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REBOOTING TRADEMARKS FOR THE TWENTY-FIRST CENTURY

Doris Estelle Long

Trademarks have long suffered from an “ugly stepsister” status in the realm of intellectual property. Quasi-market regulation tool, quasi-investment property; trademark’s historical role as both consumer-information signifier and producer-investment asset has led to increasingly confusing dichotomous treatment under the Lanham Act. The potentially borderless markets of cyberspace, with their new marketing techniques and new competitive spaces, have only heightened this confusion. Stumbling attempts to extend protection for marks under the Lanham Act beyond traditional notions of trademark use and consumer confusion to encompass the investment protection side of trademarks, such as the development of federal dilution and anti-cybersquatting acts, only serve to twist trademark law into unnecessary and ultimately useless contortions. Instead of ignoring the dichotomous nature of trademarks, it is time to “reboot” the Lanham Act to recognize that the dual role of trademarks cannot be adequately protected by a legal regime that ignores such dichotomies. In such new, competitive spaces on the Internet as domain names, keywords, pop-up advertisements, and metatags, traditional notions of trademark use and consumer confusion have little relevance. It is time to acknowledge the evolved nature of trademarks as both traditional reputation-based source designators and nontraditional information assets, and revise the law to reflect the different protection norms required for these two different types of “marks.”

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REBOOTING TRADEMARKS FOR THE TWENTY-FIRST CENTURY

*Doris Estelle Long**

I. INTRODUCTION

Trademarks¹ may arguably have a longer lived existence than their other intellectual property relations—patents and copyrights—since “source designators” have been found on pottery created over 4000 years ago.² Such long existence, however, does not guarantee that the legal foundations for the protection of trademarks is well theorized. To the contrary, at least in connection with the development of Anglo-American legal traditions, trademarks have suffered from a confusingly dichotomous nature that has only become more pronounced as demands on its information-signifying functions have multiplied in the twenty-first century. Trademarks have never had an easy existence under U.S. legal traditions. The last of the intellectual property triumvirate of patents, copyrights, and trademarks to achieve federal statutory protection,³ trademarks were long ago relegated to stepchild status by the U.S. Supreme Court. In reviewing the first attempt

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¹ I am using the terms “trademarks” and “marks” interchangeably to refer to any term, phrase, device, symbol, logo, or sign that serves to distinguish one undertaking’s goods and/or services from those of another. See 15 U.S.C. § 1127 (2006) (defining a trademark as “any word, name, symbol, or device, or any combination thereof . . . to identify and distinguish his or her goods”); Agreement on Trade Related Aspects of Intellectual Property Rights art. 15, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, 1869 U.N.T.S. 401 [hereinafter TRIPS] (defining trademarks as “[a]ny sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings”).

² See FRANK I. SCHECHTER, *THE HISTORICAL FOUNDATIONS OF THE LAW RELATING TO TRADE-MARKS* 20 (1925); see also WILLIAM H. BROWNE, *A TREATISE ON THE LAW OF TRADE-MARKS AND ANALOGOUS SUBJECTS* 1-2 (1873); DAVID HELD ET AL., *GLOBAL TRANSFORMATIONS: POLITICS, ECONOMICS AND CULTURE* 152 (1999).

³ While federal copyright and patent statutes were enacted in the early days of the Republic, the first federal trademark statute was not even attempted until 1870. See Trademark Act of 1870, ch. 230, 16 Stat. 198. This statute was held unconstitutional in the *Trade-Mark Cases*, 100 U.S. 82, 99 (1879). A federal trademark act that protected marks used in foreign commerce and in commerce with Indian tribes was established in 1881. See Act of Mar. 3, 1881, ch. 138, 21 Stat. 502. A federal trademark act that actually governed marks used in interstate commerce was not achieved until 1905. See Act of Feb. 20, 1905, ch. 592, 33 Stat. 725.

by Congress to craft an admittedly limited federal trademark statute,⁴ the Supreme Court in the *Trade-Mark Cases*⁵ held that trademarks lacked the necessary intellectual creativity for Congress to rest its ability to regulate them within the purview of the so-called Intellectual Property Clause⁶ of the U.S. Constitution. Article 1, Section 8, Clause 8 of the U.S. Constitution, which provides Congress with the power to craft laws “to promote the Progress of Science and useful Arts,”⁷ has served as the basis for federal power over both copyright and patents since the 1790s. Yet in 1870, the Supreme Court, in stinging language, rejected any such basis for federal trademark protection, stating: “The ordinary trade-mark has no necessary relation to invention or discovery. . . . The trade-mark may be, and generally is, the adoption of something already in existence as the distinctive symbol of the party using it.”⁸ The rejection of any intellectual basis for trademark protection not only arguably slowed the development of a comprehensive federal trademark system,⁹ it placed trademarks on a separate basis of protection, which contributed to a confusing dichotomy that continues to restrain attempts to develop a rational regime to govern the newly emerging trademark “uses”¹⁰ in today’s digital environment.

The creation of the Lanham Act¹¹ in 1946¹² undoubtedly enhanced the legal protection of trademarks in the United States by crafting an evolving system of federal trademark protection that has served largely to supplant state-law alternatives. Thus, while states continue to offer state registry systems and maintain state trademark laws, these laws generally reflect the legal and policy developments of the Lanham Act.¹³ For this reason, the

⁴ The Trademark Act of 1870 established a limited federal registration system and provided civil remedies for the distribution of counterfeit goods. See Trademark Act of 1870 § 39.

⁵ *Trade-Mark Cases*, 100 U.S. 82.

⁶ As a result of the *Trade-Mark Cases*, see *infra* text accompanying note 8, of course, this reference to Article 1, Section 8, Clause 8 of the U.S. Constitution as the “intellectual property clause” of the U.S. Constitution becomes a glaring misnomer.

⁷ U.S. CONST. art. I, § 8, cl. 8.

⁸ *Trade-Mark Cases*, 100 U.S. at 94.

⁹ See *supra* note 3.

¹⁰ These trademark “uses” include the use of trademarks as domain names, as metatags, as keyword buys, and in other competitive spaces in the global market and, most particularly, on the Internet.

¹¹ 15 U.S.C. §§ 1051–1127 (2006).

¹² The Lanham Act was first passed by Congress on July 5, 1946, and signed by the President in 1947, with an effective date of 1948.

¹³ See DORIS ESTELLE LONG, UNFAIR COMPETITION AND THE LANHAM ACT § 9.4 (1993). These developments also include the incorporation of a robust federal common law that has generally allowed federal trademark law to respond to new challenges. See generally John Cross, *The Role of the States in United States Trademark Law*, 49 U. LOUISVILLE L. REV. 485 (2011); see also Graham Dinwoodie, *The Common Law and Trade Marks in an Age of Statutes* (Univ. of Oxford Legal Research Paper Series, Paper No. 49/2009, 2009). Unfortunately, such robustness seems to have faltered at the very instant that the changing landscape of the digital marketplace has placed increasing pressure on trademarks to respond to new uses and digital challenges. See Michael Grynberg,

Lanham Act serves as a valuable tool for efforts to reboot U.S. trademark law. In fact, such rebooting has already been attempted in certain areas, such as in the protection of famous marks,¹⁴ and in providing protection against bad-faith use of third-party trademarks as domain names for websites,¹⁵ with inconsistent results.

The Lanham Act has proven relatively hardy in the rapidly changing global marketplace of the latter decades of the twentieth century. It has been amended to expand the basis for federal challenges to false or misleading commercial activities, beyond advertising,¹⁶ to allow for intent-to-use applications to give U.S. businesses a chance to “reserve” marks in competition with their European counterparts,¹⁷ to add a problematic federal “anti-dilution” prohibition,¹⁸ and to provide a basis for challenging the unauthorized use of one party’s trademark as part of another’s domain name.¹⁹ Yet despite this apparent continuing activity to refine U.S. trademark law, the Lanham Act has failed to come to terms with the continuing confusing dichotomous nature of trademark use, particularly in

Things Are Worse than We Think: Trademark Defenses in a “Formalist” Age, 24 BERKELEY TECH. L.J. 897, 926–27 (2009) (contending that current law reflects trends toward judicial formalism and textualism). As examples of such formalism, see *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 33–34 (2003), and *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 215 (2000). For an early examination of the reemergence of election as a new doctrine of intellectual property formalism, see Doris Estelle Long, *First, “Let’s Kill All the Intellectual Property Lawyers?”: Musings on the Decline and Fall of the Intellectual Property Empire*, 34 J. MARSHALL L. REV. 851 (2001). Even in the protection of trademarks against the “harm” of “dilution,” where states first led the way in crafting statutory prohibitions against such harms, see LONG, *supra*, § 9.5, the Lanham Act has continued to exercise its power. Thus, for example, in Illinois, the state antidilution statute was revised after enactment of the first federal dilution statute in 1996 to reflect the new federal standard of “causing dilution” as the basis for relief. Compare 765 ILL. COMP. STAT. 1035/15 (1997) (repealed 1998) (granting a mark owner the right “to enjoin subsequent use by another of the same or any similar mark . . . if there exists a likelihood of . . . dilution of the distinctive quality of the mark . . . notwithstanding the absence of competition . . . or of confusion as to the source of goods or services”), with 765 ILL. COMP. STAT. ANN. 1036/65 (West, Westlaw through P.A. 96-1496 of the 2010 Reg. Sess.) (granting the “owner of a mark which is famous in this State” the right “to an injunction against another person’s commercial use of a mark or tradename, if the use begins after the mark has become famous and causes dilution of the distinctive quality of the mark”) (reflecting 1998 amendments). This history of change demonstrates the powerful influence of federal authority represented by the Lanham Act and its various amendments over the development of U.S. trademark law. It should be noted, however, that despite this strong pull, the Illinois legislature has not yet revised its statute to reflect the changes of the 2006 Revised Federal Trademark Dilution Act.

¹⁴ See 15 U.S.C. § 1125(c) (establishing protection for “famous marks” against uses that are likely to cause dilution).

¹⁵ See *id.* § 1125(d) (establishing a cause of action against the bad faith use or registration of domain names that are confusingly similar to another’s mark).

¹⁶ See Trademark Law Revision Act of 1988, Pub. L. No. 100-667, § 132, 102 Stat. 3935 (codified as amended at 15 U.S.C. § 1125(a)).

¹⁷ See *id.* § 103 (codified as amended at 15 U.S.C. § 1051(b) (2006)).

¹⁸ See Federal Trademark Dilution Act of 1995, Pub. L. No. 104-98, § 3, 109 Stat. 985 (1996) (codified as amended at 15 U.S.C. § 1125(c)).

¹⁹ See Anticybersquatting Consumer Protection Act, Title III of the Intellectual Property and Communications Omnibus Reform Act of 1999, Pub. L. No. 106-113, § 3002, 113 Stat. 1501, 1501A-545 to 548 (1999) (codified as amended at 15 U.S.C. § 1125(d)).

today's digital environment. This failure has led to a plethora of inconsistent and poorly analyzed decisions governing such diverse areas as domain names, keyword buys, parody, and noncompetitive uses of potentially confusingly similar marks.²⁰ These inconsistencies not only undermine the alleged predictability a federal statutory scheme is supposed to provide, they are the result of a continuing and increasingly harmful failure to come to terms with the altered nature of trademarks in the digital era.

By ignoring the historical dichotomous nature of trademarks, as source identifiers and information assets, Lanham Act protection remains rooted in an ahistorical past. It is time to face the truth about the dichotomous nature of trademarks and begin to craft legal protection regimes that not only recognize this dichotomy, but also establish new standards for protection that will allow trademarks to fill properly their dual roles as source designators and information assets in the twenty-first century.

In Part II, I examine what I refer to as the historical "confusing dichotomy" of trademarks in Anglo-U.S. history. This confusing dichotomy developed as a result of the dual basis on which trademarks were originally protected—as market regulators designed to protect against consumer confusion *and* as property rights of their owners who invested time, money, and effort in creating the informational and sometimes emotional meanings associated with such marks.

In Part III, I examine the evolution of what I contend is a new type of trademark—the information asset. While traditional trademarks undoubtedly convey information about the goods and services with which they are associated, the "information-asset mark" exists beyond the historical source-designating role of trademarks. With a normative function based on rights arising from an investment incentive similar to that used to prescribe the protection of copyrights and patents, information-asset marks have proven an uncomfortable fit within the consumer confusion focus of traditional trademark laws.

In Part IV, I detail the scope of rights, and more critically, the limitations to which such information-asset marks should be subject. These limitations are not based on traditional source-designation legal fictions, such as fame, but represent the distinct obligations and limitations of a true information-

²⁰ For an excellent discussion of the some of the conflicting decisions regarding the protection of trademarks in the new competitive spaces of the Internet, see *Rescucom Corp. v. Google Inc.*, 562 F.3d 123, 127–30 (2d Cir. 2009).

asset right. Consequently, the right to control the “informational” aspects of these marks would be governed by the same normative standards for similar information-based intellectual property rights, including fair use.

In Part V, I outline some of the challenges that the recognition of this information-asset mark will entail. Among the challenges that must be dealt with are the balance to be struck between investment protection and information access, the scope of compulsory licenses, and the constitutionality of a property right without a durational limitation.

I conclude by suggesting potential further areas for analysis required so that trademarks can be rebooted with new normative standards that not only reconcile its dichotomous nature, but provide a rational basis for dealing with the new and diverse demands placed on marks in the twenty-first century. Contrary to the present all-or-nothing battles that litter the present legal landscape, rebooting trademarks to craft a new “information asset” mark should help end the problematic legal fictions that have grown up, reduce the rhetoric surrounding current debates over “digital trademarks,” and encourage the development of new modes for examining the role of trademarks in the new competitive spaces of the Internet.

II. THE HISTORICAL “CONFUSING DICHOTOMY” OF TRADEMARKS

A. Normative Conflicts and the Digital Marketplace

Trademarks have long suffered from a historical conflict over the normative basis for their protection. Reduced to its most fundamental level, this conflict arises from a basic dispute over whose interests should take precedence when the interests of consumers and trademark owners do not coincide. This fundamental normative issue lies at the heart of most of the debates regarding trademark protection in the competitive spaces of the Internet. The question of the type of right that lies at the heart of trademark protection—property right²¹ or market regulatory/unfair competition right²²—is a corollary to the fundamental normative question of whose interests are paramount in a trademark dispute. If the goal is to protect consumer reliance on the informational value of a mark in making

²¹ See, e.g., *Trade-Mark Cases*, 100 U.S. 82, 93 (1879) (describing trademark protection as a “property right”).

