more resources to registration. There is room to do this from fee increases, especially for renewals. See U.S. PATENT & TRADEMARK OFFICE, U.S. DEP’T OF COMMERCE, USPTO FEE SCHEDULE (2016), <http://www.uspto.gov/learning-and-resources/fees-and-payment/uspto-fee-schedule> [<https://perma.cc/PR94-4VPV>] (setting forth fees for trademark-related matters that are often significantly lower than patent-related fees).

²⁴⁶ Case C-215/14, *Société des Produits Nestlé SA v. Cadbury UK Ltd*, 2015 E.C.R. ¶ 55 (opinion of Wathelet, Advocate Gen.), <http://curia.europa.eu/juris/document/document.jsf?text=&docid=164950&pageIndex=0&doclang=en&mode=lst&dir=&occ=first&part=1&cid=1213416> [<https://perma.cc/K47N-PELX>] (recommending that recognition should not be enough to justify registration without proof that “only the trade mark in respect of which registration is sought, as opposed to any other trade marks which may also be present, indicates, without any possibility of confusion, the exclusive origin of the goods or services at issue”); *Discovery Holdings Ltd v. Sanlam Ltd* 2015 (1) SA 365 (WCC) at para. 49 (S. Afr.) (finding failure to use claimed mark in isolation from its house mark meant that the consumer was not given an opportunity to disassociate the product mark from the house mark, and thus the term couldn’t have acquired distinctiveness); *Philips Elecs. BV v. Remington Consumer Prods.* [1998] RPC 283, 290 (U.K.) (explaining that a limping trade mark is a mark that is never used by itself and which gains support from the “crutch” of another, far stronger trade mark); *Discount Drug Stores Pty Ltd* [2014] ATMO 66 (Austl.) (finding a color combination not entitled to registration where the colors were subsidiary to and not separate from other marks used in conjunction with them); CLUBCARD 0-451-13 & 0-450-13, U.K.

English court recently found that the shape of the four bars in a Kit Kat chocolate bar was not entitled to registration because, even if consumers recognized the shape as associated with Kit Kat, they used other marks to identify the source of the goods.²⁴⁷

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

Third, many patterns and statements on T-shirts and other items chosen for their display value are ornamental: they serve primarily aesthetic or communicative purposes. The concept of ornamentality provides a model for identifying limping marks. Both determinations depend on an evaluation of the claimed mark in the context of its actual use.²⁴⁸ Ornamentality, as used by the PTO, is not an empirical concept requiring evidence specific to a particular application, but rather a set of presumptions about how consumers react to symbols,

Trademark Registry 16 Dec. 2013 (finding extensive use of "Clubcard" was usually in conjunction with the famous TESCO mark or slogan, and thus would not be recognized by consumers as a trade mark by itself); *In re* Trade Mark Application No. 2012210, U.K. Trademark Registry 8 May 1998 (finding that where both the registrant and third parties always used a more well-known mark with the relevant term, evidence showed that third parties were not using the relevant mark to distinguish source and thus the mark lacked a reputation); Trevor Stevens, *The Protection of Trade Dress and Color Marks in Australia*, 93 TRADEMARK REP. 1382, 1396-97 (2003) (noting that the background green color is a limping mark for the BP logo). *But see* Philips Elecs. NV v. Remington Consumer Prods., Ltd. [1999] EWCA (Civ) 1340, [1999] RPC 809, 818 (U.K.) (not giving much weight to the fact that other marks appeared with the matter at issue).

²⁴⁷ *Société des Produits Nestlé SA v. Cadbury UK Ltd* [2016] EWHC (Ch) 50 [57] (Eng.) ("[I]n order to demonstrate that a sign has acquired distinctive character, the applicant or trade mark proprietor must prove that, at the relevant date, a significant proportion of the relevant class of persons perceives the relevant goods or services as originating from a particular undertaking because of the sign in question (as opposed to any other trade mark which may also be present).")

²⁴⁸ *See Accolade Wines Austl. Ltd. v. Delegat's Wine Estate Ltd.* [2014] ATMO 76, ¶¶ 26-35 (Austl.) (examining evidence of actual use including industry surveys before concluding mark not distinguishable).

particularly symbols that take up a large portion of the surface of a product. The PTO already uses ornamentality to reject certain specimens of use, and it could extend this practice to limping marks, which are not likely to be bearing the weight of identifying a source.

Courts too should use both limping marks and ornamentality on a more regular basis, especially when the claimed matter is unregistered.²⁴⁹ Claims based on the allegedly confusing similarity of secondary product features should therefore generally be rejected unless there is evidence of actual confusion.²⁵⁰

Fourth, disclaimers are also a routine part of registrations: they explain that no claim to the disclaimed matter is made apart from its appearance in the mark as a whole. For example, American Airlines might make no claim to each word in its name. Professor Barton Beebe suggests that, while the PTO routinely relies on disclaimers in approving marks, courts ignore them when they compare marks as a whole.²⁵¹ The substantive approach I suggest would provide a basis for changing that. A substantive approach could establish that confusing similarity can't result from the disclaimed term, just as it can't result from functional features.²⁵²

²⁴⁹ The question would then arise whether parodies should be registrable on the same terms as nonparodies, such as the parody brand South Butt that mocks North Face. Assuming that such parodies are registrable, they may then be off-limits to others who desire to parody the original brand. See Stacey L. Dogan & Mark A. Lemley, *Parody as Brand*, 47 U.C. DAVIS L. REV. 473, 486 (2013). However, I would deal with this question by starting with the presumption that many communicative uses simply don't serve as marks. The registrability problem with parodies is not that they're confusing, but that they're referential — similar to descriptive marks — and usually shouldn't be registrable because of that dependent meaning. Proof of secondary meaning for the parody "brand" should be rigorously required in order to protect other potential critics of the same target brand.

²⁵⁰ McKenna has persuasively criticized the vulnerability of such limiting principles to courts' fear of confusion. Mark P. McKenna, *Trademark Use and the Problem of Source*, 2009 ILL. L. REV. 773, 823–24. An actual confusion requirement, as opposed to the capacious multifactor test not requiring evidence of confusion, might guard somewhat against this risk, though courts might still risk putting too much weight on questionable consumer surveys used as evidence of actual confusion. Still, the extra burden of a survey would deter a number of marginal claims.

