

WHO'S FOOLING WHOM:
AN ECONOMIC ANALYSIS OF EXPRESSIVE
TRADEMARK USE

*Robert E. Pfeffer*¹

"Non-economic snobbish desires of consumers... and the satisfaction of their desires engendered by ignorance have been said to be entitled to judicial protection.... It is perhaps not inappropriate to ask whether snobbism and catering to ignorance are important social interests deserving governmental assistance." *Standard Brands v. Smidler*, 151 F.2d 34, 41 (2d Cir. 1945) (Frank, J. concurring).

"If buyers wish to be snobs, the law will protect them in their snobbery." *Benton Announcements Inc. v. FTC*, 130 F.2d 254, 254 (2d Cir. 1942) (Per Curiam)

Introduction

Trademarks have traditionally been used as a means by which producers enable consumers to distinguish different brands of the same product. In some cases, however, consumers use trademarks "expressively" to distinguish themselves from other consumers (who buy different brands), to express affiliation with a particular organization, such as a sports team (e.g., a Chicago Bulls cap) or to otherwise convey an image or message to other persons (e.g., by wearing a prestigious watch, such as a Rolex). Such expressive use of trademarks presents a market for an unusual form of counterfeit goods. These goods are not intended to defraud the purchaser. They are intended to allow the purchaser to fool other people, namely those

¹ Visiting Assistant Professor of Law, University of Mississippi School of Law; B.A., University of Chicago; M.S., Oxford University; J.D., University of Chicago. Email: pfeffer@olemiss.edu.

who see the product and believe the counterfeit to be the genuine article. Today's knock-off Gucci bags or fake Rolex watches are examples of such goods.

Counterfeit goods bearing expressive trademarks present a difficult problem for trademark law.² Liability for trademark infringement turns upon likelihood of confusion. With expressive counterfeits there is usually confusion. However, confusion usually takes place not in the market for the goods themselves, but among consumers in the post-sale market.

Case law and commentary, while providing insight into this issue, has not produced a comprehensive framework for dealing with trademark disputes involving expressive marks. Most cases involving expressive trademarks have simply latched onto the "likelihood of confusion" standard and asked whether such existed in the case before the court, without focusing on *who* would likely be confused. As such, most cases on point have not addressed the important distinction between a trademark that confuses a purchaser of a product and one that merely confuses a member of the general public who sees the mark on the good after the purchaser has bought the good (where the purchaser knew he or she was buying a knock-off product). Moreover, there has been a major split in authority in the federal appellate courts, originating with the Fifth and Ninth Circuit in the late 1970s and early 1980s, that has not been resolved.

Several commentators have recognized the problem expressive trademarks present. Nonetheless, while several scholarly articles have identified the problem, none has reached a solution that both 1) recognizes that traditional trademark doctrine and language alone do not present a solution to the expressive mark problem and 2) also withstands scrutiny under relevant trademark doctrine.

More specifically, the focus of much scholarship on expressive trademarks has been on the question of whether such marks should be denied protection because they are either "generic" or "functional." Genericism or functionality are each doctrines in trademark law that prevent a mark from getting trademark protection. While it is worthwhile to examine the question of whether a trademark's expressive use makes it generic or functional, the commentary to date has not examined this question with sufficient rigor. Thus, while the articles and cases that have discussed expressive marks in these terms add an important aspect to the discussion, none have reached a satisfactory answer on these issues.

This article, building upon the commentary to date on expressive trademarks as well as general economic analysis, provides a framework that is rooted in the core principles of trademark law but applies those principles to the interesting problem of expressive marks. Specifically, after discussing

² Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 YALE L.J. 1687, 1706 (1999); Daniel Klerman, *The Expressive Function of Trademarks* (1998) (unpublished article on file with author) at 1.

the doctrine and commentary to date on expressive trademarks as well as the seminal economic analysis of traditional trademark principles written by Landes and Posner, this article provides a model rooted in such economic analysis for analyzing various contentions about expressive marks that courts and commentators have made. It then provides a structure for analyzing expressive marks that accounts for evaluating such marks with regard to traditional trademark law and with a view to these marks' unusual characteristics.