²² See, e.g., *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 412–13 (1916) (describing trademark protection as “but a part of the broader law of unfair competition” (citing *Elgin Nat. Watch Co. v. Ill. Watch Case Co.*, 179 U.S. 665, 674 (1901), *abrogated by* *Hurn v. Osler*, 289 U.S. 238 (1933); *G. & C. Merriam Co. v. Saalfeld*, 198 F. 369, 372 (6th Cir. 1912); *Cohen v. Nagle*, 76 N.E. 276 (Mass. 1906))).

critical market choices, then one set of rights are needed to protect such informational value. By contrast, if the goal is to protect the trademark owner's investment in its mark, then another set of rights are implicated that focus on the protection of the owner's investment in his mark.

The clearest example of these conflicting interests lies in the traditional problem of the ability of a trademark owner to prohibit the unauthorized use of its mark on a noncompetitive good or service. Assume that Long Motors decides to create and market a new sports car under the trademark "Coca-Cola." It does not obtain permission from the holders of the Coca-Cola mark for beverages to use the mark in question. In the inevitable lawsuit, if the goal of protection is the consumer and the informational value of trademarks for that consumer, the use of Coca-Cola as a mark for cars might be allowed if the competitive nexus is not sufficient to cause misinformation about the source or quality of the cars. The actual outcome of such a dispute would depend on a number of factors that might affect the source confusion arising from the use in question, including associational confusion.²³ But the normative focus would be on the role of the trademark as a conveyor of information about the source of the car and its qualities or characteristics.²⁴

By contrast, if the goal of protection is the trademark owner's interests in protecting its investment, then Coca-Cola cars may well be held to violate the beverage mark owner's rights, even in the absence of any likely confusion. To the contrary, to the extent that the unauthorized use of the Coca-Cola mark diminishes the investment value of the Coca-Cola mark to its prior user, including harming its uniqueness in the marketplace, such use would be prohibited regardless of whether or not consumer confusion arises. The normative focus is on the investment value of the mark as a business asset.²⁵

As a practical matter, in any given case the normative basis for relief—consumer or investment value protection—might not necessarily be

²³ Likely confusion prohibitions under the Lanham Act are not limited to source or origin confusion but include associational confusion as well. See, e.g., 15 U.S.C. § 1125(a)(1)(A) (2006) (providing relief against the unauthorized use of mark which is "likely to cause confusion . . . as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods or services . . . by another").

²⁴ These qualities could include emotive messages about the lifestyle choices that ownership of such a good represents. See Doris Estelle Long, *Is Fame All There Is? Beating Global Monopolists at Their Own Marketing Game*, 40 GEO. WASH. INT'L L. REV. 123 (2008) (describing the role of emotional advertising in the development of brand identities and the potential irrational impact such emotional advertising may have on purchaser decision-making).

²⁵ This basis for protection is most often found in the relatively newer doctrines informing dilution and famous mark protection. See discussion *infra* Part II.C.

outcome determinative. The strong reputation of the Coca-Cola beverage mark might lead courts to find that consumers could be confused about the association between the two marks despite the lack of a strong competitive nexus.²⁶ Alternatively, courts might find that the value of the mark was harmed by the car company's unauthorized free riding on Coca-Cola's reputation for quality goods. In the hard-goods world, resolving the normative basis for protection might not necessarily result in greater predictability. But when conflicts between consumers and mark owners move into the digital realm, differing normative bases result in markedly different outcomes. For example, if the car company had used the mark Coca-Cola as a keyword to attract visitors to its web page about its new Coca-Cola marked cars, the normative basis that focuses on consumer protection might have found no such confusion since the keyword provided truthful information about the webpage to which the consumer was being directed.²⁷ By contrast, if the protection of the mark owner's investment is paramount, then such uses might be considered a commercial use that harms the value of this investment.²⁸

This simple dichotomy, however, is not reflective of the present state of trademark protection on the Internet. To the contrary, in order to deal with the evolving nature of use of trademarks in the competitive spaces of the Internet, courts have focused on an ever-changing battery of tests. From early considerations of initial-interest confusion²⁹ and per se dilution,³⁰ to concerns over the meaning of "use in commerce"³¹ and the development of new doctrines of cybersquatting,³² courts continue to craft a staggering array of evolving theories of protection that has left commentators and scholars breathless at the multiplicity of reasoning. The frustration that has arisen from such a diversity of approaches may be most clearly demonstrated by the recent decision of the Second Circuit in *Rescuecom Corp. v. Google Inc.*³³ to attach an appendix detailing the complex

²⁶ See, e.g., *Quality Inns Int'l, Inc. v. McDonald's Corp.*, 695 F. Supp. 198, 220 (D. Md. 1988) (finding a likelihood of confusion with the "Mc" mark used by plaintiff for its fast food McDonald's restaurants and defendant's McSleep motels).

²⁷ See, e.g., *Bihari v. Gross*, 119 F. Supp. 2d 309, 323 (S.D.N.Y. 2000) (finding use of a metatag that reproduced plaintiff's mark was permissible because it merely served "as a cataloging system for a search engine" and described the contents of the web page).

²⁸ Cf. *Promatek Indus., Ltd. v. Equitrac Corp.*, 300 F.3d 808 (7th Cir. 2002) (enjoining competitor's use of trademark as metatag).

²⁹ See, e.g., *Brookfield Commc'ns, Inc. v. W. Coast Entm't Corp.*, 174 F.3d 1036, 1063 (9th Cir. 1999).

³⁰ See, e.g., *Virtual Works, Inc. v. Network Solutions, Inc.*, 106 F. Supp. 2d 845, 847-48 (E.D. Va. 2000).

³¹ See, e.g., *1-800 Contacts, Inc. v. WhenU.com, Inc.*, 414 F.3d 400, 406-07 (2d Cir. 2005).

³² See 15 U.S.C. § 1125(d) (2006).

³³ *Rescuecom Corp. v. Google Inc.*, 562 F.3d 123, 131 (2d Cir. 2009); see also *Merck & Co. v. Medioplan Health Consulting, Inc.*, 431 F. Supp. 2d 425 (S.D.N.Y. 2006); *Ford Motor Co. v. Greatdomains.com, Inc.*, 177

issues arising from the “use in commerce” fiction that has roiled courts attempting to deal with the extension of trademark rights into the digital realm.³⁴

The extension of intellectual property rights to new media is often fraught with inconsistent determinations, as courts struggle to apply laws created for one media to another. Such struggles have often been amplified when new technologies are involved. Thus, both copyright and patent regimes were buffeted by the problem of the scope of protection to be granted software under their respective regimes, an issue that remains problematic to this day.³⁵ Yet the difficulties of crafting a rational basis for the extension of trademark rights into such new competitive spaces of the Internet—as domain names, URLs, and search-engine results—go beyond the struggle to adapt intellectual property laws to new communication technologies. Such struggles manifest a deeper problem for trademark regimes in the twenty-first century. That deeper problem is the historical confusing dichotomy in the normative basis for trademark protection and the reluctance or inability of courts and legislatures to deal with such dichotomy in a rational manner.

B. Market Regulation and Consumer Confusion

Back in the “early days,” when trademarks were perceived as simple identifiers of the maker or distributor of a particular good or service,³⁶ trademark protection appeared to form part of a growing legal regime designed to regulate the market. This regime was rooted in increasing efforts to define and regulate competition in the marketplace by establishing the boundaries of fair conduct.³⁷ Scholars continue to debate whether it

F. Supp. 2d 635 (E.D. Mich. 2001).

³⁴ See *Rescuecom Corp.*, 562 F.3d at 131–41.

³⁵ Compare *AT&T Corp. v. Excel Commc'ns, Inc.*, 172 F.3d 1352, 1357–58 (Fed. Cir. 1999) (finding programs patentable that achieve a “useful, concrete, and tangible result”), with *In re Benson*, 441 F.2d 682, 684, 688 (C.C.P.A. 1971) (an early patent case analyzing the Patent Board’s rejection of the extension of patent protection to a software program); compare *Computer Assocs. Int’l, Inc. v. Altai, Inc.*, 982 F.2d 693, 706 (2d Cir. 1992) (utilizing a more refined abstract, filtration, and comparison test to determine the scope of copyright protection in computer software programs), with *Whelan Assocs., Inc. v. Jaslow Dental Lab., Inc.*, 797 F.2d 1222, 1233, 1236 (3d Cir. 1986) (applying a “look and feel” test to determine copyright infringement of computer programs). For a good historical analysis of Supreme Court jurisprudence involving the patentability of software programs and the ongoing difficulties in determining the scope of protection for such programs under U.S. patent law, see *Bilski v. Kappos*, 130 S. Ct. 3218, 3225–31 (2010).

³⁶ Trademarks, or at least source identifiers, date from at least the international trading days of Mesopotamia. See HELD ET AL., *supra* note 2, at 152; see also BROWNE, *supra* note 2, at 1–2; SCHECHTER, *supra* note 2, at 20.

³⁷ See *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 412–13 (1916) (“The essence of the wrong consists in the sale of the goods of one manufacturer or vendor for those of another. . . . This essential element is

was the protection of the consumer³⁸ or the mark holder (producer)³⁹ that lay behind the early development of trademark protection. There is no question that courts frequently failed to indicate clearly the basis on which protection was granted. For example, in *Amoskeag Manufacturing Co. v. Spear*,⁴⁰ an early state trademark case in the United States, the court described the following reasons for granting protection to plaintiff's trademark:

When we consider the nature of the wrong that is committed when the right of *property* in a trade mark is invaded He who affixes to his own goods an imitation of an original trade mark, by which those of another are distinguished and known, seeks, by *deceiving the public*, to divert and appropriate to his own use, the profits to which the superior skill and enterprise of the other had given him a prior and exclusive title. He *endeavors* by a false representation, to effect a dishonest purpose; he commits a fraud upon the public, and upon the true owner of the trade mark. The *purchaser has imposed upon him an article that he never meant to buy*, and the owner is *robbed of the fruits of the reputation* that he had successfully labored to earn.⁴¹

While language regarding the dichotomous goals of trademark protection continues to appear, the general normative standards that

the same in trademark cases as in cases of unfair competition unaccompanied with trademark infringement. In fact, the common law of trademarks is but a part of the broader law of unfair competition." (citations omitted) (citing *Elgin Nat. Watch Co. v. Ill. Watch Case Co.*, 179 U.S. 665, 674 (1901), *abrogated by Hum v. Osler*, 289 U.S. 238 (1933); *G. & C. Merriam Co. v. Saalfeld*, 198 F. 369, 372 (6th Cir. 1912); *Cohen v. Nagle*, 76 N.E. 276 (Mass. 1906)); *G. & C. Merriam Co.*, 198 F. at 372 ("The entire substantive law of trade-marks . . . is a branch of the broader law of unfair competition. The ultimate offense always is that defendant has passed off his goods as and for those of the complainant." (citing *Elgin Nat. Watch Co.*, 179 U.S. at 674; *Capewell Horse Nail Co. v. Mooney*, 172 Fed. 826 (2d Cir. 1909)); *Oliver R. Mitchell*, *Unfair Competition*, 10 HARV. L. REV. 275, 275 (1896) ("Logically speaking, the fact is that Unfair Competition is properly a generic title, of which trade mark is a specific division."); *see also Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 428 (2003) ("Traditional trademark infringement law is part of the broader law of unfair competition . . . that has its sources in English common law." (citation omitted)).

³⁸ *See* Nicholas S. Economides, *The Economics of Trademarks*, 78 TRADEMARK REP. 523, 525–27 (1988) (suggesting that trademarks primarily exist to enhance consumer decisions and to create incentives for firms to produce desirable products); Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 YALE L.J. 1687, 1695–96 (1999) (stating that the single purpose of trademark law is "to enable the public to identify easily a particular product from a particular source").

³⁹ *See* Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 NOTRE DAME L. REV. 1839, 1848 (2007) (describing "traditional" American trademark law" as "unapologetically producer-oriented"); Adam Mossoff, *What is Property? Putting the Pieces Back Together*, 45 ARIZ. L. REV. 371, 419–22 (2003) (describing early trademark cases as defining the property entitlements of businessmen whose use of certain marks created a valuable property interest to be protected); Keith M. Stolte, *How Early Did Anglo-American Trademark Law Begin? An Answer to Schechter's Conundrum*, 8 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 505, 541–43 (1998) (analyzing the interplay of the commercial rise of the merchant-adventurers with the demands of protection of the trade value of certain marks in the sixteenth and seventeenth centuries with the diminishing role of the guilds in regulating the use of marks in England).

⁴⁰ *Amoskeag Mfg. Co. v. Spear*, 2 Sand. 599 (N.Y. Sup. Ct. 1849).

⁴¹ *Id.* at 605–06 (emphasis added).

evolved for protecting trademarks in its earliest days appears most firmly rooted in the evolving unfair competition and market regulation (trade protection) regimes.⁴² This does not mean that language regarding the property nature of the right to be protected under trademark law was not also prevalent in early court decisions. To the contrary, as demonstrated by *Amoskeag Manufacturing Co.*,⁴³ language regarding the property nature of the right to be protected appeared with increasing frequency in early cases.⁴⁴ But despite frequent reference to the property nature of trademarks in these early cases,⁴⁵ the method of relief that evolved for protecting trademarks utilized an analytical framework that gave precedence to public (consumer) interests.⁴⁶

In both patent and copyright regimes, analytical frameworks for determining whether a particular act violates an owner's rights follow the same general methodology. Courts determine the existence of the intellectual property right in question, its "ownership"⁴⁷ by the party seeking relief, and whether the defendant has used the intellectual property in a manner which is inconsistent with the owner's exclusive rights. While the rights of an owner under U.S. copyright law are expressed in terms of positive rights "to do and to authorize" others to use the work in specific ways,⁴⁸ and patent rights are expressed in negative terms as rights to prohibit specified uses,⁴⁹ under both regimes the violation of rights is

⁴² See, e.g., Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813, 830-31 (1927); see also Mossoff, *supra* note 39, at 423 (describing the transformation of trademark law into a "derivative form of commercial and trade law doctrine").