²⁵¹ See *IPSC First Breakout Session, Trademark Registration*, REBECCA TUSHNET'S 43(B)LOG (Aug. 6, 2015, 12:11 PM), <http://tushnet.blogspot.com/2015/08/ipsc-first-breakout-session-trademark.html> [<https://perma.cc/B4LX-ZHZV>]; see also, e.g., *Bos. Duck Tours, LP v. Super Duck Tours, LLC*, 531 F.3d 1, 22 (1st Cir. 2008) ("[I]t is inappropriate to give the presence or absence of a [trademark] disclaimer any legal significance." (quoting *In re Nat'l Data Corp.*, 753 F.2d 1056, 1059 (Fed. Cir. 1985))); 3 MCCARTHY, *supra* note 23, § 19:72 ("For purposes of determining the likelihood of confusion concerning a registered composite mark of which portions are disclaimed, the disclaimed matter cannot be ignored.").

²⁵² Surveys using controls could help determine which features are causing confusion, but so could asking the factfinder to identify what's causing any likely confusion, to ensure that elements contributing to confusion are protectable (and courts could shape any remedy to preserve the defendant's rights to use unprotectable elements of a mark). This process could be compared to copyright's abstraction and filtration approach to unprotectable matter — though that too has its problems when courts turn to holistic evaluations of the work in its entirety. See, e.g., *Comput.*

Finally, we should also require factfinders to ensure that any actionable confusion is based on similarity in the nondescriptive elements of the defendant's use. This solution is more formalist than some others, but if confusion occurs based on similarity between descriptive elements of the parties' marks, that is really the fault of the trademark owner, who should be encouraged to find a more distinctive way of communicating its identity to consumers.²⁵³ The descriptive fair use defense already recognizes that a trademark owner's choice of a descriptive term can be the proximate cause of confusion, and that therefore a defendant's nontrademark use of a term can be protected despite some consumer confusion. When the defendant is using a symbol as a mark, the confusion standard should likewise be based on the protectable elements of the mark. The competitive justifications for allowing the defendant's use remain the same.²⁵⁴

3. *Diminishing Crowding on the Register: More Sweeping Changes.* — Our freewheeling registration system lacks its promised information benefits in part because of crowding in the marketplace. Given the proliferation of symbols, a registry that aims to include as much as possible is tempted to grant too much weight to stylization or other small distinctions between symbols. A better solution would be to decline to grant rights that are heavily dependent on visual stylization to

Assoc. Int'l, Inc. v. Altai, Inc., 982 F.2d 693, 706–11 (2d Cir. 1992). At least, calling a factfinder's attention to the distinction between protectable and unprotectable elements could be helpful.

²⁵³ Cf. W.T. Rogers Co. v. Keene, 778 F.2d 334, 347–48 (7th Cir. 1985) (finding that the burden is on the user of a functional feature to find nonfunctional distinctive symbols to use). Dinwoodie suggests that, because consumers may choose to find unexpected elements of a product's design to be distinctive, second comers are often in a better position, both practically and as a matter of equity, to choose distinguishing features. Graeme B. Dinwoodie, *The Death of Ontology: A Teleological Approach to Trademark Law*, 84 IOWA L. REV. 611, 743 n.478 (1999). I am unconvinced that there is an empirical basis for that claim, but in any event the value of encouraging trademark claimants to move away from trying to monopolize descriptive terms seems to me to be worth the extra burden.

²⁵⁴ The recently recast European Trademark Directive includes a new Article 14 that may accomplish this unification of the role of descriptiveness in Europe. It provides that:

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

Directive 10374/15, of the European Parliament and of the Council of 16 December 2015 to Approximate the Laws of the Member States Relating to Trade Marks, 2015 O.J. (L 336) 12, 12. The revision was endorsed by the European Parliament in December 2015 and entered into force in 2016. See Press Release, All. of Liberals & Democrats for Eur. Grp., European Parliament Backs Key Trade Mark Reform for European Businesses and Citizens (Dec. 15, 2015), <http://www.alde.eu/nc/press-and-release-news/press-release/article/european-parliament-backs-key-trade-mark-reform-for-european-businesses-and-citizens-46480> [<https://perma.cc/UY45-STTJ>]. One plausible, though not guaranteed, reading of this provision is that it allows others to use descriptive elements of marks both as elements of their own marks and purely descriptively.

overcome descriptiveness problems — a variant of Professor Lisa Ramsey’s argument against allowing protection for descriptive terms.²⁵⁵ Since one problem is that registrants overclaim the scope of registered marks, “[t]rade mark registries should be astute to this consequence of registering [stylized] descriptive marks under the cover of a figurative figleaf of distinctiveness, and refuse registration of such marks in the first place.”²⁵⁶ Registrations should not be granted if they’re going to have a scope that should properly be extremely narrow. As Professors Mark Lemley and Mark McKenna have explained, a decisionmaker that grants a right on the expectation that its scope will be narrow may do great mischief if a later decisionmaker, charged only with determining infringement and not validity, agrees with a plaintiff’s claim that its rights are in fact broader.²⁵⁷

The proregistration Federal Circuit recently instructed the TTAB to allow a registration when there were already multiple similar marks, reasoning that, with so many weak marks already in the marketplace, another one wouldn’t cause trouble.²⁵⁸ Under our current regime, the new registration now on the books is unclear in its scope. In the Federal Circuit’s view, the symbolic system is already so crowded that, if any further registrations are to occur, fine distinctions must be made — and of course, further registrations should occur. It’s the last premise I wish to dispute, especially when the rest of trademark doctrine doesn’t trust consumers to make those fine distinctions. In a world with so many marks, most of them can’t have strong rights. But the current separation of the PTO’s role in delineating the specification from the courts’ infringement inquiry makes it hard to appreciate that truth.

Even from a producer-oriented perspective, the proliferation of similar symbols poses significant problems. The assumption that trademarks are in infinite supply is no longer plausible, as empirical research in progress by Professors Barton Beebe and Jeanne Fromer

²⁵⁵ See Ramsey, *supra* note 239, at 1146–74; see also Procter & Gamble Co. v. Johnson & Johnson Inc., 485 F. Supp. 1185, 1210–11 (S.D.N.Y. 1979) (arguing that accepting highly descriptive marks leads to a crowded field that does not aid consumers), *aff’d*, 636 F.2d 1203 (2d Cir. 1980); Suman Naresh, *Incontestability and Rights in Descriptive Trademarks*, 53 U. CHI. L. REV. 953, 985, 991–92 (1986) (arguing that encouraging registrations of descriptive marks is undesirable because such terms work better in the public domain).