More particularly, using economic analysis, this article demonstrates:

- (1) that the arguments for not granting trademark protection to expressive trademarks on the ground that such marks are either "generic" or "functional" are flawed. Examining the economic underpinnings of such doctrines, the article concludes that categorically denying trademark protection to expressive marks under these doctrines does not square with the theoretical and policy bases of these doctrines. These approaches are likely to lead to economically inefficient results, inconsistent with the aims of the functionality and genericism doctrines;
- (2) that while likelihood of confusion should be the touchstone by which the validity of infringement claims involving expressive (as well as non-expressive) trademarks should be analyzed, merely finding confusion by some parties over-simplifies the issue. This approach is also likely to lead to economically inefficient results. Rather, a proper analysis requires questioning whose confusion is relevant and determining who is likely to be confused by different types of expressive trademarks. Specifically, confusion at the point of sale should be analyzed the same way for expressive as well as non-expressive trademarks. Further, with few exceptions, trademark law should not be concerned with confusion other than at the point of sale. Moreover, attempts to use trademark law to find infringement based upon confusion in the post-sale market will often be inefficient. Therefore, with both expressive and non-expressive marks, trademark law should generally be limited to determining whether there is confusion at the point of sale.

In sum, the article applies economic analysis to case law and commentary on expressive marks. Using this analysis, the article provides a basis for evaluating expressive trademarks that, while taking account of the dialogue to date, provides a model that is more consistent with the aims of trademark law.

I. The Expressive Uses of Trademarks and How Expressive Uses Differ from Traditional Uses

Most consumers encounter trademarks continually. When one searches for a six-pack of the familiar red and white cans of Coca-Cola, the Coke trademark is functioning in the traditional sense of “allow[ing] a purchaser to identify goods or services that have been satisfactory in the past....”³ In such a case, a trademark minimizes search costs by allowing a consumer to efficiently identify the goods he wishes to purchase. In many cases, however, individuals “purchase branded goods for the purpose of demonstrating to others that they are consumers of the particular good.”⁴ In such cases, the trademarks “become communicative symbols.”⁵ This latter category constitutes expressive use of trademarks.⁶ This paper divides expressive use into three categories: status, emblem, and parody.⁷ The common bond among these is that “it is the ‘trademark’ that consumers want to purchase.”⁸

³ 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 2:3 (4th ed. 2004); Klerman, *supra* note 2, at 1.

⁴ Richard S. Higgins & Paul H. Rubin, *Counterfeit Goods*, 29 J. L. & ECON. 211, 211 (1986); Klerman, *supra* note 2, at 1 (“[A] person who purchases and wears a Chicago Bulls tee-shirt does so primarily to show that she is a fan of the team. Anything the team logo might communicate about the quality of the tee-shirt (its material, stitching, etc.) is secondary, if not completely irrelevant.”).

⁵ Alex Kozinski, *Trademarks Unplugged*, 68 N.Y.U. L. REV. 960, 972-73 (1993); Malla Pollack, *Your Image is My Image: When Advertising Dedicates Trademarks to the Public Domain - With an Example From the Trademark Counterfeiting Act of 1984*, 14 CARDOZO L. REV. 1392, 1393 (1993); Rochelle Cooper Dreyfus, *Expressive Genericity Trademarks as Language in the Pepsi Generation*, 65 NOTRE DAME L. REV. 397 (1990).

⁶ This article uses the term “expressive use.” This is the terminology used in RESTATEMENT (THIRD) OF UNFAIR COMPETITION, § 20 cmt. b (1995) in connection with emblem goods. Klerman, *supra* note 2, also uses the term “expressive function.” Pollack, *supra* note 5, discusses “communicative symbols” and “signaling function.” Many others have also discussed this aspect of trademark. See, e.g., Higgins & Rubin, *supra* note 4; Brian J. Kearney, Note, *The Trademark Counterfeiting Act of 1984: A Sensible Legislative Response to the Ills of Commercial Counterfeiting*, 14 FORDHAM URB. L.J. 115 (1985-86); David J. Meyer, *Misapplication of the Misappropriation Doctrine to Merchandising*, 11 COLUM.-VLA J.L. & ARTS 601 (1987).