⁴³ *Amoskeag Mfg. Co.*, 2 Sand. at 607-08.

⁴⁴ See, e.g., Trade-Mark Cases, 100 U.S. 82, 92 (1879) ("The right to adopt and use a symbol or a device to distinguish the goods or property made or sold by the person whose mark it is, to the exclusion of use by all other persons, has been long recognized by the common law and the chancery courts of England and of this country, and by the statutes of some of the States. It is a property right for the violation of which damages may be recovered in an action at law, and the continued violation of it will be enjoined by a court of equity, with compensation for past infringement." (emphasis added)).

⁴⁵ See *infra* Part II.C. (discussing the development of a normative basis for trademark protection based on the property rights of trademark owners under early U.K. and U.S. law).

⁴⁶ See, e.g., *Stahly, Inc. v. M.H. Jacobs Co.*, 183 F.2d 914, 917 (7th Cir. 1950) ("It must be remembered that the trade-mark laws and the law of unfair competition are concerned not alone with the protection of a property right existing in an individual, but also with the protection of the public from fraud and deceit, and it is obvious that the right of the public to be so protected is a right which transcends the rights of the individual trade-mark owner and is beyond his power to waive." (citations omitted)).

⁴⁷ Such "ownership" includes the holder of beneficial rights in the work at issue, including licensees. See, e.g., 17 U.S.C. § 501(b) (2006) (granting legal or beneficial owners of copyright the right to seek relief for infringement of their rights).

⁴⁸ See 17 U.S.C. § 106 (2006) (granting authors exclusive rights "to do and to authorize" specific actions with regard to their works).

⁴⁹ See 35 U.S.C. § 271 (2006) (prohibiting others from undertaking certain acts in connection with a patented invention "without authority" of the patent owner).

determined simply by examining whether the defendant's use violated this right.⁵⁰ Public-interest concerns may appear in individual cases in the form of fair use considerations,⁵¹ or in determinations regarding the availability of injunctive relief,⁵² but such considerations do not form part of the initial analytical framework in determining whether a violation has occurred. The specific interjection of the public interest within the rights framework occurs either as a *defense* in the case of fair use,⁵³ or at the *remedies* stage. By contrast, public-interest concerns in trademark cases have become the critical analytical linchpin in the rights framework.

Under U.S. trademark law, the analytical framework for traditional⁵⁴ trademark violations is couched in terms of whether a *likelihood of confusion* exists *among consumers* regarding the two marks at issue.⁵⁵ This test has

⁵⁰ For example, in order to establish copyright infringement a copyright holder must simply establish ownership of a copyrighted work and unauthorized acts in connection with this work. *See, e.g.,* Feist Publ'ns, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340, 361 (1991); *Arnstein v. Porter*, 154 F.2d 464, 468 (2d Cir. 1946). Similarly, to establish patent infringement a patent holder must establish ownership of a patentable invention and unauthorized uses of that invention. *See, e.g.,* *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 374 (1996); *Johnson & Johnston Assocs., Inc. v. R.E. Serv. Co.*, No. C 97-4382 CRB, 1998 U.S. Dist. LEXIS 13142, at *4-6 (N.D. Cal. Aug. 24, 1998).

⁵¹ *See* 17 U.S.C. § 107 (2006).

⁵² *See* *Ebay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 391 (2006) (stressing the equitable nature of decisions regarding the imposition of injunctive relief in case of patent infringement).

⁵³ *See* *Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 561 (1985); *Latimer v. Roaring Toyz, Inc.*, 601 F.3d 1224, 1239 (11th Cir. 2010).

⁵⁴ I am using the term "traditional" to refer to the historical tests for trademark infringement. These traditional tests do not include protection against the dilution of a mark's distinctiveness. Although the theory of protecting trademarks from potential dilution of their distinctive quality in the United States was allegedly first posited by Frank Schechter in 1927 in his seminal article *The Rational Basis of Trademark Protection*, it should be noted that his theory of protection was designed to give adequate protection to "arbitrary, coined or fanciful marks" where such marks were used on goods or services with no competitive nexus. *See* Schechter, *supra* note 42, at 828. Although Schechter states "[t]his entirely arbitrary symbol would soon lose its arresting uniqueness and hence its selling power if it could also be used on pianos, shaving cream, and fountain pens," *id.* at 830, language which seems to presage the distinctiveness protection granted such marks under federal dilution doctrines, see 15 U.S.C. § 1125(c) (2006), such distinctiveness concerns are raised in the context of a likely-confusion doctrine, which at that time did not provide protection against unauthorized uses on noncompeting goods. *See* Act of Feb. 20, 1905, ch. 592, § 16, 15 U.S.C. § 96 (repealed 1946) (limiting protection of federally registered trademarks to the unauthorized uses on "merchandise of substantially the same descriptive properties as those set forth in the registration"); *see also* *Borden Ice Cream Co. v. Borden's Condensed Milk Co.*, 201 F. 510, 515 (7th Cir. 1912) (finding insufficient similarity between condensed milk and ice cream to warrant relief); *cf.* Robert G. Bone, *Schechter's Ideas in Historical Context and Dilution's Rocky Road*, 24 SANTA CLARA COMPUTER AND HIGH TECH. L.J. 469, 477-83 (2008) (detailing the historical battles for the acceptance of dilution). Dilution protection was not adopted until 1947 by the states and until 1996 by federal statute. *See* discussion *infra* Part II.C. (regarding development of U.S. dilution protection).

⁵⁵ *See, e.g.,* *McLean v. Fleming*, 96 U.S. 245, 251 (1877) ("What degree of resemblance is necessary to constitute an infringement is incapable of exact definition, as applicable to all cases. All that courts of justice can do, in that regard, is to say that no trader can adopt a trade-mark, so resembling that of another trader, as that *ordinary purchasers, buying with ordinary caution, are likely to be misled.*" (emphasis added)). *See generally* 15 U.S.C. §§ 1114(1)(a)-(b), 1125(a)(1)(A) (2006) (prohibiting the use of marks "likely to cause confusion" with registered and unregistered marks, respectively). The test for likelihood of confusion varies from circuit to circuit regarding the precise factors to be considered (or more precisely,

become so well entrenched in trademark rights analysis that it has become the international standard for determining the scope of such rights. For example, Article 16 of the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS)—still the most significant international intellectual property treaty governing trademarks today⁵⁶—unequivocally requires Member Countries to grant trademark protection where the challenged unauthorized use would result in a “likelihood of confusion.”⁵⁷ Likely confusion is not the only basis on which relief must be granted under TRIPS. To the contrary, and in accordance with the dichotomous nature of trademarks as both unfair-competition regulators and manifestations of exclusive property rights, Article 16 of TRIPS also requires the protection of well-known marks in certain situations “provided that the interests of the owner of the registered trademark are likely to be damaged by such use.”⁵⁸ But the test of likely confusion is so firmly established in international regimes that TRIPS establishes a mandatory presumption of relief in the event of the use of identical marks on identical goods.⁵⁹ This interposition of consumer-protection concerns between the trademark owner’s intellectual property and his ability to prevent its unauthorized use is distinctly different from the rights framework for the protection of patents and copyrights.

The normative focus on the protection of the meaning of a trademark to the consuming public places the protection of the source-designating function at the heart of trademark protection. Such information signification remains one of the most critical roles that trademarks play in the global economy.⁶⁰ While the nature of the information that mark

how such factors are delineated). See LONG, *supra* note 13, §§ 2.4–2.5; 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 24:30 (4th ed. 2010) (“[E]ach of the 13 federal circuit courts of appeal has developed its own version of the list and each appears to be jealous of its own formulation of factors.”); Barton Beebe, *An Empirical Study of the Multifactor Tests for Trademark Infringement*, 96 CAL. L. REV. 1581, 1582–83 (2006) (describing the various factors applied by the different circuits). Nevertheless, each circuit focuses on the likely confusion of the ordinary consumer arising from the uses in question. See Beebe, *supra*, at 1582. Furthermore, such confusion is not limited to technical source confusion, what has often been referred to as “classic confusion,” but includes associational confusion as well. See Bone, *supra* note 54, at 472.

⁵⁶ Despite the harsh criticism that has often been directed toward the TRIPS Agreement, it remains the basis for at least the *beginning* of any discussion regarding the scope of protection for covered intellectual property rights, such as trademarks, due to both the depth of its coverage as well as the fact that over 150 countries to date have agreed to be bound by its provisions.

⁵⁷ See TRIPS, *supra* note 1, art. 16(1) (emphasis added).

⁵⁸ *Id.* art. 16(3); see also Council Directive 2008/95, art. 5(2), 2008 O.J. (L 299) 25, 29 (EC) (providing for the protection of marks with “a reputation” where the unauthorized use of such mark “takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark”).

⁵⁹ See TRIPS, *supra* note 1, art. 16(1) (“In case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed.”).

⁶⁰ See, e.g., Long, *supra* note 24, at 137. In fact in the latter decades of the twentieth century, this information-signification role took on new normative meaning as the information value of marks served as the basis of presumed cost efficiencies which supported an arguably different theoretical basis for

owners may seek to imbed in a given brand has expanded beyond simple source signification,⁶¹ the protection of consumers' ability to rely upon such information signification remains at the core of domestic (and international) trademark protection.

The interposition of the public interest in the initial infringement analysis also underscores the close relationship between trademark rights and market regulation. Unlike patents and copyrights, which are protected to "promote the Progress of Science and useful Arts,"⁶² trademarks are protected in the interest of preventing *competitive harm*. This harm in turn is measured by its *impact on the consumer*. This does not mean that competitor concerns do not play a role in the determination of what symbols qualify for protection as trademarks. To the contrary, considerations of genericness⁶³ and functionality⁶⁴ are premised in part on a competitor's need for access to

trademark protection—that of economic efficiency. See Stacey L. Dogan & Mark A. Lemley, *Trademarks and Consumer Search Costs on the Internet*, 41 HOUS. L. REV. 777, 778 (2004) (arguing that the historical goal of trademark law was to "foster the flow of information in markets," reducing consumer search costs); William M. Landes & Richard A. Posner, *Trademark Law: An Economic Perspective*, 30 J.L. & ECON. 265, 265–66 (1987) ("Our overall conclusion is that trademark law, like tort law in general (trademark law is part of the branch of tort law known as unfair competition), can best be explained on the hypothesis that the law is trying to promote economic efficiency."). But see Chad J. Doellinger, *A New Theory of Trademarks*, 111 PENN. ST. L. REV. 823, 835 (2007) ("The central problem with the economic theory is that it has become normative, and, in the process, has jettisoned trademark philosophy from its true normative underpinning."); McKenna, *supra* note 39, at 1840–41 ("[T]rademark law was not traditionally intended to protect consumers. Instead, trademark law, like all unfair competition law, sought to protect producers from illegitimate diversions of their trade by competitors.").

⁶¹ From simple information about the quality of the good based on its source to emotional images about brand lifestyles meanings with which marks are embedded, the types of information that trademark owners may embed have varied, but not their fundamental information signifying function. See Long, *supra* note 24, at 134–35 (describing the development of branding, including the increasing emphasis on emotional meanings embedded in famous marks).

⁶² U.S. CONST. art. I, § 8, cl. 8.

⁶³ A generic term is defined as "one that refers, or has come to be understood as referring, to the genus of which the particular product is a species." *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1976). Such terms lack distinctiveness and cannot serve as a protectable trademark under the Lanham Act regardless of the term of use or advertising expenditures made by the putative owner to secure such rights. See 15 U.S.C. § 1064(3) (2006) (providing for cancellation of registered mark "[a]t any time if the registered mark becomes the generic name for the goods or services, or a portion thereof, for which it is registered"). The ultimate impact of a determination of genericness is to free the term in question for use by competitors. See *A.J. Canfield Co. v. Honickman*, 808 F.2d 291, 304 (3d Cir. 1986) ("Underlying the genericness doctrine is the principle that some terms so directly signify the nature of the product that interests of competition demand that other producers be able to use them even if terms have or might become identified with a source and so acquire 'de facto' secondary meaning. Courts refuse to protect a generic term because competitors need it more to describe their goods than the claimed mark holder needs it to distinguish its goods from others." (citation omitted)).

⁶⁴ Functionality concerns are raised under the Lanham Act in connection with the protection of "devices" as trademarks, including product configurations, color, and container packaging. Similar to genericness concerns for word and symbol marks, functionality is concerned with avoiding the grant of trademark rights to shapes, packaging and other devices which competitors may need to use. Echoing earlier decisions regarding genericness, the Supreme Court defined a functional feature as one that is "essential to the use or purpose of the article or if it affects the cost or quality of the article," that is, if exclusive use of the feature would put competitors at a significant non-reputation-related disadvantage." *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 255 (1995) (quoting *Inwood Labs., Inc. v. Ives Labs.*, 456 U.S. 844, 850 n.10 (1982)).

the terms and shapes in question. But while competitor needs may shape some of the issues surrounding the existence of a viable trademark right, it is consumer needs that determine the ultimate scope such rights will be granted.

Under such a normative framework, protection of the investment value of a mark owner's brand would have little, if any, significance.⁶⁵ Thus, for example, the renown of a mark would be relevant in a likelihood-of-confusion analysis,⁶⁶ but would have no separate normative or analytical function beyond such confusion. Protection of marks against dilution or other harms that do not directly affect the informational value of the mark with regard to the goods or services at issue do not fall within this normative framework.⁶⁷ Yet the early history of trademarks demonstrates that such clear normative goals were not always articulated or even followed. To the contrary, in the face of growing efforts by the courts to "propertize" trademarks,⁶⁸ this single normative (and relatively predictable) framework descended into the confusion that continues to plague the rational development of a trademark regime that meets the challenges of the digital marketplace of the twenty-first century.