²⁵⁶ Starbucks (HK) Ltd. v. British Sky Broad. Grp. [2012] EWHC (Ch) 3074 [117] (Eng.).

²⁵⁷ Lemley & McKenna, *supra* note 18, at 2200, 2225.

²⁵⁸ Jack Wolfskin Ausrüstung Fur Draussen GmbH & Co. KGAA v. New Millennium Sports, S.L.U., 797 F.3d 1363, 1374 (Fed. Cir. 2015) (reversing refusal to register paw print design for clothing because so many other paw print designs already existed); see also Juice Generation, Inc. v. GS Enters. LLC, 794 F.3d 1334, 1338–40 (Fed. Cir. 2015) (reversing refusal of PEACE LOVE JUICE and design for juice bar services; existence of registration for PEACE & LOVE for restaurant services was no bar because of a number of other third-party uses, even though there was no specific evidence about the extent and impact of those uses).

shows.²⁵⁹ To illustrate the issue, consider one of the cases the Federal Circuit decided, involving a refusal to register a paw print design for clothing because of a prior paw print registration.

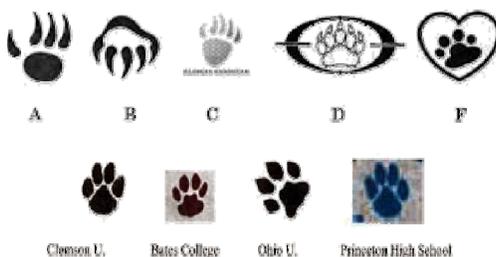
Prior registration²⁶⁰:

KELME 

Applicant's claimed mark²⁶¹:



The Federal Circuit noted the numerous other paw prints²⁶² already in use on or registered for clothing, and reversed the rejection.²⁶³



It's not that the Federal Circuit is inherently wrong about the need for fine distinctions. But if its reasoning is to avoid making the trademark system even more arbitrary and unfair, then that system has to be combined with substantive rights that are clearly limited as a mat-

²⁵⁹ The length of applied-for marks is increasing, both in letters and in words; longer marks are likely to be worse marks in that they will be harder to remember and distinguish. Beebe & Fromer, *supra* note 45, at 30–33. Further evidence of congestion comes from increasing numbers of refusals to register based on likely confusion with an existing mark. In the category of apparel, for example, 50% of refusals in 2012 were based on likely confusion, as opposed to 30% in 2003. *Id.* at 33. However, the burden of congestion doesn't fall equally on all competitors — incumbents who already own marks have much lower confusion-based refusal rates and better publication rates overall. *Id.* at 35. This fact tends to disprove the classic law and economics assumption that infinite numbers of marks are available. William M. Landes & Richard A. Posner, *Trademark Law: An Economic Perspective*, 30 J.L. & ECON. 265, 274, 290 (1987) (“[T]he distinctive yet pronounceable combinations of letters to form words that will serve as a suitable trademark are as a practical matter infinite.” *Id.* at 274. “[The supply of] unusual symbols and shapes or combinations of well-known symbols, shapes, and colors . . . [is] virtually unlimited.” *Id.* at 290.).

²⁶⁰ *Jack Wolfskin*, 797 F.3d at 1370.

²⁶¹ *Id.* at 1366.

²⁶² *Id.* at 1373 n.2 (identifying trademarks registered and used by, inter alia, the University of New Mexico, Penn State, and Cheetos snack foods).

²⁶³ *Id.* at 1374; Joint Appendix at 21–22, *Jack Wolfskin*, 797 F.3d 1363 (No. 2014-1789).

ter of law, and not expandable later through arguments about likely confusion despite differences in the marks or goods. That is, if registrable, these marks should stay narrow. Courts should be willing to dismiss infringement cases very early where a field is crowded and the similarities between the plaintiff's and defendant's marks are no greater than the similarities between the plaintiff's mark and other marks. Another way to implement this idea would be to hold that none of the paw prints alone were registrable: only paws in conjunction with other symbols or possibly specific color combinations should be registered.²⁶⁴

This result could be encouraged by a rule of prosecution history estoppel, binding trademark registrants to statements they made about the narrowness of their marks in order to avoid refusals for descriptiveness or likely confusion with existing marks. Currently, there's no downside to aiming for ambitious trademark claims and scaling back those claims during the registration process.²⁶⁵ If registration can be preclusive after *B&B*, then similar justifications counsel in favor of applying the related principle of estoppel.

B. Stronger Registrations, Weaker Unregistered Marks

Courts have been very concerned about avoiding consumer confusion, so they adopt the procedural approach to unregistered marks and treat them as if they were registered, with the often-irrelevant exception of automatic nationwide scope. But courts haven't shown similar concern for the other aspects of a well-functioning market, such as predictability and robust competition, that are served by a registration system with more substantive effects. Those conditions also ultimately benefit consumers.²⁶⁶ We should therefore separate the concept of consumer *protection* from that of consumer *confusion*. Not all confusion harms consumers, and they need no protection from harmless confusion. And reciprocally, fair competition protects consumers' other

²⁶⁴ A narrow registration alternative would still allow registrants to change their marks over time, as long as new designs were similar enough that they would be perceived as having continuity. See *Hana Fin., Inc. v. Hana Bank*, 135 S. Ct. 907, 909 (2015) (discussing "tacking" of different marks).

²⁶⁵ See, e.g., *Stone Lion Capital Partners, L.P. v. Lion Capital LLP*, 746 F.3d 1317, 1322 (Fed. Cir. 2014) (describing how a registrant claimed its mark was limited to secure registration, then asserted broader rights to preclude future registrations); *Interstate Brands Corp. v. Celestial Seasonings, Inc.*, 576 F.2d 926, 928–29 (C.C.P.A. 1978). Under my proposed reforms, a claimant should have to prove any asserted increase in scope through showing that other marks cited by the examiner and used to narrow the registration have ceased trading.