⁷ This division is made both because of the descriptive differences among these categories and because this paper determines that there are sound legal and economic reasons to distinguish among these uses. The focus of the analysis will be on status and emblem goods. Reference to parody is made here, however, to indicate that such uses resemble status and emblem goods in that parody users also appropriate trademarks for expressive rather identifying purposes. To some extent, a given parody use may be analyzed in terms of either emblem or status uses.

⁸ Meyer, *supra* note 6, at 626. This is not to say that the consumer only wants the product because of the ability to make expressive use of the mark. How much the consumer cares about the mark as opposed to the underlying product will vary

A. *Status Goods*

Status goods consist of those products that consumers purchase to indicate that they are part of an exclusive set.⁹ These goods often have an element of exclusivity or “snob” value: some of these consumers get utility in inverse proportion to the volume of the good in circulation.¹⁰ Some purchasers will buy counterfeit snob goods even when they know that they are getting cheap imitations.¹¹ Additionally, in contrast to emblem goods,¹² status goods generally do not have an underlying entity, such as a sports team, associated with them.

Status goods are abundant. The Izod crocodile,¹³ the Ralph Lauren polo player,¹⁴ Rolex watches,¹⁵ and Ferrari automobiles¹⁶ are examples of status goods or marks that have been subject to civil or criminal cases involving counterfeit goods. Levi jeans¹⁷ and Calvin Klein's Obsession¹⁸ are also status

among consumer and goods. For this analysis, it only matters that an element of the consumer's decision making process is dependent upon the expressive value of the mark.

⁹ See Higgins & Rubin, *supra* note 4, at 211.

¹⁰ *Id.* at 214. Higgins & Rubin analyze snobbishness in terms of the number of units of a good, counterfeit and genuine, that consumers own. It is also possible that some snobs will get disutility from the *quality* of people who own status goods. Thus for example, someone who owns a Rolex might value it less if someone who works as a taxi driver and wears cheap clothing is seen wearing a Rolex.

¹¹ Such purchasers of counterfeits will generally pay much less than if they bought the genuine goods. Nonetheless, they seek out the counterfeit specifically because it contains the trademark. For this reason, status goods are often the focus of counterfeiting activity. See, e.g. Higgins & Rubin, *supra* note 4, at 212 (arguing that the snob goods are likely to be counterfeited both because of the large profits to be made and because such counterfeiting is hard to detect since “consumers do not really care if the product is counterfeit so long as it appears genuine to an outside observer”); S. REP.NO. 98-526 (1984), *reprinted in* 1984 U.S.C.C.A.N. 3632 (“The owners of trademarks on prestige items are particularly likely to be plagued by recurring counterfeit problems.”)

¹² See *infra* section I.B.

¹³ See Higgins & Rubin, *supra* note 4, at 211.

¹⁴ See generally, *Polo Fashions v. Craftex*, 816 F.2d 145 (4th Cir. 1987).

¹⁵ See generally, *Rolex Watch USA, Inc. v. Canner*, 645 F. Supp. 484 (S.D. Fla. 1986).

¹⁶ See generally, *Ferrari v. Roberts*, 944 F.2d 1235 (6th Cir. 1991).

¹⁷ See generally, *Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co.*, 799 F.2d 867 (2d Cir. 1986).

¹⁸ See *Calvin Klein v. Parfums De Coeur*, 824 F.2d 665 (8th Cir. 1987). The main function of a fragrance is the scent it emits. This may or may not be an expressive function. If a purchaser buys a fragrance because he or she thinks others will react favorably to its scent, that is not an expressive use. If, however, someone buys a particular cologne or perfume so that others will know or think that the purchaser uses this particular cologne, then the trademark (in this case the scent) is

goods, even though they might not have snob value.¹⁹ Thus, a status good is an item that a consumer buys to signal to others that he has made a particular purchase.

B. *Emblem Goods*

Emblem goods differ from status goods in several ways. First, emblem marks generally represent an underlying entity, such as a cap or jersey with a sport team's logo on it.²⁰ Second, these goods generally do not have "snob value."²¹ Third, the parties buying emblem goods may not know or care whether the underlying organization sponsors or manufactures the good bearing the trademark.²² Fourth, the mark itself may be aesthetically pleasing and have elements of creativity, such as the Chicago Bulls or New England Patriots logos.²³ Each of these aspects has relevance to the analysis.²⁴

performing an expressive function. A similar analysis could be applied to visual marks.