C. *The Evolving Nature of "Propertized" Trademarks*

At the same time that norms for the protection of trademarks appear firmly rooted within the arena of market regulation and consumer protection, the dichotomous nature of trademarks also places them firmly within a normative framework based on the protection of the property

⁶⁵ This lack of focus on a return on investment to encourage the creation of new marks further underscores the distinctions between patent, copyright, and trademarks. By rejecting the creativity basis for trademark protection as a basis for federal trademark regulation, the Supreme Court in the *Trade-Mark Cases*, 100 U.S. 82, 99 (1879), underscores that providing an economic return in exchange for the creation of new brands is *not* at the heart of U.S. trademark law. While the protection of such investment has been used to support other types of causes of action in connection with trademarks, including antidilution statutes, see 15 U.S.C. § 1125(c) (2006), these types of relief reflect a different normative standard. See discussion *infra* Part II.C.

⁶⁶ Such renown is captured by the factor of likely confusion that considers the strength of the mark. See, e.g., *Quality Inns Int'l, Inc. v. McDonald's Corp.*, 695 F. Supp. 198, 216–20 (1988). See generally sources cited *supra* note 55.

⁶⁷ Tarnishment, however, would remain a viable claim to the extent that such tarnishment harms the informational value of the mark's significance to the consumer. While facially dilution (by blurring) might similarly be directed toward protecting the informational value of a trademark for the consumer, the doctrinal rejection of any role for consumer confusion in dilution analysis plainly demonstrates that the purpose behind such protection has no relationship to the information value of the mark for consumers. See 15 U.S.C. § 1125(c) (providing that dilution is considered "regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury").

⁶⁸ See discussion *infra* Part II.C.

interest of the owners.⁶⁹ In *Millington v. Fox*,⁷⁰ one of the earliest reported trademark cases arising from the Industrial Revolution, when global trade became even more strongly focused on consumer goods as the source of economic growth,⁷¹ the English court in dicta indicated that marks were a form of property and granted injunctive relief against the unauthorized use of plaintiff's mark even if no fraudulent intent in adopting the mark was evident.⁷² This concept of a mark as a form of property was continually reiterated in early U.K. and U.S. trademark cases,⁷³ reaching one of its clearest articulations under U.S. law by the Supreme Court in 1879 in the *Trade-Mark Cases* where the court stated (also in dicta):

The right to adopt and use a symbol or a device to distinguish the goods or property made or sold by the person whose mark it is, to the exclusion of use by all other persons, has been long recognized by the

⁶⁹ There are countless definitions of “property” and raging debates over the nature of a property right, including the critical questions of whether property rights are bundles of rights or simply represent a single exclusive right to be enjoyed by the property holder. Compare J.E. Penner, *The “Bundle of Rights” Picture of Property*, 43 UCLA L. REV. 711 (1996) (discussing and criticizing the bundle theory), with Thomas W. Merrill, *Property and the Right To Exclude*, 77 NEB. L. REV. 730, 730 (1998) (“[T]he right to exclude others is more than just ‘one of the most essential’ constituents of property—it is the sine qua non.”). For purposes of this discussion, I am using the narrow definition of “property” rights as the right to exclude others from the use or enjoyment of a given property. I have selected this definition because it sets up the easiest dichotomy between trademarks, whose boundaries of protection have historically included considerations of consumer confusion and other trade regulation concerns, see discussion *supra* Part II.B., and copyrights and patents, whose boundaries at least in the initial-liability phases have not been similarly constrained. For example, under U.S. copyright law, protection is granted when a work is substantially similar to another's. See, e.g., *Sid & Marty Krofft Television Prods. Inc. v. McDonald's Corp.*, 562 F.2d 1157 (9th Cir. 1977) (granting rights based on substantial similarity between plaintiff's characters in children's television shows and certain characters used to advertise defendant's fast food). The question of public interest is not raised, except in the nature of the remedies being sought or in the defenses raised to a challenged infringement, such as under fair use doctrines. See *supra* notes 50–53 and accompanying text. Unlike trademarks, the initial determination of potential infringement is made separate from any consideration of public harm. I offer no opinion in this Article as to which of the many competing theories of “property rights” may be correct for purposes of analyzing intellectual property cases generally, or trademark cases specifically.

⁷⁰ *Millington v. Fox*, (1838) 40 Eng. Rep. 956 (Ch.).

⁷¹ The role of trademarks as potential competitive levers skyrocketed in the days of the Industrial Revolution when, for the first time in industrial history, advances in technology resulted in increased consumer income that triggered a demand for consumer goods that has yet to diminish. See, e.g., PAUL KENNEDY, *THE RISE AND FALL OF THE GREAT POWERS: ECONOMIC CHANGE AND MILITARY CONFLICT FROM 1500 TO 2000*, 146 (1987); DAVID S. LANDES, *THE UNBOUND PROMETHEUS: TECHNOLOGICAL CHANGES AND INDUSTRIAL DEVELOPMENT IN WESTERN EUROPE FROM 1750 TO THE PRESENT* 41 (2d ed. 2003).

⁷² See *Millington*, 40 Eng. Rep. at 962–64; see also Robert P. Merges, *One Hundred Years of Solitude: Intellectual Property Law, 1900–2000*, 88 CAL. L. REV. 2187, 2208 n.92 (2000) (describing the property dicta of *Millington* and its impact on US trademark law); Cesar Ramirez–Montes, *A Re-Examination of the Original Foundations of Anglo–American Trademark Law*, 14 MARQ. INTELL. PROP. L. REV. 91, 109–10 (2010) (discussing the impact of *Millington* on the treatment of trademarks as property).

⁷³ See McKenna, *supra* note 39, at 1848 (describing “‘traditional’ American trademark law” as “unapologetically producer-oriented”); Mossoff, *supra* note 39, at 419–22 (2003) (describing early trademark cases as defining the property entitlements of businessmen whose use of certain marks created a valuable property interest to be protected).

common law and the chancery courts of England and of this country, and by the statutes of some of the States. *It is a property right* for the violation of which damages may be recovered in an action at law, and the continued violation of it will be enjoined by a court of equity, with compensation for past infringement.⁷⁴

The language regarding the nature of trademarks as a “property” based right has been a constant in both national and international debates over the role of trademarks and shows no sign of disappearing. In fact, the perceived nature of trademarks as property led to increasing criticism in the last decade of the twentieth century.⁷⁵ This “propertization” was most readily apparent in the extension of trademark rights to domain name disputes under the Anti-Cybersquatting Protection Act⁷⁶ and in the creation of a federal dilution cause of action under the Lanham Act.⁷⁷ A normative framework based on property rights establishes a different rights framework for trademark protection, one which not only values different goals but which also alters the outcome of trademark disputes. This framework places the interests of the trademark holder in protecting his investment in creating a viable brand in the marketplace above or at least in contradistinction to a normative framework that considers consumer protection as the lodestone for analysis. Thus, for example, in the Coca-Cola cans example, under a property rights framework there is no question that the junior user will be obligated to cease use of the mark even if no confusion arises or is even likely to arise from such use. In fact, the issue of whether confusion would be likely to arise is irrelevant. Instead, priority of rights becomes the critical factor.⁷⁸

⁷⁴ Trade-Mark Cases, 100 U.S. 82, 92 (1879) (emphasis added); *see also* Coll. Sav. Bank v. Fla. Prepaid Postsecondary Educ. Expense Bd., 527 U.S. 666, 673 (1999) (“The Lanham Act may well contain provisions that protect constitutionally cognizable property interests”); *Scandinavia Belting Co. v. Asbestos & Rubber Works of Am., Inc.*, 257 F. 937, 941 (2d Cir. 1919) (“The right of property in trade-marks has come to be recognized as of immense and incalculable value.”); McKenna, *supra* note 39, at 1860; Mossoff, *supra* note 39, at 420.

⁷⁵ Such criticism even advocated a reconceptualization of trademark law that would severely reduce the ability of mark owners to challenge even potentially competitive unauthorized uses. *See, e.g.*, Lemley, *supra* note 38, at 1687; Glynn S. Lunney, Jr., *The Trademark Monopolies*, 48 EMORY L.J. 367, 419 (1999); *see also* Jessica Litman, *Breakfast with Batman: The Public Interest in the Advertising Age*, 108 YALE L.J. 1717 (1999).

⁷⁶ *See* 15 U.S.C. § 1125(d) (2006) (establishing relief under U.S. law for bad-faith use or registration of domain name).

⁷⁷ *See id.* § 1125(c) (establishing relief under U.S. law for unauthorized uses “likely to cause dilution by blurring or dilution by tarnishment of [a] famous mark”).

⁷⁸ Taken to the extreme, such property rights analysis could rapidly result in a partitioning of available commercial symbols that leaves few choices to newcomers. Alternatively, however, such a parsing could force marketers into the creation of more coined and fanciful marks, encouraging creativity in the same manner as copyright protection for expressive works.

Despite the constant refrain of the need to protect the property value of mark holders from misappropriation by courts,⁷⁹ trademark protection that seeks to protect the information value of a mark in connection with consumer purchasing decisions, even when couched in terms of misappropriation of producer rights, does not actually place such producer rights above those of the consumer. For example, the Court in *Mishawaka Rubber & Woolen Manufacturing Co. v. S.S. Kresge Co.*,⁸⁰ in oft cited language, discussed its decision to protect the plaintiff's trademark in terms of protecting the "commercial magnetism" the plaintiff had developed in its mark, stating:

The protection of trade-marks is the law's recognition of the psychological function of symbols. . . . A trade-mark is a merchandising short-cut which induces a purchaser to select what he wants, or what he has been led to believe he wants. . . . Whatever the means employed, the aim is the same—to convey through the mark, in the minds of potential customers, the desirability of the commodity upon which it appears. Once this is attained, the trade-mark owner has something of value. If another poaches upon the commercial magnetism of the symbol he has created, the owner can obtain legal redress.⁸¹

On its face this language appears to support the protection of the plaintiff's mark based on the commercial value the plaintiff has created in it. Yet the emphasis by the Court on the "psychological function" of such commercial property is buttressed by the property's utility as a "merchandising short-cut" used "to convey *through the mark* . . . the desirability of the commodity upon which it appears."⁸² While such psychological function may not convey information about the quality of the product itself, it is nevertheless information upon which the consumer relies in making purchasing decisions.⁸³

By contrast, when trademark protection attaches in the absence of likely consumer confusion, as in the case of dilution,⁸⁴ a different normative basis

⁷⁹ See, e.g., *Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co.*, 316 U.S. 203, 205 (1942) (discussing value of brand recognition to trademark owners). This brand-recognition value lies at the heart of the trademark owners' expanding attempts to leverage trademark reputation achieved in one market into other, often unrelated markets. See generally Long, *supra* note 24, at 134–36.

⁸⁰ *Mishawaka Rubber & Woolen Mfg. Co.*, 316 U.S. 203.

⁸¹ *Id.* at 205.

⁸² See *id.* (emphasis added).

⁸³ See Long, *supra* note 24, at 134 (discussing role of emotive advertising in brand extensions and rationality of consumer choices based on such advertising).

⁸⁴ See discussion *infra* text accompanying notes 85–98 (discussing the development of the dilution doctrine in U.S. law and the role of likely confusion in such development).

for relief has been crafted. Such new basis cannot be easily placed within a trademark regime that has placed investment interests below those of consumer protection and market regulation. I do not mean to suggest that efforts to protect the investment value of a mark do not warrant legal protection. But where such efforts are not supported by consumer-protection interests, they represent a distinctly different normative paradigm. Failure to acknowledge this difference and to craft rights, *and limitations*, based on this difference results in the confusing dichotomy that continues to bedevil ongoing efforts to extend rational trademark protection to the digital marketplace. These problems are most clearly demonstrated in the difficult history of dilution protection in the United States.

The theory of protecting trademarks from potential dilution of their distinctive quality in the United States was arguably first posited by Frank Schechter in 1927 in his seminal article *The Rational Basis of Trademark Protection*.⁸⁵ In this article, Schechter urged protection of the “uniqueness”⁸⁶ of marks against the “gradual whittling away or dispersion of the identity and hold upon the public mind of [a] mark or name by its use upon noncompeting goods.”⁸⁷ Schechter developed his theory of dilution from earlier German trademark cases, including significantly the *Odol*⁸⁸ case, in which the German court granted the mark owner the right to prevent registration of an identical mark on unrelated goods to protect the owner’s mark from dilution (“*verwässert*”).⁸⁹ In the United States, until 1996,

⁸⁵ Schechter, *supra* note 42. See generally Beverly W. Pattishall, *The Dilution Rationale for Trademark—Trade Identity Protection, Its Progress and Prospects*, 71 NW. U. L. REV. 618 (1976) (demonstrating the historical situating of Schechter’s article as the basis for U.S. dilution law).

⁸⁶ Schechter, *supra* note 42, at 822.

⁸⁷ *Id.* at 825–26. It should be noted, however, that the focus of Schechter’s concern was on unique and coined marks. In supporting his contention for stronger protection for these marks, Schechter stated: “The rule that arbitrary, coined or fanciful marks or names should be given a much broader degree of protection than symbols, words or phrases in common use would appear to be entirely sound.” *Id.* at 828. Examples of marks that Schechter stated should be protected from diluting uses included “Kodak,” “Mazda,” and “Blue Goose” (for fruit). See *id.* at 828–30. Schechter goes on to state: “This entirely arbitrary symbol would soon lose its arresting uniqueness and hence its selling power if it could also be used on pianos, shaving cream, and fountain pens.” *Id.* at 830. These coined and fanciful marks arguably have a much clearer distinctive nature than noncoined marks. Neither version of the Federal Trademark Dilution Act, however, limited its protection to such unique marks. See, e.g., 15 U.S.C. § 1125(c) (2006) (specifying that both inherently distinctive marks and those which acquire distinctiveness may be protected so long as they reach the appropriate level of fame).

⁸⁸ Landgericht [LG] Elberfeld [Trial Court], 25 Juristische Wochenschrift [JW] 502, 1924 GRUR 204 - Odol.