²⁶⁶ Cf. Michael Grynberg, *Trademark Litigation as Consumer Conflict*, 83 N.Y.U. L. REV. 60, 78–87 (2008) (arguing for more attention to the interests of nonconfused consumers); Graeme B. Dinwoodie, *Ensuring Consumers "Get What They Want": The Role of Trademark Law 15* (Oxford Legal Studies, Research Paper No. 34/2015, 2008), <http://papers.ssrn.com/abstract=2613160> [<https://perma.cc/H2WJ-UP5U>].

interests in product diversity and lower prices. A substantive approach to registration could recognize these varied consumer interests.

1. *A Procedural Turn?* — It would be possible to try to resolve the contradictions of the current registration system by going in the other direction and casting off as many of its substantive elements as possible. If our only concern is confusion, then the current registration system is perplexing and nearly useless except as a (very) messy signal. For purely perception-based rights, registration should be essentially meaningless and ministerial, with minimal examination, as copyright registration currently is.²⁶⁷ Registration, accordingly, would only be presumptive evidence of validity in the absence of any other evidence, and incontestability should be eliminated, as well as nationwide scope in advance of actual use.²⁶⁸ We should also require the registrant to prove use as part of its prima facie infringement case in order to avoid holdup costs.

Among the risks of a procedural turn is that small companies might not understand that a registration isn't everything. The overdeterrent effect of registrations, however weightless the registrations might be in actual litigation, on potential competitors might be damaging enough to make the procedural turn into more trouble than it's worth. Small companies might also overestimate the rights that flow from a successful registration — assuming, for example, that because their own marks were registered, they couldn't infringe another's mark.²⁶⁹

A key question is whether we believe that an agency will do a better job of identifying that a symbol is serving as a trademark signal than a court would on a case-by-case basis.²⁷⁰ A procedural approach

²⁶⁷ See, e.g., *Sportsmans Warehouse, Inc. v. Fair*, 576 F. Supp. 2d 1175, 1190–91 (D. Colo. 2008) (“[T]he prerequisites for copyright registration are minimal. A copyright registration is accomplished simply by filing a claim and depositing copies of the work with the Register of Copyrights There is minimal administrative investigation or determination of the validity of the claim.” (citation omitted)). Because the standard for protection in copyright is very low — anything with more than a minimal spark of originality will qualify, *Feist Publ'ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 362 (1991) — extensive substantive examination isn't worth the cost.

²⁶⁸ See Jason K. Levine, *Contesting the Incontestable: Reforming Trademark's Descriptive Mark Protection Scheme*, 41 GONZ. L. REV. 29, 79 (2005) (“[P]rotecting descriptive marks in their current fashion is anti-competitive. . . . Furthermore, the evidence that descriptive marks are not needed for success today is all around us”); Naresh, *supra* note 255, at 967–68 (arguing that incontestability supports monopolization of descriptive terms and encourages sellers to register descriptive terms).

²⁶⁹ Regardless of which other changes to the registration system we make, we could help small companies navigate the registration process by staggering registration fees and/or providing assistance with registration — again, solutions at the level of industrial policy (here, supporting small businesses) rather than ones directly concerned with confusion. The PTO's online resources for applicants are already very good, and its pilot program partnering with law school clinics to help applicants is also extremely promising.

²⁷⁰ Cf. Kenneth L. Port, *Open Letter to Director David Kappos of the United States Patent and Trademark Office*, 2 CYBARIS INTELL. PROP. L. REV. 13, 21–22 (2011) (citing an instance in

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

Although the Supreme Court's preclusion holding in *B&B* depended on equating the registration and infringement inquiries, in a fully procedural system, *B&B* preclusion would no longer be appropriate, because examination would no longer be substantive enough to justify preventing full-scale litigation in the courts. We could save on examination costs by cutting back on the existing registration apparatus, especially those aspects that attempt to determine whether an applied-for mark is likely to cause confusion with another mark already on the registry.

I am nonetheless unconvinced that a procedural turn would be worth its costs. First, it may be impossible to stick to. Procedural rights tend to turn substantive over time, as has already halfway occurred in our system. It's difficult to imagine a system in which the government grants a right and the court gives it no weight.²⁷¹ Registrations also have so much substantive meaning in other countries and in our international commitments that full domestic proceduralism would likely be impossible, at least as a practical matter. Furthermore, registration serves as validation of a claimant's ownership interest, and that badge of approval influences registrants' behavior.

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

A procedural turn would minimize PTO errors because the PTO would issue few refusals, and its grants would rarely be erroneous because they'd rarely mean anything. But the impulse to do equity when

which a registrant convinced a PTO examiner that the word "koi" — which is Japanese for "carp" — had no meaning in Japanese or any other language and was a valid mark for Japanese restaurants).

²⁷¹ Even copyright registrations, which are barely examined at all, have some presumptive weight, giving courts a starting point so they know who prevails on issues of validity and ownership in the absence of further evidence.

a defendant appears to be free riding on a plaintiff's goodwill would likely continue to push courts into ever-more-expansive concepts of confusion.

2. *A Substantive Turn and a Greater Role for the Specification.* — A substantive role for registration, by contrast, would be consistent with the reality that trademark's boundaries are not purely perception- and confusion-based.²⁷² Territoriality, functionality, and the systemic values of notice and predictability, among other competing interests, have roles to play in boundary definition. Under a more substantive view of registration, registration should be hard to achieve and hard to defeat with respect to the registered goods or services. Outside the specification, we should rigorously require a registrant to show likely confusion and harm.

Substantive registration would mean a strength gap between registered and unregistered marks. But, because overall trademark protection is currently so strong, increasing protection for registered marks would mainly have anticompetitive and/or free speech-suppressing effects. Most of the gap should be opened up by decreasing the protection for unregistered marks beyond the existing difference of putting the burden of proof on the plaintiff to prove that an unregistered symbol is protectable as a mark. The following sections explore one way to make registrations stronger — the concept of “double identity” — as well as other changes to limit rights in unregistered marks, thus increasing the incentive to register and making infringement cases easier to resolve.

(a) *Double Identity.* — In the substantive model, double identity — the use of the identical mark on the identical goods and services for which the mark is registered — would be presumptively within the scope of the trademark owner's rights and infringing without any requirement of proof of other harm.²⁷³ *B&B's* preclusion holding would be more coherent because the infringement inquiry would, like the registration inquiry, be somewhat abstracted from actual use and rely

²⁷² See Dinwoodie, *supra* note 266, at 7 (“By discounting some level of consumer confusion, as it does, current trademark law already makes . . . prescriptive choices in a number of settings, and it would hardly be radical to make them more explicit on a more frequent basis.”).