¹⁹ Thus, the price of these goods might not decrease as the volume in circulation increases. These goods are status goods, however, because consumers purchase them to signal that they have made such a purchase. In addition they have been subject to counterfeiting. *Lois Sportswear*, 799 F.2d 867; *Calvin Klein*, 824 F.2d 665.

²⁰ See *Boston Prof. Hockey Assoc., Inc. v. Dallas Cap & Emblem Mfg., Inc.*, 510 F.2d 1004 (5th Cir. 1975). See also *University of Georgia Athletic Assoc. v. Laite*, 756 F.2d 1535 (11th Cir. 1985) (regarding a university's use of a bulldog as its mascot); *Int'l Order of Job's Daughters v. Lindeburg and Co.*, 633 F.2d 912 (9th Cir. 1980) (regarding a young women's fraternal organization's collective mark); *Kozinski, supra* note 5, at 961 n.3 (regarding merchandise bearing a mark recognized to represent the band the Grateful Dead).

Technically, status goods also represent an underlying entity: the manufacturer. Emblem goods, however, represent an entity that performs a function other than (or in addition to) manufacturing the product. For example, Rolex makes watches; the Bulls play basketball (an activity that has nothing to do with manufacturing tee-shirts).

²¹ See *Kozinski, supra* note 5, at 976 ("When you don a [New York] Mets shirt, your primary statement is not that you're the type of person willing to pay \$30 for a sweatshirt..."). Also, it is unlikely that most people would pay less for a Bulls tee-shirt merely because they are widely held. In fact, some people might actually desire emblem goods more when they are widely held. I assume, however, that the volume in circulation has no effect on an individual's demand curve.

²² Compare status goods. Purchasers of the genuine product, certainly care that, for example, Rolex manufactured the watch they bought. Purchasers of counterfeits, while knowing that they are not getting the real thing, care that viewers will assume that they bought a product that emanates from a particular source.

²³ Note that for this reason these marks may in theory or in actuality be protected under Copyright. See 17 U.S.C. § 101 et seq. (West 2003). While a status mark may have some aesthetic value, such is usually minor. Most would be hard pressed to qualify for copyright protection. Scents, however, do have some value apart from their status aspects. For this reason, they may be subject to patent protection. In

C. Parody

Like status and emblem goods, a parody of a mark is an expressive use. The defining characteristic of parody trademarks is that the copier of the mark intentionally alters either the mark itself or its setting.²⁵ Parodies of trademarks also include uses that do not seek to direct any negative feeling toward the original mark or owner. For example, the copier's message may have nothing to do with the genuine trademark; the copier may just be using the mark to draw some attention to his own message. Examples of parody goods are t-shirts that say Mike instead of Nike, while still using the Nike logo,²⁶ or a t-shirt that has a copy of the Budweiser logo but says Myrtle Beach instead of Budweiser.²⁷

II. Legal and Theoretical Bases for Trademark Protection and Potential Harm from Copying Status and Emblem Trademarks

The last section explained the traditional function of trademarks and how expressive trademark use differs from traditional trademark use. With this in mind, this sub-section will review trademark law and theory with a view to the challenges presented by expressive marks. This will provide a background for the discussion in the next sub-section, I.C., of how statutes and case-law have been applied to expressive marks.

addition, some marks, such as the shape of a Ferrari are visually pleasing, *see* *Ferrari v. Roberts*, 944 F.2d 1235 (6th Cir. 1991), and as such may protected as a design patent. *See* 35 U.S.C. § 101 et seq (West 2000).

²⁴ *See infra* section II.

²⁵ Even with traditional trademark infringement, the copier may use a somewhat different mark than the original owner, perhaps as an attempt to both confuse a purchaser and avoid liability for infringement. Examples of this are found in *Helene Curtis Indus., Inc. v. Church & Dwight Co.*, 560 F.2d 1325 (7th Cir. 1977) (holding that Arm in Arm was confusingly similar to Arm & Hammer); and *Brown-Forman Distillery Co. v. Bloch Liquor Importers, Inc.* 99 F.2d 708 (7th Cir. 1938) (holding Old Foster to be confusingly similar to Old Forester). In parody cases, however, the alteration that takes place is intentionally done by the junior user in order to convey a message. If viewers of the mark do not notice the difference between the original and subsequent marks, the purpose of the proprietor of the parody would be defeated.