⁸⁹ See Schechter, *supra* note 42, at 831–32 (quoting a German federal court which held that “complainant has ‘the utmost interest in seeing that its mark is not diluted: it would lose in selling power if everyone used it as the designation of his goods’”). For a discussion of early German cases, interestingly enough based on unfair competition principles, in which the dilution doctrine developed, see Mathias Strasser, *The Rational Basis of Trademark Protection Revisited: Putting the Dilution Doctrine into Context*, 10 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 375 (2000).

trademark-dilution doctrines were developed under state trademark regimes with the first state antidilution statute enacted by Massachusetts in 1947.⁹⁰ These statutes generally protected marks against “likelihood of . . . dilution of the distinctive quality of a mark or trade name.”⁹¹

In 1996, the United States enacted the first federal trademark dilution statute.⁹² Subsequently amended in 2006,⁹³ the present federal statute protects “famous” marks⁹⁴ against the unauthorized use of a mark or trade name in commerce “that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, *regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.*”⁹⁵ This absence of any need for likely confusion—the fundamental test for delimiting the scope of trademark protection historically—has resulted in a plethora of inconsistent decisions in which courts rely on competition factors to determine dilution.⁹⁶ Thus, for example, under the original Federal Trademark

⁹⁰ See *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 430 (2003) (citing 1947 Mass. Acts p. 300). For the text of this statute, see *infra* note 91.

⁹¹ *Moseley*, 537 U.S. at 430 (quoting 1947 Mass. Acts. p. 300). A good example of the basic language of the state anti-dilution statutes is the original Massachusetts model which provided:

Likelihood of injury to business reputation or of dilution of the distinctive quality of a trade name or trade-mark shall be a ground for injunctive relief in cases of trade-mark infringement or unfair competition notwithstanding the absence of competition between the parties or of confusion as to the source of goods or services.

Id. (quoting 1947 Mass. Acts p. 300).

⁹² See Federal Trademark Dilution Act of 1995, §§ 3–4, 109 Stat. 985, 985–96 (codified as amended at 15 U.S.C. §§ 1125(c), 1127 (1994 & Supp. 1996)) (protecting “famous and distinctive” marks against unauthorized uses that “cause[] dilution of the distinctive quality of the mark”). Relief was available “regardless of the presence or absence of competition between the owner of the famous mark and other parties, or likelihood of confusion, mistake, or deception.” *Id.* § 1127 (defining “dilution” as “the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of competition between the owner of the famous mark and the other parties, or . . . likelihood of confusion, mistake or deception”).

⁹³ Trademark Dilution Revision Act of 2006, § 2, 120 Stat. 1730, 1730–32 (codified as amended at 15 U.S.C. § 1125(c) (2006)).

⁹⁴ One of the critical changes between the two federal dilution statutes did not deal with the issue of competitive harm, *per se*, but with the scope of marks that could be protected under dilution doctrines. In the original statute, fame was largely a reflection of the extent of use of a mark, including its use in advertising and the amount of goods sold bearing the mark. See, e.g., 15 U.S.C. § 1125(c)(1)(A)–(H) (1994 & Supp. 1996) (establishing an eight-factor test for fame and distinctiveness that requires consideration of, *inter alia*, the duration and extent of the use of the mark and of advertising and publicity for the mark at issue). The most recent amendment has significantly altered the number of marks that may qualify as “famous.” See 15 U.S.C. § 1125(c)(2)(A) (2006). Under the present statute, only a mark which “is widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark’s owner” qualifies as famous. *Id.*

⁹⁵ *Id.* § 1125(c)(1) (emphasis added). This protection regardless of likely confusion or competition appeared in the original Federal Trademark Dilution Act as well. See 15 U.S.C. § 1127 (defining dilution as “the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of competition . . . or likelihood of confusion”).

⁹⁶ See, e.g., *Starbucks Corp. v. Wolfe’s Borough Coffee, Inc.*, 588 F.3d 97, 108 (2d Cir. 2009) (relying on likelihood-of-confusion cases to determine if marks were sufficiently similar to qualify for dilution protection under the 2006 revision); *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 217–22 (2d Cir. 1999) (relying on a ten-factor test for likely dilution under the 1996 Act that closely resembled traditional likely-confusion tests); see also 15

Dilution Act, the court in *Nabisco, Inc. v. PF Brands, Inc.*,⁹⁷ relied on a multifactor test to determine whether a likelihood of dilution by blurring existed as a result of defendant's adoption of a similar goldfish symbol for its crackers.⁹⁸ These factors were derived from earlier state dilution cases using the six-factor *Sweet* test,⁹⁹ and included consideration of the "similarity of the products covered by the marks."¹⁰⁰ The competitive nexus of the products is a critical component of a likelihood-of-confusion analysis,¹⁰¹ but should play no role in dilution analysis if, in fact, as dilution statutes contend, the absence of competition has no impact.

By the time the first federal dilution statute was enacted in the United States, several countries had already adopted laws protecting the reputational value of a mark beyond the limited scope of likely confusion prohibitions, including the European Union Trademark Harmonization Directive, which permits member states to prohibit the unauthorized use of identical or similar marks on goods and services dissimilar from those registered¹⁰² by the mark owner where such mark "has a *reputation* in the Member State and where use of that sign without due cause *takes unfair advantage* of, or is *detrimental* to, the distinctive character or the repute of the trade mark."¹⁰³ Yet despite the recognition that the commercial value of a mark should be protected due to

U.S.C. § 1125(c)(2)(B)(i)-(vi) (specifying six nonexhaustive factors for determining presence of likely dilution by blurring including "any actual association between the mark . . . and the famous mark" under the 2006 revision).

⁹⁷ *Nabisco, Inc.*, 191 F.3d 208.

⁹⁸ *See id.* at 227.

⁹⁹ *See, e.g., Mead Data Cent., Inc. v. Toyota Motor Sales, U.S.A., Inc.*, 875 F.2d 1026 (2d Cir. 1989) (Sweet, J., concurring).

¹⁰⁰ *Nabisco, Inc.*, 191 F.2d at 227.

¹⁰¹ *See, e.g., AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348, 350 (9th Cir. 1979) (listing the "proximity of the goods" as a factor in confusion analysis). *See generally* LONG, *supra* note 13, § 2.9 (discussing the application of the similarity of products and services in the analysis of likely confusion).

¹⁰² Under TRIPS Article 16, countries may generally choose to limit protection to marks that are registered with the country in question. *See* TRIPS, *supra* note 1, art. 16 (exclusive rights are conferred on "the owner of a *registered* trademark" (emphasis added)). Significantly, however, registration may not be required in the case of "well-known" marks. *See* Paris Convention for the Protection of Industrial Property art. 6bis, Mar. 20, 1883, 21 U.S.T. 1583 [hereinafter Paris Convention] (requiring member countries to "prohibit the use, of a trademark which constitutes a reproduction, an imitation or a translation, liable to create confusion, of a mark considered by the competent authority of the country of . . . use to be well known in that country *as being already the mark of a person entitled to the benefits of this Convention*," in other words, regardless of whether such mark has been registered (emphasis added)). In addition, several countries, including the United States, protect marks without the need for registration, even if the mark is *not* "well-known" or "famous." *See, e.g.,* 15 U.S.C. § 1125(a)(1)(A) (2006) (providing relief for unauthorized use of "any word, term, name, symbol, or device, or any combination thereof . . . which is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person").

¹⁰³ Council Directive 89/104, art. 5(2), 1989 O.J. (L 40) 1 (EC) (emphasis added). This Directive was replaced by Council Directive 2008/95, art. 5(2), 2008 O.J. (L 299) 28 (EC), which did not alter the relevant language of Article 5. *See also* Council Regulation 207/2009, 2009 O.J. (L 78) 1, 5 (EC) (using language similar to Article 5(2) of the Trademark Harmonization Directive).

the investment in labor and money that a brand represents—a property-based concern—these purported reputation-based remedies, as applied by the courts, are not completely divorced from competition concerns. Similar to cases in the United States that continue to rely on analogues to likelihood of confusion in determining the scope of protection for “famous” marks,¹⁰⁴ the European Union also relies upon a linking requirement to establish reputational harm that includes likelihood of confusion as a factor in determining whether the necessary associational link between the contested marks exists to warrant relief.¹⁰⁵

These developments are not undertaken in an articulated attempt to reject or delimit the investment-protection norm for trademarks that reputational-based relief is designed to promote. Moreover, relying on competition-based theories to provide an arguably expanded scope of protection under dilution theories does not resolve the confusing dichotomous nature of trademarks. It simply ignores that such dichotomy exists.

To the extent that marks should be treated as other types of intellectual property, where the investment interests of creators are placed at the forefront in a rights-analysis framework, a distinctly different normative paradigm must be created than the one that currently protects the consumer-information value of the mark—its so-called source-designating function.¹⁰⁶ This new normative paradigm rejects the legal fiction of dilution—that the protection of investment interests is merely a special benefit accorded certain marks fortunate enough to meet the shifting goal of fame.¹⁰⁷ Instead, it recognizes a completely different right, with an appropriately modified rights framework.

¹⁰⁴ See cases cited *supra* note 96.

¹⁰⁵ See Case C-252/07, *Intel Corp. v. GPM U.K. Ltd.*, 2008 E.C.R. I-08823, ¶¶ 42, 58 (expressly including “the existence of the likelihood of confusion on the part of the public” as a factor to be considered in establishing the necessary linking while stressing that protection did not require such likely confusion); Case C-408/01, *Adidas-Salomon AG v. Fitnessworld Trading Ltd.*, 2003 E.C.R. I-12537, ¶¶ 29–30 (“The infringements referred to in Article 5(2) of the Directive [involving reputational harm], where they occur, are the consequence of a certain degree of similarity between the mark and the sign, by virtue of which the relevant section of the public makes a connection between the sign and the mark, that is to say, establishes a link between them even though it does not confuse them. The existence of such a link must, just like a likelihood of confusion in the context of Article 5(l)(b) of the Directive, be appreciated globally, taking into account all factors relevant to the circumstances of the case.” (citation omitted)); see also Strasser, *supra* note 89 (detailing some countries’ reliance on competition theories in connection with reputation-based injuries).

¹⁰⁶ I am using the phrase “source designation” in its modern, broader sense and not in the technical sense of literal protection for the source of the good or service in question. As indicated earlier, this source-designating function carries with it additional consumer information about the good, including its quality and reputation.

¹⁰⁷ For a discussion of the shifting definition of “fame” under U.S. law, see *supra* note 94.

III. THE NEW INFORMATION/PROPERTY ASSET

In rebooting the Lanham Act to eliminate the present confusing dichotomy regarding the goals and purposes of trademark protection, the critical question becomes whether a trademark owner's investment interests should be protected beyond that necessary to safeguard the traditional source-designating function of marks. One potential reboot of the Lanham Act could simply eliminate the present confusion by clarifying the test for likelihood of confusion and eliminating any claims that do not fit clearly within the parameters of this clarified test.¹⁰⁸ Reputation-based claims such as dilution would be eliminated. Claims involving implied associations, such as the use of keyword buys, would also largely be excluded.¹⁰⁹ This solution has the beauty of apparent simplicity. It may also be impractical in today's global environment given present international obligations to protect the reputational value of marks beyond instances of consumer confusion.

Under Article 16(3) of TRIPS, of which the United States is a signatory, member countries agree to apply the required protection of well-known marks under Article 6bis of the Paris Convention¹¹⁰

to goods or services which are not similar to those in respect of which a trademark is registered, provided that use of that trademark in relation to those goods or services would indicate a connection between those goods or services and the owner of the registered trademark and provided that the interests of the owner of the registered trademark are likely to be damaged by such use.¹¹¹

This obligation to prevent the reputational harm of free riding for well-known marks must require more than protection against consumer confusion because this type of protection is already mandated in section 1 of Article 16.¹¹² Thus, some other measure of protection for the reputational value of a mark must be provided. While there is increasing emphasis internationally on the adoption of dilution protection as the method to achieve such

¹⁰⁸ Such clarification would include an analysis of the problematic role of "initial interest confusion" in establishing the necessary associational confusion. See *Brookfield Commc'ns, Inc. v. W. Coast Entm't Corp.*, 174 F.3d 1036 (9th Cir. 1999).

¹⁰⁹ While the use of keyword buys by competitors *might* be deemed to create likely confusion about the association between their goods or services, see for example *Promatek Indus., Ltd. v. Equitrac Corp.*, 300 F.3d 808 (7th Cir. 2002), it seems unlikely that the company actually selling the keywords creates any such confusion. See *J.G. Wentworth, S.S.C. Ltd. P'ship v. Settlement Funding LLC*, 85 U.S.P.Q.2d (BNA) 1780 (E.D. Pa. 2007).

¹¹⁰ Paris Convention, *supra* note 102, art. 6bis.

¹¹¹ TRIPS, *supra* note 1, art. 16(3). The obligations are imposed as an agreed upon revision to Article 6bis of the Paris Convention to apply "*mutatis mutandis*." *Id.*

¹¹² See *id.* art. 16(1).

protection,¹¹³ as demonstrated above, such solutions merely continue trademark's confusing dichotomy without resolving the problems posed by such an inadequately theorized form of protection. Crafting a legal regime that protects a new right—the information-asset mark—meets the obligations of Article 16. It simultaneously sets a framework for analysis of owners' rights that is directly applicable to the developing competitive spaces of the digital marketplace.

Traditional trademarks undeniably convey information about the goods and services with which they are associated. As the historical protection of the source-designating function of trademarks demonstrates, their informational significance forms a critical element to its protection.¹¹⁴ The consumer information that necessarily accompanies trademarks in their source-designating role includes information about the source and quality of the product,¹¹⁵ as well as lifestyle or emotional information about the brand,¹¹⁶ and the reputational value of the mark.¹¹⁷

Beyond embedded information that assists in consumer purchasing decisions,¹¹⁸ trademarks in the digital era also possess “informational” values that are unrelated to consumer product information but have value in the new competitive spaces of the Internet, such as search-engine placement, website addresses (domain names), and advertisements, including pop-ups. Such informational value may develop from the same types of investments and uses that give rise to the consumer information protected under traditional trademark-rights analysis. But the information content that is valued is not directly related to individual purchaser decision making. To the contrary, similar to copyrighted works, these information-asset marks have

¹¹³ See generally DAVID S. WELKOWITZ, TRADEMARK DILUTION: FEDERAL, STATE AND INTERNATIONAL LAW 433–48 (2002 & Supp. 2010) (containing a list of diverse dilution protection measures internationally). In defending the need for the first federal trademark dilution statute, the House Report relied on the perceived need for such protection as a result of U.S. international treaty obligations, stating:

[T]he recently concluded Agreement on Trade-Related Aspects of Intellectual Property Rights, including Trade in Counterfeit Goods (“TRIPS”) which was part of the Uruguay Round of the GATT agreement includes a provision designed to provide dilution protection to famous marks. Thus, enactment of this bill will be consistent with terms of the agreement, as well as the Paris Convention, of which the U.S. is also a member.