²⁷³ See, e.g., Agreement on Trade-Related Aspects of Intellectual Property Rights art. 16, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, 108 Stat. 4809, 1869 U.N.T.S. 299 (“In case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed.”); Council Directive 2008/95, art. 5, 2008 O.J. (L 299) 25, 28 (EC). Because lawyers can fight about anything, we might expect disputes in the United States over what constitutes an “identical” mark. The current definition of a counterfeit mark, which requires more than confusing similarity, would be a good place to start. A counterfeit mark is “a spurious mark . . . that is identical with, or substantially indistinguishable from, a mark registered on the principal register in the United States Patent and Trademark Office and in use.” 18 U.S.C. § 2320(f)(1)(A)(ii) (2012).

more on the scope of the registration than present infringement cases do.

The double identity rule could also resolve the long-standing dispute over whether so-called “post-sale confusion” is actionable when the actual purchaser of a counterfeit item knows that it’s not genuine. Under double identity, the judicial system no longer needs to strain to identify someone — relevant to a purchase or not — who is confused about *something* related to the counterfeit (for example, that the person wearing it has enough money to buy the real thing). The counterfeit is actionable because it falls within the scope of the registrant’s property-like right. Getting rid of the pretense that confusion is involved would help prevent the spread of weak theories of confusion, which are particularly destructive when applied outside the context of counterfeits.²⁷⁴

The double identity rule would also require a set of exemptions such as fair use and comparative advertising that likewise shouldn’t require too much assessment of the real world context. Such exemptions are required because otherwise, under a double identity regime, comparative advertising such as “Coke is better than Pepsi” would constitute infringing use simply because it was the same mark applied to the same goods for which Pepsi had a registration.²⁷⁵

The concept of “trademark use” or “use as a mark,” which is commonly present in registration-based systems, could serve the necessary limiting function. In comparative advertising, Coke is not using Pepsi as a mark for its own goods, even if it is using Pepsi on its goods.²⁷⁶ Although courts in the United States have largely rejected the idea that “use as a mark” is itself a requirement before there can be infringement,²⁷⁷ the concept is so intuitive and useful that the very same courts keep reinventing the concept in new contexts to bridge other-

²⁷⁴ See Jeremy N. Sheff, *Veblen Brands*, 96 MINN. L. REV. 769 (2012).

²⁷⁵ U.S. policy has long endorsed comparative advertising as procompetitive and proconsumer; there are also First Amendment reasons to protect it. Given how unlikely comparative advertising is to confuse consumers, even calling trademark a “property” right doesn’t give trademark owners a good reason to suppress truthful comparative advertising.

²⁷⁶ The “trademark use” issue has been extensively discussed elsewhere. See, e.g., Stacey L. Dogan & Mark A. Lemley, *Trademarks and Consumer Search Costs on the Internet*, 41 HOUS. L. REV. 777 (2004) (discussing the use of trademarks to “obstruct the flow of information about competing products and services,” *id.* at 777). “Use as a mark” reasoning assumes that we can tell what mark Coke is “using” without asking about consumer confusion, but such inquiries are common in trademark, and identifying a mark that Coke clearly *is* using is a good first step to determining what it’s *not* using.

²⁷⁷ See, e.g., *Rescuecom Corp. v. Google Inc.*, 562 F.3d 123, 129–30 (2d Cir. 2009); McKenna, *supra* note 250 (arguing that an independent trademark use requirement poses practical difficulties).

wise embarrassing gaps in their reasoning.²⁷⁸ A substantive approach could bolster the “trademark use” concept because it would embrace the idea that fact-intensive confusion inquiries are often more trouble than they’re worth.

A potential objection based on comparisons to other nations is that registration-based systems, with their rigid rules and historical intolerance for practices like parody and comparative advertising, may also seem overprotective of trademark owners. But a substantive system could be improved over its foreign cousins. It is the substance of those substantive rights that determines whether free speech and competition can thrive. One additional reason for hope is that foreign registration-based systems do often set aside confusion-based theories to apply conceptual restrictions on what can be registered or on what can infringe (for example, a defendant that made toy cars didn’t “use” the plaintiff’s trademark “as a mark”).²⁷⁹

Focusing more on the specification when identifying trademark owners’ rights could also help deter abusive claims by providing more certainty for trademark owners. Trademark owners often assert that they “have” to police unauthorized uses in order to preserve their marks against abandonment. While this is a useful tactic for deflecting charges of bullying when a trademark owner threatens an individual who designed a funny T-shirt and offered it for sale online, it’s not required by current law.²⁸⁰ A more registration-focused system could make very clear that failure to police uses on T-shirts is absolutely irrelevant to a mark whose specification is for anything other than T-shirts.

(b) *Infringement Without Double Identity: The Return of Unfair Competition.* — Registration rights should be strong but narrow, whereas unfair competition under section 43 should be weak and hard to prove because of its breadth. Uses for which a plaintiff lacks a registration should be presumptively outside the scope of the plaintiff’s rights. Infringement should require true proof of harm, which would in turn require a profound change in how courts deal with harm now.²⁸¹ Infringement outside the scope of registration is a muddy rule compared to the crystalline registration-based rights; muddy rules are attractive to courts because they mitigate abuses of crystalline rules by sharp dealers, and because they protect sad sacks who didn’t know the

²⁷⁸ See, e.g., *Christian Louboutin S.A. v. Yves Saint Laurent Am. Holding, Inc.*, 696 F.3d 206, 228 (2d Cir. 2012) (holding, without conducting a likelihood-of-confusion test, that an all-red shoe was not a “use” of Louboutin’s trademark in a red sole with a contrasting upper).

²⁷⁹ Case C-48/05, *Adam Opel AG v. Autec AG*, 2007 E.C.R. I-01017.

²⁸⁰ See Kiser, *supra* note 229, at 229–32.