²⁶ *See Nike, Inc. v. "Just Did It" Enters.*, 6 F.3d 1225 (7th Cir. 1993).

²⁷ *See Anheuser-Busch, Inc. v. L & L Wings, Inc.*, 962 F.2d 316 (4th Cir. 1992); *see also* *Jordache Enters., Inc. v. Hogg Wyld, Ltd.*, 625 F. Supp. 48 (D. N.M. 1985) (jeans for large women labeled as "Lardash" and using as an emblem a pig's head, as a parody of Jordache jeans, which were marketed as stylish clothing and had a horse's head mark). In addition to the issues that other expressive uses raise, parody marks raise First Amendment concerns, a matter that is outside the scope of this paper. *See e.g., Nike*, 6 F.3d at 1227.

A. *Traditional Trademark Protection*

Since 1946, the Lanham Act has governed the federal protection of trademarks.²⁸ The statute defines a trademark to “include[] any word, name, symbol, or device or any combination thereof” adopted and used by a manufacturer or merchant “to identify... his... goods” and distinguish them “from those manufactured or sold by others.”²⁹ Moreover, the Lanham Act extends protection to both registered³⁰ and unregistered marks.³¹

1. Point of Sale Confusion

a. Confusion as to Source When There is Direct Competition (“Palming Off”)

The Lanham Act holds liable one who “use[s] in commerce any reproduction, counterfeit, copy, or colorable imitation of a *registered* mark in connection with the sale... of any goods [when] such use is likely to cause confusion....”³² It provides similar protection to unregistered marks by prohibiting uses “in connection with any goods or services... any false designation of origin [or] any false or misleading description of fact.... which... is likely to cause confusion... as to... origin, sponsorship or approval... by another person.”³³

A core function of trademark law, reflected in these provisions, is to allow producers and consumers to maximize beneficial exchange. Trademarks perform this function in two ways. First, trademarks enable producers of “superior” goods to alert consumers to their products. By enabling them to capture the reward of more desirable goods, trademark protection gives “each manufacturer an incentive to improve the quality of his product as much as consumers are willing to pay for it.”³⁴ Second,

²⁸ 15 U.S.C. § 1051 (2000) *et. seq.* For a discussion of pre-1946 federal and common law trademark protection, see 1 MCCARTHY, *supra* note 3, at §§ 5:1-4. In addition, most states provide for registration of trademarks. See 2 MCCARTHY, *supra* note 3, at § 22:1.

²⁹ Lanham Act § 45, 15 U.S.C. § 1127.

³⁰ See Lanham Act § 32, 15 U.S.C. § 1114. Requirements for registration are governed by the Lanham Act §§ 1-22, 15 U.S.C. §§ 1051-1072.

³¹ See Lanham Act § 43(a), 15 U.S.C. § 1125. Although there are certain advantages from registering trademarks, and although the different treatment of registered and unregistered marks is subject to economic analysis, these differences are not relevant for purposes of this paper. The cases discussed herein involve both registered and unregistered trademarks. The term trademark or mark is used here to refer to either of these.

³² Lanham Act § 32, 15 U.S.C. § 1114 (emphasis added).

³³ Lanham Act § 43(a)(1), 15 U.S.C. § 1125(a)(1).

³⁴ RICHARD CRASWELL, TRADEMARKS, CONSUMER INFORMATION AND BARRIERS TO COMPETITION 7 (1979); see also Shashank Upadhye, *Trademark Surveys: Identifying the Relevant Universe of Confused Consumers*, 8 FORDHAM INTELL. PROP. MEDIA & ENT. L.J.

distinct marks allow consumers to select the brands with which they have been satisfied in the past.³⁵

The harm that results when an infringing party is able to copy another's mark demonstrates how trademark protection works. The most basic form of this infringement is "palming off." In these cases, the infringing party uses a mark similar or identical to the genuine mark to confuse the purchaser into believing that he is buying the genuine goods. The following paragraphs provide an example of this with respect to Coca-Cola, the holder of the genuine mark, and Mr. X, a hypothetical infringer.