H.R. REP. NO. 104-374, at 4 (1995).

¹¹⁴ See, e.g., Dogan & Lemley, *supra* note 60, at 778 (arguing that the historical goal of trademark law is to foster the flow of information to consumers, thereby reducing their search costs); Landes & Posner, *supra* note 60, at 265–66 (contending that trademark law is designed to protect market efficiency).

¹¹⁵ See Long, *supra* note 24, at 134–35.

¹¹⁶ See *id.* at 125 n.3.

¹¹⁷ See *id.* at 132–35.

¹¹⁸ Some of this embedded information may well be appeals to emotions that do not necessarily lead to rational consumer choices. Nevertheless, this “psychological function of symbols” would still be protectable under source-designating principles because of its impact on consumer purchasing decisions.

value due to their expressive or emotive content.¹¹⁹ As I have described elsewhere,¹²⁰ “brands,” the business term often used for this information asset,¹²¹ are not merely purveyors of product information, they have a personality and culture,¹²² and often become the public representation of a business’s identity and reputation.¹²³

The litany of decisions that have struggled to find the proper niche for allowing unauthorized third-party uses of such information assets, often stretching trademark law without consideration for the normative impact of these developments, is endless. Thus, when metatags first appeared, with their ability to alter the results of search inquiries, courts developed a new doctrine of initial-interest confusion to deal with the potential trademark issues associated with such issues.¹²⁴ Yet at the heart of this initial-interest confusion is not the types of confusion that traditional trademark regimes were designed to protect. Such confusion was not directly related to the

¹¹⁹ Copyright protection under U.S. law is limited to the expressive elements of tangible works. *See* 17 U.S.C. § 102(a) (2006) (providing for copyright protection for “original works of authorship fixed in any tangible medium of expression”). Ideas, processes, methods of operations, concepts, or other nonexpressive elements are outside the scope of protection. *See id.* § 102(b).

¹²⁰ *See Long, supra* note 24, at 131–35.

¹²¹ *See id.* at 125 n.4.

¹²² *See id.* at 125 n.5 (citing JEAN NOEL KAPPERER, STRATEGIC BRAND MANAGEMENT: CREATING AND SUSTAINING BRAND EQUITY LONG TERM 101 (2d ed. 1997)).

¹²³ *See id.* at 131–35. In this manner, these information assets may become closely associated with the concept of goodwill. As discussed more fully below, goodwill is considered an integral part of a trademark. *See* *Prestonettes, Inc. v. Coty*, 264 U.S. 359, 368 (1924) (“A trademark only gives the right to prohibit the use of it so far as to protect the owner’s goodwill.”). In fact it is so integral to trademark protection that marks that are assigned without goodwill pass no rights to the assigned mark. *See* *Sugar Busters LLC v. Brennan*, 177 F.3d 358 (5th Cir. 1999); *In re Roman Cleanser Co.*, 802 F.2d 207, 208 (6th Cir. 1986). Some courts have held that such assignments in gross result in an abandonment of the assigned mark. *See* *Johanna Farms, Inc. v. Citrus Bowl, Inc.*, 468 F. Supp. 866, 879 (E.D.N.Y. 1978) (stating in dicta that assignment of mark without goodwill results in abandonment and that “good intentions will not breathe life back into the devitalized mark”); *Otis Elevator Co. v. Echlin Mfg. Co.*, 187 U.S.P.Q. (BNA) 310, 314–15 (T.T.A.B. 1975) (registration owned by predecessor in interest after assignment in gross cancelled for abandonment). There is a facial appeal in equating “goodwill” with “brand identity.” *Cf.* Robert G. Bone, *Hunting Goodwill: A History of the Concept of Goodwill in Trademark Law*, 86 B.U. L. Rev. 547, 549 (2006) (“Goodwill protection has nothing directly to do with facilitating consumer choice or safeguarding the quality of market information. It has to do instead with protecting sellers from misappropriation. . . . [and] denotes the special value that attaches to a mark when the seller’s advertising and investments in quality generate consumer loyalty—a capacity to attract consumers over time.”). Such an equation arguably would place the limitations of goodwill protection within the purview of the information-asset mark. Nevertheless, for reasons detailed below, because of the proper relationship between consumer purchasing information and goodwill, the historical limitations of goodwill belong with source-designating marks. *See* discussion *infra* Part IV.

¹²⁴ *See* *Interstellar Starship Servs., Ltd. v. Epix, Inc.*, 184 F.3d 1107, 1110–11 (9th Cir. 1999). Some courts have rejected initial-interest confusion as a basis for trademark relief except in connection with Internet-based confusion. *See* *Gibson Guitar Corp. v. Paul Reed Smith Guitars, LP*, 423 F.3d 539, 550 n.15 (6th Cir. 2005). Others have limited its application to instances where the goods or services at issue have some competitive nexus. *See* *The Network Network v. CBS, Inc.*, No. CV 98-1349 NM(ANX), 2000 WL 362016, at *8–9 (C.D. Cal. Jan. 18, 2000).

quality or source of the goods in question. Instead it was analogized to road signs misdirecting traffic.¹²⁵

Similarly, as Internet searches and advertising techniques become increasingly important in the digital market of the twenty-first century, the use of trademarks for their nonpurchaser information value has increased. One of the most hotly contested issues today is the legality of Google's unauthorized use of third-party trademarks in its AdSense program.¹²⁶ Similar to the metatags problems of an earlier technological generation, keywords are used by third parties to obtain a higher ranking in Internet search results. This higher ranking is achieved by purchasing rights to appear ranked first in a search whenever a keyword appears for which the party has paid for such result. Often, keywords are third-party trademarks, including the marks of a competitor. Thus, for example, a distributor of Coca-Cola products could purchase rights to the keyword "Coke" so that whenever someone uses that term in an Internet search his website will appear first. He could also purchase rights under the keyword "Pepsi" to

¹²⁵ In *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*, 174 F.3d 1036 (9th Cir. 1999), one of the early cases to adopt an initial-interest confusion analysis in connection with metatags, the court defended its decision by analogizing to the confusion that arises from the posting of misleading billboards along the highway, stating:

Using another's trademark in one's metatags is much like posting a sign with another's trademark in front of one's store. Suppose West Coast's competitor (let's call it "Blockbuster") puts up a billboard on a highway reading—"West Coast Video: 2 miles ahead at Exit 7"—where West Coast is really located at Exit 8 but Blockbuster is located at Exit 7. Customers looking for West Coast's store will pull off at Exit 7 and drive around looking for it. Unable to locate West Coast, but seeing the Blockbuster store right by the highway entrance, they may simply rent there. Even consumers who prefer West Coast may find it not worth the trouble to continue searching for West Coast since there is a Blockbuster right there. Customers are not confused in the narrow sense: they are fully aware that they are purchasing from Blockbuster and they have no reason to believe that Blockbuster is related to, or in any way sponsored by, West Coast. Nevertheless, the fact that there is only initial consumer confusion does not alter the fact that Blockbuster would be misappropriating West Coast's acquired goodwill.

Id. at 1064. For a criticism of the court's analysis of the impact of the use of metatags on consumers, see *J.G. Wentworth, S.S.C. Ltd. P'ship v. Settlement Funding LLC*, 85 U.S.P.Q.2d (BNA) 1780, 1786 (E.D. Pa. 2007) ("I respectfully disagree with the Ninth Circuit's conclusion in *Brookfield*. The Court asserted that '[w]eb surfers looking for [plaintiff's] "MovieBuff" products who are taken by a search engine to [defendant's website] will find a database similar enough . . . such that a sizeable number of consumers who were originally looking for [plaintiff's] product will simply decide to utilize [defendant's] offerings instead.' I find this to be a material mischaracterization of the operation of Internet search engines. At no point are potential consumers 'taken by a search engine' to defendant's website due to defendant's use of plaintiff's marks in meta tags. Rather, as in the present case, a link to defendant's website appears on the search results page as one of many choices for the potential consumer to investigate. As stated above, the links to defendant's website always appear as independent and distinct links on the search result pages regardless of whether they are generated through Google's AdWords program or search of the keyword meta tags of defendant's website. Further, plaintiff does not allege that defendant's advertisements and links incorporate plaintiff's marks in any way discernable to internet users and potential customers." (citation omitted)).

¹²⁶ See generally *Google AdSense*, GOOGLE.COM, <http://www.google.com/adsense> (last visited Feb. 22, 2011).

achieve the same result. Such use does not involve the source-designating function of a mark. But it clearly invokes its informational value. Moreover, such information clearly has commercial value. Google has earned approximately 30% of its total revenues in the first quarter of 2010 on its keyword program alone.¹²⁷

Because keywords do not use marks to represent the source of goods or provide information about them, their use does not fall cleanly within traditional trademark analysis. Battles have been hard fought and unfortunately inconclusive. Courts have disagreed over so fundamental an issue as whether trademarks used as keywords qualify as an actionable “use in commerce”¹²⁸ falling within the strictures of the Lanham Act.¹²⁹

The ongoing failure of U.S. trademark law to treat effectively the right of a mark owner’s ability to control the use of its mark apart from its traditional source-designating function could be resolved by acknowledging the existence of the information-asset mark and creating an appropriate legal regime to protect this mark. Unlike currently recognized marks under the Lanham Act, protection for this information-asset mark would be provided without regard to consumer confusion. Such confusion would be irrelevant to any determination of rights because the information-asset mark is *not* concerned with traditional trademark uses. It does not carry the consumer purchasing information that traditional trademark rights regulate because it is not a mark in the traditional sense. It is not used in connection with goods or services. Or, more specifically, such uses do not fall within the purview of the rights that are protected for an information-asset mark. To the contrary, the protection of the information-asset mark is based solely

¹²⁷ See *Google Announces First Quarter 2010 Financial Results*, GOOGLE.COM (Apr. 15, 2010), http://investor.google.com/earnings/2010/Q1_google_earnings.html (stating that Google reported revenues of \$2.04 billion during the first quarter from its Ad Sense program, which represented 30% of total revenues for that period).

¹²⁸ To qualify for protection, a mark must be used in commerce. The commercial-use requirement has two prongs. The first is that the mark must be used in “commerce” as defined by section 45 of the Lanham Act and delineated by the constitutional obligations of a sufficient commercial nexus to qualify for enactment under the Commerce Clause. This obligation is met by using a mark in interstate or foreign commerce or in commerce with Indian tribes. See 15 U.S.C. § 1127 (2006) (defining “commerce” as “all commerce which may lawfully be regulated by Congress”). The second prong of the commercial-use test requires that the mark be used in commerce *as a mark*. Section 45 requires that trademark for goods be “placed in any manner on the goods or their containers or the displays associated therewith, or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale.” *Id.* For service marks, section 45 requires the marks be “used or displayed in the sale or advertising of services.” *Id.*

¹²⁹ The issue of whether Internet uses of marks such as in metatags, keyword buys, or to trigger pop-up advertisements qualifies as an actionable use in commerce has led to conflicting decisions to date. Compare *Rescuecom Corp. v. Google Inc.*, 562 F.3d 123 (2d Cir. 2009) (finding a potentially actionable use in commerce from use of plaintiff’s mark in a keyword buy), with *1-800 Contacts, Inc. v. WhenU.com, Inc.*, 414 F.3d 400, 409–10, 414 (2d Cir. 2005) (no use in commerce from use of plaintiff’s mark to trigger a pop-up advertisement).

on protecting the trademark owner's investment interest in his mark. This investment interest is represented by the informational value of the mark, separate from its source-designating function.

IV. CRAFTING A LEGAL FRAMEWORK FOR THE INFORMATION-ASSET MARK

Since the protection of information-asset marks does not fall within the parameters of traditional consumer-protection doctrines, the scope of their protection would not be delimited by the historical norms of likely confusion, "trademark use in commerce," and associated doctrines. To the contrary, like copyrights, third-party uses of information-asset marks would be encouraged—particularly where such uses assist in creating new competitive spaces in the digital market.¹³⁰ To achieve these dual goals of protection and access, however, several difficult normative questions remain to be answered.

A. Setting the Parameters of the Information Asset

The Lanham Act has established a fairly low threshold for symbols to qualify for trademark protection. The test of distinctiveness¹³¹ may be sufficient to determine whether commercial symbols have the legal potential to become recognizable source designators for the relevant purchasing public.¹³² But such a test for the potentially expanded rights that trademark

¹³⁰ Thus, for example, an expanded fair use doctrine similar to that established under the Copyright Act, 17 U.S.C. § 107 (2006), might be desirable to permit certain informational uses that are deemed critical to the development of the digital market. *See, e.g., Kelly v. Arriba Soft Corp.*, 336 F.3d 811, 815, 819–20, 822 (9th Cir. 2003) (use of thumbnails of copyrighted works in Internet search results considered a fair transformative use).

¹³¹ To qualify for protection under the Lanham Act, a mark must be capable of distinguishing the associated goods or services of the owner from others. *See* 15 U.S.C. § 1052 (2006) ("No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principle register."); *see also* TRIPS, *supra* note 1, art. 15 (defining a trademark as "[a]ny sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings"). Under the Lanham Act, trademarks are further divided in two levels of distinctiveness. Fanciful, arbitrary, coined, and suggestive marks are considered inherently distinctive and are subject to protection upon a bona fide use in commerce as a mark. *See Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 8–9, 11 (2d Cir. 1976). Descriptive and other marks such as product configurations are considered to have acquired distinctiveness and must be used for a sufficient period of time to develop secondary meaning among the relevant public before they qualify for protection. *Id.* at 9–10; *see also Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205 (2000) (all product configurations require secondary meaning).