²⁸¹ If state law stuck with the current federal harm-free approach, there would then be an argument for preemption in order to achieve the federal goal of balancing interests.

rules from suffering disproportionate harm.²⁸² But if muddy rules are fundamentally equitable, then our muddy rules for unregistered marks should look for disproportionate harm and for sharp dealers, rather than disregarding harm and treating bad intent as merely a factor to consider in deciding whether unregistered marks ought to be protected.

The key question is whether a realm of smaller rights can be maintained against the hydraulic pressure from trademark claimants to get more rights from unregistered terms, until their rights are once again essentially equivalent to those of registrants. Experience with patent law indicates that when the legal system puts a lot of weight on the registration document, claimants then argue that the PTO didn't strike the right balance. In patent, this dynamic results in the doctrine of equivalents, which says that equivalence to all the elements of a patented invention infringes even though there's no literal infringement of the patent as written.²⁸³ This result diminishes the notice function of the registration. Rather than force courts to say that rights have to be strong or nothing, which is the result in patent law, a weak cause of action for unfair competition in the absence of a registration for the use at issue could give courts reassurance that remedies remain for true abuses even in the absence of registration.²⁸⁴ In addition, clear guidance from Congress, or even from the Supreme Court, that trademarks are not meant to protect against harmless confusion and that a registration is an important precondition for strong rights could counteract any judicial impulse to consider copying, or even just knowing similarity, to be unfair by default.

In particular, returning section 43 to its grounding in unfair competition would support a requirement that a plaintiff show lost sales, whether from substitution or from an actual harm to the plaintiff's reputation, such as confusion with a business that was highly controversial.²⁸⁵ Combined with robust defenses — especially those related to free speech, functionality, and comparative advertising, based on our commitments to the First Amendment and to market competi-

²⁸² Rose, *supra* note 198, at 597.

²⁸³ Warner-Jenkinson Co. v. Hilton Davis Chem. Co., 520 U.S. 17, 21 (1997).

²⁸⁴ Dinwoodie, *supra* note 44, at 38–39.

²⁸⁵ See *Uber Promotions, Inc. v. Uber Techs., Inc.*, 162 F. Supp. 3d 1253, 1277 (N.D. Fla. 2016) (giving weight to infringer Uber Technologies' "massive" public relations problems and finding that "Promotions has every reason not to want potential customers and other members of the public to associate it with a company that has inspired protests in cities around the world"); see also Sarah Max, *How Hobby Lobby International Resolved Its Trademark Dispute*, N.Y. TIMES: YOU'RE THE BOSS (May 14, 2014, 1:00 PM), <http://boss.blogs.nytimes.com/2014/05/14/how-hobby-lobby-international-resolved-its-trademark-dispute> [<https://perma.cc/C3B5-MYU8>] (discussing senior user Hobby Lobby, which needed to change its name after junior user's Supreme Court case made the name broadly controversial).

tion — this change could allow the United States to improve on existing registration systems.

Such limiting changes are not impossible. When Congress first enacted a federal dilution statute, trademark owners of all stripes insisted that they were “famous,” and courts often went along with those claims.²⁸⁶ However, courts ultimately interpreted the dilution statute quite narrowly,²⁸⁷ and Congress responded by amending the statute to restore some of its scope — allowing relief upon a showing of “likely” rather than “actual” dilution.²⁸⁸ At the same time, Congress added significant limits on the concept of fame, requiring nationwide, household-name status, which has proven more resistant to manipulation.²⁸⁹

(c) *Incentivizing Registration.* — We could further separate registered from unregistered marks with other changes that would encourage owners to reveal their estimates of the strength and value of their rights through their decisions about whether to opt into registration.²⁹⁰ The specification exists before any particular infringement action, forcing registrants to delineate their claims in advance.²⁹¹ By contrast, plaintiffs without registrations, especially those claiming trade dress rights, craft their definitions of what they claim as marks to fit most closely what the defendant is doing.²⁹² Because they involve product features beyond words on the product, trade dress cases are also likely to pose problems of deterring legitimate competition, and of providing notice to competitors about what features are free to copy. At the very least, the pre-*Taco Cabana* view of some courts that plaintiffs claiming rights in any unregistered trade dress should have to show secondary meaning in order to sue has merit. Without a registration, a judicial determination that a mark is inherently distinctive should be insufficient to warrant protection. Indeed, we could readily

²⁸⁶ See, e.g., *Savin Corp. v. Savin Grp.*, 391 F.3d 439, 450–51 (2d Cir. 2004) (finding that “Savin” might be famous under prior law); Barton Beebe, *A Defense of the New Federal Trademark Antidilution Law*, 16 *FORDHAM INTEL. PROP. MEDIA & ENT. L.J.* 1143, 1157–58 (2006) (listing further examples of bad “fame” decisions).

²⁸⁷ See *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 433 (2003).

²⁸⁸ Trademark Dilution Revision Act of 2006, Pub. L. No. 109-312, sec. 2, § 1125(c), 120 Stat. 1730, 1730–32 (codified at 15 U.S.C. § 1125(c) (2012)).

²⁸⁹ *Id.*; see, e.g., *Maker’s Mark Distillery, Inc. v. Diageo N. Am., Inc.*, 703 F. Supp. 2d 671, 699–700 (W.D. Ky. 2010) (finding that a well-known liquor seal, like a well-known Texas Longhorns mark, was not famous), *aff’d in relevant part*, 679 F.3d 410, 425 (6th Cir. 2012). However, when defendants fail to insist on the federal standard, courts may neglect the fame requirement.

²⁹⁰ Cf. Michael W. Carroll, *One Size Does Not Fit All: A Framework for Tailoring Intellectual Property Rights*, 70 *OHIO ST. L.J.* 1361, 1366, 1406–33 (2009) (arguing for increased tailoring of patents and copyrights).

²⁹¹ See Jeanne C. Fromer, *Claiming Intellectual Property*, 76 *U. CHI. L. REV.* 719 (2009).

²⁹² Cf. *Hershey Foods Corp. v. Mars, Inc.*, 998 F. Supp. 500, 502 (M.D. Pa. 1998) (describing Hershey’s claim to have unregistered rights in its Reese’s color combination beyond its registration for its overall trade dress).

go further and say that all unregistered marks should have to show secondary meaning in order to be protected, even if they are conceptually inherently distinctive. Without meaning to consumers, the possibility that consumers could recognize source from a particular symbol remains only theoretical. Returning to a requirement of showing real harm as an element of infringement of an unregistered mark could have a very similar effect as requiring secondary meaning: when a nonfunctional trade dress lacks secondary meaning, then it's unlikely that even a direct competitor's use of a similar trade dress would be the cause of diverted sales. A plaintiff who doesn't want to show secondary meaning in an infringement case should submit its claim to the review process provided by registration, which also provides competitors with notice of possible claims.