Mr. X's palming off may harm Coca-Cola and consumers in several ways. First, Mr. X may take customers from Coca-Cola.³⁶ Because this will lower the return on its investment, Coke will devote fewer resources to developing a tasty drink.³⁷ Coke will be harmed because it will make a smaller profit. In addition, consumers will be harmed because Coke will provide a lower quality product than it would have had absent infringement.

Second, some consumers who unknowingly buy Mr. X's soda may think it is Coca-Cola. If they are dissatisfied with the product, they may choose not to buy Coke in the future. This will result in the same disincentive to Coke's investing, as does diversion of customers. Third, if the trademark has some slight differences, or consumers are able to sample the soda before purchasing it,³⁸ consumers seeking Coke will be able to purchase it, but only at a higher search cost. This will reduce the price that Coke will be able to charge for its product.³⁹ This too will reduce Coke's incentive to invest.

549, 560 (1998) ("[T]rademark protection allows the trademark holders to distinguish its own goods from those of its competitors...").

³⁵ Upadhye, *supra* note 34, at 560; 1 MCCARTHY, *supra* note 3, at § 3:10.

³⁶ This will not be the case in a competitive market with a large number of producers. See William M. Landes & Richard A. Posner, *Trademark Law: An Economic Perspective*, 30 J.L. & ECON. 265, 302 n. 66 (1987). The diversion of customers can take place for two reasons. First, Mr. X might produce an inferior product (for example he might simply fill his cans with water). This might allow him to sell his soda for a cheaper price. If consumers cannot tell the difference between the marks, they will simply buy the cheaper good, Mr. X's soda. Second, even if the goods sell for the same price, a percentage of consumers will end up purchasing Mr. X's soda. Note that this can occur even if consumers know that Mr. X's soda is out there, so long as they cannot tell the difference between the two trademarks.

³⁷ CRASWELL, *supra* note 34, at 7.

³⁸ This might be possible if consumers can buy one can out of a six-pack, determine whose product it is, and then decide whether to purchase the remaining five cans.

³⁹ See Landes & Posner, *supra* note 36, at 301-306 (demonstrating that the total price of a good equals its dollar price plus the search cost involved in obtaining it, and explaining the effect on the demand curve of higher search costs caused by confusion).

Thus, point of sale confusion between genuine and counterfeit goods will harm both consumers and manufacturers.

b. Confusion as to Sponsorship When There is No Direct Competition

Early trademark doctrine limited liability for infringement to cases in which a subsequent user applied the trademark holder's mark to a good that competed directly with the genuine product.⁴⁰ This limitation was based upon the theory that trademark protection was intended to avoid the harm of a lost sale to the trademark holder when consumers seeking the genuine good mistakenly bought the infringing product.⁴¹ If the goods were not in competition, then consumers would not substitute the infringer's goods for those of the trademark holder.⁴²

Beginning in 1917, however, the Second Circuit promulgated what is now known as the "Aunt Jemima" doctrine.⁴³ The court explained how the unauthorized use of a mark on a non-competing good could harm the trademark owner:

Obviously, the public, or a large part of it, seeing this trademark on [a non-competing product], would conclude that it was made by the [holder of the genuine trademark].... In this way the [trademark holder's] reputation is put in the hands of the [copier].⁴⁴

Thus under the modern rule, trademark infringement "encompasses any type of confusion [at the point of sale] including: confusion of source; confusion of sponsorship; confusion of affiliation; or confusion of connection."⁴⁵

2. Post-Sale Confusion

Even when the purchaser of a good with a counterfeit trademark knows that he is not obtaining the genuine article, there is potential for harm to the holder of the trademark and attendant harm to the consuming public.

a. Confusion of Potential Future Purchasers

Someone who sees the purchaser wearing or using the counterfeit good may think that it is genuine.⁴⁶ In such circumstances, the use of the mark on

⁴⁰ 1 MCCARTHY, *supra* note 3, at § 24:1.

⁴¹ *Id.*

⁴² *Id.*

⁴³ Aunt Jemima Mills Co. v. Rigney & Co., 247 F. 407 (2d Cir. 1917).