¹³² Of course, such legal distinctiveness does not make a brand recognizable as a practical matter. Instead, marks must be used in commerce and investments in advertising and the like made before any mark comes to represent a particular product or quality to the public. *See Barton Beebe, The Semiotic Analysis of Trademark Law*, 51 UCLA L. REV. 621 (2004) (describing the interaction between consumers and marks in establishing commercial meanings for trademarks).

owners would be granted in an information-asset mark would pose a serious threat of monopolization. It would grant to the first adopter a virtual monopoly over their selected mark on any good or service no matter how competitively disconnected they may be. To avoid such monopolistic tendencies, some standard higher than legal distinctiveness must be required, particularly since the ameliorating effect of consumer confusion or some other competitive nexus on such monopolistic tendencies forms no part of the information-asset rights paradigm. Even Schechter in his early proposal for dilution protection focused on the protection of coined or fanciful marks.¹³³ While the current version of federal trademark dilution expressly removes any differentiation between acquired and inherent distinctiveness,¹³⁴ such distinction may well be critical in limiting the over-expansive application of this new rights paradigm.

At a minimum, an information-asset mark must achieve some level of renown to justify the expanded protection of the informational value of the mark beyond the limits of competition and consumer confusion. Current standards for well-known or famous marks may prove a useful starting place for this new rights paradigm. However, simply using the term “famous” without considering what type of renown is actually implicated by an information-asset right would merely continue the already frustrating confusion that surrounds present famous-mark protection.

The definition of what qualifies as a “famous” mark protected under federal dilution statutes has changed over time. The original dilution statute included regional¹³⁵ and niche marks¹³⁶ within the scope of marks protected against the harm of dilution. It provided an eight-factor test for determining whether a mark qualified as “famous” under the statute.¹³⁷ These factors focused primarily on the scope of use of the mark¹³⁸ and its strength.¹³⁹ By contrast, under the Revised Trademark Dilution Act, the number of marks that qualify for heightened protection has been reduced. Niche marks are excluded.¹⁴⁰ Instead, only a mark that “is widely recognized by the general

¹³³ See Schechter, *supra* note 42, at 832.

¹³⁴ See 15 U.S.C. § 1125(c) (2006) (providing protection to famous marks that are “distinctive, inherently or through acquired distinctiveness”).

¹³⁵ See *WaWa, Inc. v. Haaf*, 40 U.S.P.Q.2d (BNA) 1629, 1631 (E.D. Pa. 1996).

¹³⁶ See *Times Mirror Magazines, Inc. v. Las Vegas Sports News, L.L.C.*, 212 F.3d 157, 164 (3d Cir. 2000).

¹³⁷ See 15 U.S.C. § 1125(c)(1)(A)–(H) (1994 & Supp. 1996).

¹³⁸ Such scope included the duration, geographical extent, and channels of trade for the mark and its related goods, services, and advertising. See *id.* § 1125(c)(1)(B)–(E).

¹³⁹ See *id.* § 1125(c)(1)(A), (F)–(G).

¹⁴⁰ See H.R. REP. NO. 109-23, at 8 (2005) (“[T]he legislation expands the threshold of ‘fame’ and thereby denies protection for marks that are famous only in ‘niche’ markets.”).

consuming public of the United States as a designation of source of the goods or services of the mark's owner" is protected.¹⁴¹ The statute continues to provide statutory factors to determine fame. These factors, however, have been reduced to four, which focus primarily on the scope of use of the mark to determine renown.¹⁴² No consideration of renown based solely on the strength of the mark is included.¹⁴³

In addition to dilution protection, U.S. trademark law also protects "famous marks" under the common-law "famous marks" doctrine.¹⁴⁴ Designed to meet U.S. obligations under Article 6bis of the Paris Convention,¹⁴⁵ this doctrine contains additional standards for determining whether a mark is "famous." In *Grupo Gigante SA de CV v. Dallo & Co.*,¹⁴⁶ the court stated that "a substantial percentage of consumers in the relevant American market [must be] familiar with the foreign market."¹⁴⁷ In *Empresa Cubana Del Tabaco v. Culbro Corp.*,¹⁴⁸ by contrast, the court considered secondary-meaning factors to determine if a mark had a "known reputation."¹⁴⁹ In crafting a rebooted Lanham Act to protect information-asset marks, the methodology for determining the appropriate level of renown must be clearly set forth. To reduce unwanted monopolization of common terms, the strength of the mark should be a critical, if not determinative, factor in determining whether a mark has sufficient informational value beyond its source-designating significance to warrant protection. If a level of renown less than nationwide fame is ultimately required, then the rights of the holder of such an information-asset mark

¹⁴¹ 15 U.S.C. § 1125(c)(2)(A) (2006).

¹⁴² See *id.* § 1125(c)(2)(A)(i)-(iv). These factors focus on the "duration, extent, and geographic reach of advertising and publicity of the mark" and "[t]he amount, volume, and geographic extent of sales of goods or services offered under the mark." *Id.* § 1125(c)(2)(A)(i)-(ii).

¹⁴³ The only "renown" factor considered is "the extent of actual recognition of the mark." *Id.* § 1125(c)(2)(A)(iii). It is not clear if this factor will include consideration of the strength of the mark, although the explicit reference to actual recognition would appear to require direct evidence of renown such as surveys. The House Report is silent on the issue.

¹⁴⁴ It is not clear to what extent the common-law doctrine is applicable to the Lanham Act. In *ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135 (2d Cir. 2007), the Second Circuit explicitly rejected any such doctrine under the Lanham Act. Although this decision arguably established a direct conflict with decisions by other circuits to the contrary, for example, *Grupo Gigante SA De CV v. Dallo & Co.*, 391 F.3d 1088 (9th Cir. 2004), the Supreme Court denied certiorari. See *ITC Ltd. v. Punchgini, Inc.*, 552 U.S. 827 (2007).

¹⁴⁵ See, e.g., *Grupo Gigante SA De CV*, 391 F.3d at 1099. Article 6bis of the Paris Convention requires countries to protect well-known marks even without domestic registrations. See Paris Convention, *supra* note 102, art. 6bis. For a more detailed discussion of Article 6bis, see *supra* note 102.

¹⁴⁶ *Grupo Gigante SA De CV*, 391 F.3d 1088.

¹⁴⁷ *Id.* at 1098 (second emphasis added).

¹⁴⁸ *Empresa Cubana Del Tabaco v. Culbro Corp.*, 70 U.S.P.Q.2d (BNA) 1650 (S.D.N.Y. 2004), *rev'd on other grounds*, 399 F.3d 462 (2d Cir. 2005).

¹⁴⁹ See *id.* at 1676-77.

should be similarly restricted because the investment interest to be protected is less than for a nationally famous mark.

The scope of protection for an information-asset mark should *not* follow the current confusion-based tests for infringement under the Lanham Act,¹⁵⁰ because what is protected is the investment interest in the information-asset mark. Instead, the scope of protection should follow the controlled-uses model of copyright and patent law.¹⁵¹ The revised statute should specify the types of uses that the trademark owner has the power to do or authorize in connection with the information-asset mark. This specification should follow the positive-rights model of copyright law. Unlike copyright, however, such uses should be commercial in nature. Noncommercial uses should continue to fall outside the scope of Lanham Act protection.¹⁵²

Unlike copyrights and patents, trademarks have no specific durational limitation.¹⁵³ To the contrary, so long as a mark does not lose its distinctiveness,¹⁵⁴ it can continue to be protected against unauthorized uses. This differing treatment is the direct result of the absence of any temporal limitation imposed by the Commerce Clause. So long as the federal protection of information-asset marks is limited to commercial uses in commerce that can be regulated by Congress,¹⁵⁵ no durational limit is required. In the absence of any such limitation, however, the legislation establishing an information-asset mark will most likely be challenged as a violation of the “limited times” obligation under the Copyrights and Patents Clause of the Constitution.¹⁵⁶ While the *Trade-Mark Cases*¹⁵⁷ held that such

¹⁵⁰ See 15 U.S.C. §§ 1114, 1125(a) (2006).

¹⁵¹ See 17 U.S.C. § 106 (2006) (listing the acts that copyright owners are authorized to do and permit others to do with their copyrighted works); 35 U.S.C. § 271 (2006) (listing the acts that patent owners may prohibit in connection with their patented inventions).

¹⁵² See, e.g., 15 U.S.C. § 1125(c)(3)(B)-(C) (expressly excluding from dilution prohibitions “[a]ll forms of news reporting and news commentary” and “[a]ny noncommercial use of a mark”). The statute also excludes parodies, criticism, and comments “upon the famous mark owner or the goods or services of the famous mark owner.” *Id.* § 1125(c)(3)(A)(ii).

¹⁵³ Currently, copyrights last for seventy years after the death of the author. 17 U.S.C. § 302(a) (2006). Patents generally last twenty years from the date of application. 35 U.S.C. § 154(a)(2) (2006).

¹⁵⁴ Such loss of distinctiveness can occur in numerous ways, including genericide. See 15 U.S.C. § 1127 (2006) (defining abandonment as including “acts of omission as well as commission . . . [that] cause[] the mark to become the generic name for the goods or services on or in connection with which it is used or otherwise to lose its significance as a mark”); see also *supra* note 63.

¹⁵⁵ This includes commercial uses in interstate and foreign commerce, and commerce with Indian tribes. See U.S. CONST. art. I, § 8, cl. 3 (“Congress shall have the Power . . . To regulate Commerce with foreign Nations, and among the several States and with the Indian Tribes”); see also 15 U.S.C. § 1127 (defining commerce under the Lanham Act as “all commerce which may lawfully be regulated by Congress”).

¹⁵⁶ See U.S. CONST. art. I, § 8, cl. 8 (restricting the power of Congress to protect copyrights and patents by granting exclusive rights “for limited Times”).

¹⁵⁷ *Trade-Mark Cases*, 100 U.S. 82 (1879).

clause could not form the basis for the 1870 federal trademark statute on the grounds of lack of creativity in origination,¹⁵⁸ the more information assets approach the property-like nature of copyrights and patents, the more likely they will be considered an attempt to circumvent the durational requirements of the Copyrights and Patents Clause.¹⁵⁹ Such challenge, however, should ultimately prove unsuccessful since information-asset marks continue to gain their value through use as opposed to creation.¹⁶⁰

B. Resisting the Impulse Toward Monopolization

Protecting information-asset marks as a property investment should not give owners absolute rights over every use of the mark. At a minimum, because of the need for marks to qualify for protection under the strictures of the Commerce Clause, the permitted uses must be expressly commercial in nature. To avoid the potential monopolization of commercial speech that could occur as a result of an overly expansive application of rights to information-asset marks, the protection of such marks must further be subject to the same exceptions that apply to source-designating marks for noncommercial speech.¹⁶¹ Moreover, since the new information-asset mark is being protected for its informational or speech values, additional limitations should be crafted to assure adequate access by third parties to the purely informational aspects of such marks. Such limitations should be modeled on the fair use limitations of copyright,¹⁶² and subject to the same considerations of market efficiency¹⁶³ and social benefit.¹⁶⁴

¹⁵⁸ See *id.* at 93–94 (describing the development of trademarks as “often the result of accident” possessing “neither originality, invention, discovery, science, nor art”).

¹⁵⁹ See *United States v. Moghadam*, 175 F.3d 1269, 1281 (11th Cir. 1999).

¹⁶⁰ See *id.* (holding that Congress may enact copyright-like protection under the Commerce Clause under certain conditions).

¹⁶¹ See 15 U.S.C. § 1125(c)(3) (2006) (providing exceptions to dilution protection for noncommercial speech); see also *supra* note 152. In addition to exceptions for noncommercial speech, information-asset marks should also be subject to the full panoply of exceptions required under the First Amendment. See, e.g., *Cliffs Notes, Inc. v. Bantam Doubleday Dell Publ’g Group, Inc.*, 886 F.2d 490, 494 (2d Cir. 1989) (upholding parody of plaintiff’s Cliffs Notes, stressing that the Lanham Act should be construed to apply to artistic works “only where the public interest in avoiding consumer confusion outweighs the public interest in free expression” (quoting *Rogers v. Grimaldi*, 875 F.2d 994, 999 (2d Cir. 1989))); *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d 26, 33 (1st Cir. 1987) (“The Constitution does not, however, permit the range of the anti-dilution statute to encompass the unauthorized use of a trademark in a non-commercial setting such as an editorial or artistic context.”).

¹⁶² See 17 U.S.C. § 107 (2006).

¹⁶³ See, e.g., *Am. Geophysical Union v. Texaco Inc.*, 60 F.3d 913 (2d Cir. 1994) (examining the impact of market availability on fair-use defenses); see also Wendy J. Gordon, *Fair Use as Market Failure: A Structural and Economic Analysis of the Betamax Case and Its Predecessors*, 82 COLUM. L. REV. 1600, 1601, 1604 (1982) (an early work regarding the role of market efficiencies in connection with fair-use determinations); Glynn S. Lunney, Jr., *Fair Use and Market Failure: Sony Revisited*, 82 B.U. L. REV. 975, 985–89 (2002) (disputing Gordon’s analysis and arguing that unauthorized copying should be considered fair when the net benefit received by society outweighs the loss

By crafting a new rights regime for information-asset marks, new potential revenue streams for the holders of such marks will need to be developed. These new revenue streams will develop as new competitive spaces are developed. Just as copyright law has adapted to the benefits and challenges of the digital marketplace, trademarks need to make similar accommodations. Such accommodations will include the development of new digital licensing models for the use of information-asset marks by third parties. Since the closest analogue to the information-asset mark is a digital copyrighted work, digital licensing models for such works, including for example, the present Sound Exchange performing rights¹⁶⁵ and Creative Commons¹⁶⁶ licensing schemes, could serve as beneficial models.¹⁶⁷ Critically, however, these new licensing mechanisms should include limited compulsory licenses for information-asset marks. While such licenses at first blush appear to burden the flow of information in the digital market, they actually return a balance to that marketplace by treating information-asset marks like other forms of intellectual property, where social uses are balanced against traditional compensation rights through carefully structured compulsory licenses. As opposed to restricting the use of information assets by third parties, the licensing of these assets could be the first step toward creating new norms that support the flourishing of new uses of information-asset marks.