Pleading standards are our present substitute for registration for trade dress. Courts dismiss complaints if they don't sufficiently identify the trade dress the plaintiffs claim to own.²⁹³ That's one way of dealing with the problem of anticompetitive false positives, but probably not the best one. The lawyer's drafting ability has no obvious correlation with actual secondary meaning.²⁹⁴ No one other than the judge has been tasked with defining the trade dress for legal purposes, and doing that definition at the pleading stage under *Iqbal/Twombly*, without factfinding, is not ideal, especially since different judges may be satisfied with different levels of rigor in the description.²⁹⁵ Using registration as a substitute for judicial on-the-fly definitions may therefore have advantages for predictability, costs, and anticompetitive behavior.

Another improvement would be to require registration before allowing *any* dilution protection, thus preempting state law more generally, and tightening the federal fame standard. Indeed, we might go so far as to require owners of famous marks to register those marks as famous before offering dilution protection, since we are giving rights

²⁹³ See, e.g., *Fair Wind Sailing, Inc. v. Dempster*, 764 F.3d 303, 309–10 (3d Cir. 2014) (holding that plaintiff failed to plead a specific trade dress); 1 MCCARTHY, *supra* note 23, § 8:3 (“[T]he discrete elements which make up [the trade dress claim] should be separated out and identified in a list.”).

²⁹⁴ In addition, to the extent that courts require the trade dress definition to be in words, this process raises risks of verbal overshadowing or other divergence between the words used to describe the trade dress and the actual visual or other sensory elements of that trade dress. Cf. *Egyptian Goddess, Inc. v. Swisa, Inc.*, 543 F.3d 665 (Fed. Cir. 2008) (rejecting verbal claim construction for design patents); Rebecca Tushnet, *Looking at the Lanham Act: Images in Trademark and Advertising Law*, 48 HOUS. L. REV. 861 (2011) (exploring ways courts have come up short in attempting “to fit images into a word-centric model,” *id.* at 862).

²⁹⁵ See Jeanne C. Fromer & Mark P. McKenna, *Claiming Design* (Aug. 12, 2016) (unpublished manuscript) (on file with the Harvard Law School Library).

that are no longer defined in any respect by consumer confusion.²⁹⁶ Because federal dilution is only for the biggest producers, the usual concern for small businesses ignorant of the law doesn't apply; a dilution claimant ought to know it should register. A registration requirement would therefore help clear out some (though not all) bad dilution claims, especially in the trade dress context where a plaintiff is tempted to use what the defendant is doing to delineate its own claimed mark.

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

(d) *Fewer Trademark Cases.* — If registration should be more important, that implies that the PTO should be more important. Professor Irina Manta has proposed to use administrative dispute resolution to deal with the costs of trademark bullying: a threat of a trademark infringement lawsuit, whether based on a registered or an unregistered mark, should be resolvable by the PTO, whose determination on likely confusion would be presumptively persuasive to a court, though rebuttable.²⁹⁷ This proposal has promise, if coupled with other limiting reforms. There is a risk of agency capture if we ask the PTO to make more infringement inquiries. But agency capture is self-limiting here. We can't both give *lots* of rights (ever-increasing numbers of registered marks) and *broad* rights, because trademarks are not just like patents or copyrights. They are inherently relative. A captured agency would be torn between granting and not granting rights because producers are themselves so torn. At the very least, the agency would be made forcibly aware that what it does on the intake side (granting rights in the abstract) has effects on output (infringement claims), where the

²⁹⁶ See Kenneth L. Port, *The Trademark Super Register: A Response to Professor Smith*, 94 TRADEMARK REP. 881, 882 (2004); Lars S. Smith, *Implementing a Registration System for Famous Trademarks*, 93 TRADEMARK REP. 1097, 1100 (2003). Burrell and Handler argue that a fame registration system didn't work well in Australia because of pervasive uncertainty about which classes of goods and services would be covered. Burrell & Handler, *supra* note 41, at 735, 737–39. Because federal dilution protection in the United States requires fame among the general consuming public, a fame registry in the United States could cover all goods and services (while allowing existing defenses and limits on dilution to remain, such that Big Apple Tours would have nothing to fear from Apple Computers).

²⁹⁷ Irina D. Manta, *Bearing Down on Trademark Bullies*, 22 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 853, 866–67 (2012).

separation from infringement litigation now allows it to grant supposedly narrow rights that can be broadened in practice by registrants' claims in the litigation process.

(e) *Other Benefits of a More Explicitly Substantive Approach.* — The substantive view is consistent with the historical understanding.²⁹⁸ Prior to the Lanham Act, federal registration conferred no substantive rights and could even be seen as narrowing rights by limiting the goods and services to which the registrant lay claim.²⁹⁹ The people who evaluated the Lanham Act at the time of its enactment generally considered it to have substantive effects on the meaning of trademark rights, particularly though not exclusively with respect to incontestability and constructive notice of nationwide rights.³⁰⁰ A return to a more explicitly substantive conception could benefit both courts and the PTO: if courts took the specification of a registration more seriously, both the judiciary and the administrative branch would have reason to confront the current contradictions in the ways registrations issue,

²⁹⁸ For my purposes, I need not take a position on how exactly to understand the historical justification for trademark law (as opposed to registration specifically) in the United States. Compare Bone, *supra* note 19, at 572 (arguing that the concept of protecting goodwill allowed courts to merge a property-based theory of trademark infringement with the fraud-based tort of passing off/unfair competition), with McKenna, *supra* note 21 (arguing that trademark law historically was designed to protect producers from trade diversion and that newer consumer protection rationales furthered rather than limited the law's expansion to noncompeting goods).

²⁹⁹ Note, *The 1946 Trade Mark Act*, 33 VA. L. REV. 303, 310 (1947) [hereinafter *1947 Note*]; Note, *The Necessity for Competition in Trade-Mark Infringement Cases*, 32 VA. L. REV. 637, 641 (1946) (citing *Walgreen Drug Stores, Inc. v. Obeare-Nester Glass Co.*, 113 F.2d 956 (8th Cir. 1940)).