⁴⁴ *Id.* at 410.

⁴⁵ 4 MCCARTHY, *supra* note 3, at § 24:6 (citing several cases).

⁴⁶ Indeed, in many cases it is the purchaser's intent in buying a counterfeit product to convince others that he has bought a real one. He may even tell inquiring parties that he has the real product. See, e.g., Mastercrafters Clock & Radio Co. v.

inferior counterfeits may harm the trademark holder. The Sixth Circuit remarked: "Individuals examining the counterfeits, believing them to be genuine Rolex watches, might find themselves unimpressed with the quality of the item and consequently be inhibited from purchasing the real time piece."⁴⁷

Post-sale confusion of potential customers causes harm similar to that caused by confusion of sponsorship.⁴⁸ Some viewers of low quality counterfeits, believing that these are the genuine articles, may decide not to purchase these goods without ever getting to the point of sale. Sponsorship confusion harms the genuine trademark holder by sending a negative signal to the potential purchaser of the genuine article. Post-sale confusion sends a similar signal. In the latter case, the signal is not sent by a different product, but through another purchaser. In either case, however, the result is the same: the consumer may be deterred from investigating the genuine article.

b. Confusion of Non-Purchasers (The Public at Large)

Even if the only persons who are confused by the counterfeit marks are those who have no intention of purchasing these goods, holders of genuine trademarks may be harmed.⁴⁹ This will only be a problem with status goods. The harm is caused by the atypical demand function that "snob value" creates.⁵⁰ Snob goods drop in price when there is more of the good in circulation.⁵¹ Therefore, if counterfeit goods fool casual observers, the effect

Vacheron & Constantin-LeCoultre Watches, Inc., 221 F.2d 464, 466 (2d Cir. 1955) ("[A]t least some customers would buy [the] cheaper clock for the purpose of ... displaying what many visitors at the customers' home[s] would regard as the prestigious article.").

⁴⁷ *Ferrari*, 944 F.2d at 1244 (quoting *Rolex*, 645 F. Supp. at 495). See also *Lois Sportswear*, 799 F.2d at 873 (2d Cir. 1980) ("[A] consumer seeing the [plaintiff's mark on the defendant's product] will associate [it] with [the plaintiff] and that association will influence his buying decision.").

⁴⁸ See *supra* section II.A.1.b.

⁴⁹ It is possible that the only viewers who would be confused about whether another party's item is genuine or counterfeit are those who have no intention of making a purchase. With certain goods, potential purchasers may be more expert or more careful in their purchases. Therefore, counterfeits would be more likely to fool casual viewers.

⁵⁰ See *Higgins & Rubin*, *supra* note 4, at 213-214. See also discussion *supra* section I.A.

⁵¹ *Id.* This is distinguishable from the normal aggregate demand curve which might appear to present the same effect because demand for the good increases as price decreases. Rather, with a snob good, an individual's demand is partly dependent upon the amount of the good that is owned by others.

will be the same as if there were more genuine goods in circulation: the price of the genuine good will fall.⁵²

B. Harm Not Caused by Confusion

Even if no consumers or viewers are confused, counterfeiting may harm trademark holders. As “likelihood of confusion is the touchstone of trademark infringement,”⁵³ these harms are beyond the province of trademark doctrine. Nevertheless, these interests are implicated because expressive uses of trademarks bleed into other areas of intellectual property. Because the focus of this paper is the proper *trademark* protection to be afforded to status and emblem marks, this paper only discusses non-trademark interests briefly.⁵⁴

The harm that results, beyond that caused by confusion, from counterfeiting implicates misappropriation, patent and copyright interest. Without addressing the particulars of these protections, the underlying concern of each of these doctrines is to give parties the incentive to engage in creative, technological, or other useful endeavors. To the degree that useful ideas and creative expression are public goods subject to free-riding, if no legal protection is given to the creator, there will be no incentive for parties to invest resources in such pursuits.

These interests can be explored with respect to emblem goods.⁵⁵ If a logo involves creative effort, free riders can wait until someone creates a pleasing design and then appropriate it at no cost.⁵⁶ Even if there is no confusion, parties who want the particular design will purchase from the low-cost provider. In a competitive market, the price of the goods will equal the marginal cost of producing additional products with the particular design. Creators will be unable to reap the benefits of their efforts and thus will have no incentive to create such emblems.