One of the difficulties in establishing compulsory licenses, or even expanded fair-use rights, for information-asset marks is the historical prohibition against such licenses.¹⁶⁸ Because of the source-designating function of trademarks, under U.S. law, if a mark is licensed to be used by a

generated by the copying).

¹⁶⁴ See, e.g., *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579 (1994) (relying on the “social benefit” of parodies “by shedding light on an earlier work, and, in the process, creating a new one” to support its finding that plaintiff’s rap parody qualified as a fair use); *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 454 (1984) (analyzing the societal benefits time shifting provides to determine whether it qualifies as a fair use). See generally Pierre N. Leval, *Toward a Fair Use Standard*, 103 HARV. L. REV. 1105 (1990) (presenting an early but informative analysis of social-benefit theories; relied on to support transformation defense in *Campbell*).

¹⁶⁵ Sound Exchange is a performing rights organization that collects and distributes digital performance rights royalties in the United States. See generally *Get Paid When You Get Played*, SOUND EXCHANGE, <http://soundexchange.com/performer-owner/performer-src-home/> (last visited Feb. 24, 2011).

¹⁶⁶ Creative Commons is a nonprofit organization that offers several types of model licenses to permit the uncompensated licensing of copyrighted materials. See generally *About the Licenses*, CREATIVE COMMONS, <http://creativecommons.org/licenses/> (last visited Feb. 24, 2011).

¹⁶⁷ See, e.g., Katie Fimentel, Comment, *Trademark Use as Keywords: A Comparative Look at Trademark Use as Keywords in Paid Search and Digital Public Performance Rights for Sound Recordings*, 9 J. MARSHALL REV. INTELL. PROP. L. 553, 573 (2010) (proposing a congressionally regulated compulsory license for keyword buys modeled on digital performance rights under copyright).

¹⁶⁸ For an early examination of some of the issues raised by compulsory licenses for trademarks, see J. Thomas McCarthy, *Compulsory Licensing of a Trademark: Remedy or Penalty?*, 67 TRADEMARK REP. 197, 228–29, 231–33 (1977).

third party, the trademark owner must maintain the right to control the quality of the goods or services offered under the mark.¹⁶⁹ Failure to exercise adequate control qualifies as abandonment because the mark loses its source-designating function.¹⁷⁰ Given the critical relationship of quality control to the value of a mark as an information signifier, compulsory licensing of trademarks has long been prohibited. This prohibition is so strong that it is a standard principle of international trademark law. Article 21 of TRIPS, for example, expressly prohibits the compulsory licensing of trademarks.¹⁷¹ Such prohibitions make sense in the case of source-designating trademarks. Yet, just as the doctrine of likelihood of confusion should play no role in the determination of rights in an information-asset mark, similarly, compulsory-licensing prohibitions should be equally inapplicable. Use of information-asset marks does not implicate the critical consumer-information role of trademarks. Consequently, so long as compulsory uses are restricted to those uses that do not adversely impact the investment value of the information-asset mark, they should not be prohibited. Thus, because the use of trademarks for keyword buys arguably reduces consumer search costs and provides critical informational support for the digital market, such use could be required under a compulsory license. The use of an information-asset mark in such a fashion would cause no harm to the trademark owner's investment interest. To the contrary, it is receiving compensation for the informational use of its mark. To the extent that the use of the mark in such a fashion causes harm, for example, by associating the mark with a pornographic website or through other tarnishing acts,¹⁷² such use should fall outside the scope of permissible compulsory uses and be readily prohibited.

¹⁶⁹ See *Dawn Donut Co. v. Hart's Food Stores, Inc.*, 267 F.2d 358, 366 (2d Cir. 1959).

¹⁷⁰ See, e.g., *Barcamerica Int'l USA Trust v. Tyfield Importers, Inc.*, 289 F.3d 589, 598 (9th Cir. 2002) (“[N]aked licensing, without any control over the quality of goods produced by the licensee . . . is *inherently deceptive* and constitutes abandonment of any rights to the trademark by the licensor.” (quoting *First Interstate Bancorp v. Stenquist*, 16 U.S.P.Q.2d (BNA) 1704, 1706 (N.D. Cal. 1990))).

¹⁷¹ See TRIPS, *supra* note 1, art. 21 (“Members may determine conditions on the licensing and assignment of trademarks, it being understood that the compulsory licensing of trademarks shall not be permitted and that the owner of a registered trademark shall have the right to assign the trademark with or without the transfer of the business to which the trademark belongs.”).

¹⁷² Tarnishment has been broadly defined as linking a trademark “to products of shoddy quality, or is portrayed in an unwholesome or unsavory context,” with the result that “the public will associate that lack of quality or lack of prestige in the defendant’s goods with the plaintiff’s unrelated goods.” *Hormel Foods Corp. v. Jim Henson Prods., Inc.*, 73 F.3d 497, 507 (2d Cir. 1996) (quoting *Deere & Co. v. MTD Prods., Inc.*, 41 F.3d 39, 43 (2d Cir. 1994) (internal quotation marks omitted)); see also *Ringling Bros.—Barnum & Bailey Combined Shows, Inc. v. B.E. Windows Corp.*, 937 F. Supp. 204, 209 (S.D.N.Y. 1996) (defining tarnishment as unauthorized use of trademarks in connection with “inferior or unwholesome goods or services,” such as “obscenity, sexual activity or illegal activity” (citing *Hormel Food Corp.*, 73 F.3d at 507; *Deere & Co.*, 41 F.3d at 43; *Chemical Corp. v. Anheuser—Busch, Inc.*, 306 F.2d 433

Establishing compulsory licenses for information-asset marks would not violate present U.S. or international prohibitions against such licenses because the information-asset mark is not the source identifier protected by such prohibitions. Such compulsory licenses also do not implicate the protection of the goodwill that lies at the heart of trademark protection for source-designating marks.

“Goodwill” is undefined under the Lanham Act, but is a necessary adjunct in the assignment of any registered or applied-for mark.¹⁷³ It has been variously defined as “a spirit that hovers over the physical,”¹⁷⁴ “the favorable regard of the purchasing public,”¹⁷⁵ “the expectancy of continued patronage,”¹⁷⁶ and “the intangible value of a business beyond the value of its physical assets.”¹⁷⁷ Goodwill plays a critical role in the existence and valuation of source-designating marks. In language that has been constantly relied upon to explain this interrelationship, the Supreme Court in *United Drug Co. v. Theodore Rectanus Co.*¹⁷⁸ held:

There is no such thing as property in a trade-mark except as a right appurtenant to an established business or trade in connection with which the mark is employed. . . . [T]he right to a particular mark grows out of its use, not its mere adoption; its function is simply to designate the goods as

(5th Cir. 1962); *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 467 F. Supp. 366 (S.D.N.Y. 1979), *aff'd*, 604 F.2d 200 (2d Cir. 1979)). Use of trademarks as domain names for pornographic websites is also generally found to be tarnishing or qualify as cybersquatting. *See* *Mattel Inc. v. Internet Dimensions Inc.*, 55 U.S.P.Q.2d (BNA) 1620, 1627 (S.D.N.Y. 2000) (“Even more to the point, a mark can be tarnished when its likeness is placed in the context of sexual activity, obscenity, or illegal activity. Mattel here essentially claims that linking BARBIE with pornography will adversely color the public’s impressions of BARBIE. I agree. The BARBIE doll has been associated with wholesomeness by generations of preteen girls. The BARBIE dolls, with their long blonde hair and anatomically improbable dimensions, are ostensibly intended to portray wholesomeness to young girls. The ‘models’ on the ‘barbiesplaypen.com’ site, although many have long blonde hair and anatomically improbable dimensions, can in no way be described as engaging in ‘wholesome’ activities.” (citations omitted)). *But see* *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d 26, 27, 31–33 (1st Cir. 1987) (finding use of “L.L. Bean’s Back-to-School-Sex-Catalog” was not tarnishing since the parody was noncommercial and stating that “[n]either the strictures of the first amendment nor the history and theory of anti-dilution law permit a finding of tarnishment based solely on the presence of an unwholesome or negative context in which a trademark is used without authorization”).

¹⁷³ *See* 15 U.S.C. § 1060(a)(1) (2006) (“A registered mark or a mark for which an application to register has been filed shall be assignable with the good will of the business in which the mark is used, or with that part of the good will of the business connected with the use of and symbolized by the mark.”).

¹⁷⁴ *Smith v. Davidson*, 31 S.E.2d 477, 479 (Ga. 1944) (“It is difficult to conceive of the good will of a business . . . as a thing of form and substance. It is more like a spirit that hovers over the physical, a sort of atmosphere that surrounds the whole; the aroma that springs from the conduct of the business; the favorable hue or reflection which the trade has become accustomed to associate with a particular location or under a certain name.”).

¹⁷⁵ *Premier-Pabst Corp. v. Elm City Brewing Co.*, 9 F. Supp. 754, 757 (D. Conn. 1935).

¹⁷⁶ *Boe v. Comm’r*, 307 F.2d 339, 343 (9th Cir. 1962).

¹⁷⁷ 1 MCCARTHY, *supra* note 55, § 2:19.

¹⁷⁸ *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90 (1918).

the product of a particular trader and to protect his good will against the sale of another's product as his¹⁷⁹

Yet despite this critical interface, goodwill remains an evanescent concept. While most concede that goodwill includes the concept of reputation, the precise effect of assigning a trademark without its goodwill is unclear. Some courts maintain that an assignment in gross (without goodwill) results in the abandonment of the mark.¹⁸⁰ Others treat such an assignment as a contractual failure of the assignment of a priority right that does not prevent the assignee from using the mark.¹⁸¹ Even more problematic, while the present obligation of goodwill transfer does not include the transfer of physical business assets,¹⁸² the failure to use an assigned mark on the same quality goods may result in an abandonment of the mark.¹⁸³ Thus, for example, an alteration in the formula for baking powder by substituting phosphate for alum was sufficient to result in trademark forfeiture.¹⁸⁴

Despite the relationship between reputation and trademarks that goodwill broadly represents, this relationship does not implicate the informational values that attach to the information-asset mark. As the court in *Sugar Busters LLC v. Brennan*¹⁸⁵ recognized: "The purpose of the rule prohibiting the sale or assignment of a trademark in gross is to prevent a consumer from being misled or confused as to the source and nature of the goods or services that he or she acquires."¹⁸⁶ This source-confusion role fits within the normative framework of the source-designating mark. It does not fit so readily within the nonconsumer purchasing information protected

¹⁷⁹ *Id.* at 97 (citing *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 412–14 (1916)).

¹⁸⁰ See *Johanna Farms, Inc. v. Citrus Bowl, Inc.*, 468 F. Supp. 866, 879 (E.D.N.Y. 1978) (stating that assignment of mark without goodwill results in abandonment).

¹⁸¹ See, e.g., *Clark & Freeman Corp. v. Heartland Co.*, 811 F. Supp. 137 (S.D.N.Y. 1993); 3 McCARTHY, *supra* note 55, § 18:27 & nn.2–13.

¹⁸² See, e.g., *Glamorene Prods. Corp. v. Procter & Gamble Co.*, 538 F.2d 894, 895–96 (C.C.P.A. 1976) ("[T]ransfer of tangible assets (inventory, labels, customer lists, formulas, etc.) is not necessary to an effective trademark assignment." (citing *Sterling Brewers, Inc. v. Schenley Indus., Inc.*, 441 F.2d 675 (C.C.P.A. 1971); *Hy-Cross Hatchery, Inc. v. Osborne*, 303 F.2d 947 (C.C.P.A. 1962))). For a history and rationale of the assignment in gross rules for trademarks, see generally RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 34 cmt. b (1995).

¹⁸³ See, e.g., *PepsiCo, Inc. v. Grapette Co.*, 416 F.2d 285, 288 (8th Cir. 1969) ("Basic to this concept is the proposition that any assignment of a trademark and its goodwill (with or without tangibles or intangibles assigned) requires the mark itself be used by the assignee on a product having substantially the same characteristics." (citing *Atlas Beverage Co. v. Minneapolis Brewing Co.*, 113 F.2d 672 (8th Cir. 1940); *W.T. Wagner's Sons Co. v. Orange Snap Co.*, 18 F.2d 554 (5th Cir. 1927); *Indep. Baking Powder Co. v. Boorman*, 175 F. 448 (C.C.D.N.J. 1910); *H.H. Scott, Inc. v. Annapolis Electroacoustic Corp.*, 195 F. Supp. 208 (D. Md. 1961))).

¹⁸⁴ See *Indep. Baking Powder Co.*, 175 F. at 455.

¹⁸⁵ *Sugar Busters LLC v. Brennan*, 177 F.3d 258 (5th Cir. 1999).

¹⁸⁶ *Id.* at 265 (citing *Visa, U.S.A., Inc. v. Birmingham Trust Nat'l Bank*, 696 F.2d 1371, 1375 (Fed. Cir. 1982)).

by the information-asset mark.¹⁸⁷ Consequently, traditional prohibitions against compulsory licenses and assignments in gross should be inapplicable to these marks. Furthermore, in light of the need to prevent potential monopolization of commercial speech that the adoption of an information asset may create, such licenses may need to be liberally applied.

V. CONCLUSION

Rebooting the Lanham Act to include recognition of a new information-asset mark will not suit everyone. Trademark owners will gain the recognized right to control certain uses of their trademarks divorced from the limitations of consumer confusion that have proven so challenging in the digital marketplace. At the same time, if this reboot is to be successful, mark owners will also lose a certain amount of control over the informational aspects of their marks as they are subjected to the necessary limitations of expanded fair use and compulsory licensing. Treating information assets like other forms of intellectual property—where socially beneficial uses are balanced against traditional compensation rights through carefully structured fair use and compulsory-licensing rights—could be the first step toward creating new norms that support the flourishing of new uses of trademarks in the evolving competitive spaces of the digital marketplace. But such new uses can only occur if we reboot the Lanham Act to end the confusing dichotomy of the present trademark regime and allow trademarks to become full members of the intellectual property “club.”

¹⁸⁷ *But cf.* Bone, *supra* note 123, at 549 (contending that goodwill protection is connected to misappropriation of a trademark owner’s property right).