³⁰⁰ Rudolph Callmann, *The New Trade-Mark Act of July 5, 1946*, 46 COLUM. L. REV. 929, 939 (1946); *id.* at 940-41 ("It can hardly be denied that there is no distinction between an incontestable, exclusive right and a property right so that the new Act implicitly demonstrates Congressional willingness to recognize the trade-mark as a property right."); Walter J. Derenberg, *The Patent Office as Guardian of the Public Interest in Trade-Mark Registration Proceedings*, 14 LAW & CONTEMP. PROBS. 288, 288 (1949); Beverly W. Pattishall, *Two Hundred Years of American Trademark Law*, 68 TRADEMARK REP. 121, 139 (1978); *cf.* *S.C. Johnson & Son, Inc. v. Johnson*, 175 F.2d 176, 178 (2d Cir. 1949) (Hand, J.) ("Clearly a change, and a most substantial change, was intended [by the Lanham Act], and the question is what that was."); *1947 Note, supra* note 299, at 310 ("[T]he new Act gives substantive rights for registration, which in turn, it is hoped, will induce all users of trade marks to register."). Professor Peter Karol has argued that deep divisions about whether trademark rights should be procedural or substantive were glossed over by the drafters of what ultimately became the Lanham Act because they simply couldn't agree, Karol, *supra* note 185, at 669-73, but the preservation of equitable defenses to which Karol points didn't remove the fundamentally substantive nature of the new rights granted by federal registration. Nonetheless, I agree with Karol that the Lanham Act has profound internal tensions. See McClure, *supra* note 10, at 334 ("Despite its pretensions to bringing orderliness to trademark law by restating and modernizing the law, in many ways the Lanham Act did not solve the key controversies in trademark and unfair competition, leaving the courts in much the same position as before. One commentator stated that the statute 'is inspired by divergent philosophical theories of trade-mark protection which were not effectively reconciled.'" (quoting Sigmund Timberg, *Trade-Marks, Monopoly, and the Restraint of Competition*, 14 LAW & CONTEMP. PROBS. 323, 347 (1949))).

such as the conceptual problems with standard character marks in the status quo.

Other nations already take a substantive approach, and international firms already use registration as a signaling and certainty-promoting device. Harmonization is not a good in itself, but it's worth considering that we are already suffering many of the costs of the substantive approach, without enough of its benefits.³⁰¹

Finally, how would the non-confusion-based exclusions from section 2 fare under my proposed treatment? My proposal would not require any changes to them, but would put them on a firmer conceptual basis. Registration is based on the insight that confusion isn't everything, and that predictability and notice, among other things, have vital functions. Even if one concludes, as one might, that disparagement and scandalousness are unconstitutional because of First Amendment constraints, other non-confusion-based exclusions, such as special treatment for geographic indications for wine and spirits, reflect other non-consumer-perception-based policies that might legitimately limit registrations — and rights — even if those limits aren't necessary to avoid consumer deception.³⁰²

IV. CONCLUSION

Scholars of U.S. trademark law have long argued that, by accepting “avoiding confusion” as trademark's proper goal and then defining “confusion” extremely broadly, trademark law has expanded far beyond where it should go. When some courts are willing to enjoin movies because they share a name with a trademark owner,³⁰³ and when bringing a trademark owner to mind can justify liability, “confusion” is a proxy for some other concept of unfairness — and it's a proxy whose use risks harm to free speech and free competition.

Scholars have been less united about what to do about this problem. We need to admit formally that the system is not just about

³⁰¹ Various practical problems would have to be worked out. For example, under the substantive approach, should a registrant's rights contract over time if actual use is limited in a particular way? COKE is registered in standard character form, but Coca-Cola always uses a distinctive font for it. This should not diminish Coca-Cola's rights in COKE, as long as there is some relevant use, because a registration should have some scope. We might treat use of a word mark on specific goods differently than use in a specific font. If the mark is itself distinctive, then use in a particular font should entitle the registrant to a standard character registration, even though use on subway cars shouldn't necessarily entitle the registrant to a registration for “vehicles” generally. This distinction rests on the different effects on notice and predictability of these two dimensions of scope.

³⁰² For a discussion of the First Amendment issues, see Tushnet, *supra* note 70.

³⁰³ *Am. Dairy Queen Corp. v. New Line Prods., Inc.*, 35 F. Supp. 2d 727, 728 (D. Minn. 1998) (enjoining the movie *Dairy Queens* because of likelihood of confusion with DAIRY QUEEN mark).

avoiding confusion, and that we may choose to restrict some commercial uses even in the absence of actual confusion. Reciprocally, we already tolerate some real risks of confusion (although we can be reassured by the fact that most such instances are immaterial to consumers), and our reasons for doing so are good ones.³⁰⁴ Most criticisms of expansive confusion doctrines have been ignored by judges and practitioners, unless there is a direct competitive or First Amendment need for the particular use at issue. But, as the registration system demonstrates by its very existence, ordering producer relations is central to trademark, and asking non-confusion-related questions is legitimately dispositive in many circumstances. Producer focus can thus be used to limit trademark owners' rights, even though it recently has been used to expand them.³⁰⁵

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

³⁰⁴ See, e.g., 15 U.S.C. § 1115(b)(5) (2012) (providing absolute right for local senior unregistered user to continue its use); *Thrifty Rent-A-Car Sys., Inc. v. Thrift Cars, Inc.*, 831 F.2d 1177, 1179, 1184 (1st Cir. 1987) (applying this right despite potential confusion); see also *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 121 (2004) (observing that descriptive fair use defense contemplates and tolerates "some possibility of consumer confusion"); Dinwoodie, *supra* note 266, at 16 ("Very often, these values have already received explicit doctrinal recognition; sometimes they are embedded deep in decisions. But as trademark law comes to affect so much of the social and economic fabric of our lives, it becomes ever more important to validate them, perhaps much more explicitly than heretofore.").

³⁰⁵ Cf. David Fagundes, *Property Rhetoric and the Public Domain*, 94 MINN. L. REV. 652 (2010) (arguing that traditional property rights are actually much more limited than intellectual property expansionists admit, and therefore that traditional property concepts can provide useful limits on intellectual property rights).