⁵² See, e.g., *Ferrari*, 944 F.2d at 1245 (“If the country is populated with hundred, if not thousands, of replicas of rare, distinct, and unique vintage cars, obviously they are no longer unique.”); *Rolex Watch*, 645 F. Supp. at 495 (“[Some people] who see the watches bearing the Rolex trademarks on so many wrists might find themselves discouraged from acquiring a genuine one because the items have become too common place and no longer possess the prestige once associated with them.”).

⁵³ 2 MCCARTHY, *supra* note 3, at § 23:1.

⁵⁴ Although there may be a basis for protecting trademarks under other intellectual property doctrines, such as copyright or patent, non-trademark harms to intellectual property should not be swept within the domain of the Lanham Act, 15 U.S.C. § 1051 et. seq. or the Trademark Counterfeiting Act, 18 U.S.C. § 2320.

⁵⁵ The fact that an emblem may merit trademark protection, does not mean that it may not also be protected by copyright. 1 MCCARTHY, *supra* note 3, at § 6:5.

⁵⁶ Of course there would be the cost of producing the particular item that bears the mark, for example a tee-shirt.

III. Criminal and Civil Trademark Statutes and Cases Dealing with Expressive Marks

A. Criminal Statutes Aimed at Expressive Marks

The Trademark Counterfeiting Act of 1984 criminalizes dealing in goods bearing “counterfeit” trademarks.⁵⁷ Unlike the Lanham Act,⁵⁸ this statute is limited to registered marks.⁵⁹ The 1984 Act requires, as does the Lanham Act, that the use of the mark be “likely to cause confusion, to cause mistake, or to deceive.”⁶⁰ Moreover, the 1984 Act provides that “all defenses, affirmative defenses, and limitations on remedies that would be applicable in an action under the Lanham Act shall be applicable in a prosecution under this section.”⁶¹ These defenses include functionality and genericism. In 1996, Congress made trafficking in counterfeit goods or services a predicate act for purpose of the Racketeering Influence and Corrupt Organization Act.⁶²

Although the issue of who the counterfeiter must confuse in order to be liable is not apparent from the statutory language itself⁶³ or from the legislative history,⁶⁴ courts have consistently held in cases that have generally involved status goods that one need not confuse the immediate purchaser of the good in order to be held criminally liable under this Act.⁶⁵ No case has addressed the defenses of genericism or functionality under this Act.⁶⁶

⁵⁷ Pub. L. 98-473, 98 Stat. 1837 (1984) (codified as 18 U.S.C. § 2320 (1998)).

⁵⁸ 15 U.S.C. §§ 1051-1141.

⁵⁹ 18 U.S.C. § 2320(e)(1)(A)(ii).

⁶⁰ *Id.* at § 2320 (e)(1)(A)(iii).

⁶¹ *Id.* at § 2320(c).

⁶² Anticounterfeiting Consumer Protection Act of 1996, 18 U.S.C. § 1961(1)(B) (1996).

⁶³ Pollack, *supra* note 5, at 1450.

⁶⁴ *See id.* at 1476-91. In sum, “the enacting statute does not state a purpose for [the section of the bill dealing with counterfeit trademarks].” *Id.* at 1476 (citing H.R.J. Res. 648, 98th Cong., 2d Sess., 98 Stat. 1837, 1837 (1984)). Moreover, the House Report that accompanied an earlier version of the bill seems to imply that liability would only attach when there was confusion at the point of sale. *Id.* at 1476-77 (discussing H.R. Rep. No. 997-98, at 4-7 (1984)).

⁶⁵ 2 MCCARTHY, *supra* note 3, at §30:117; *See* United States v. Song, 934 F.2d 105 (7th Cir. 1991); United States v. Hon, 904 F.2d 803 (2d Cir. 1990); United States v. Yammin, 868 F.2d 130 (5th Cir. 1989); United States v. Gantos, 817 F.2d 41 (8th Cir. 1987); United States v. McEvoy, 820 F.2d 1170 (11th Cir. 1987); United States v. Torkington, 812 F.2d 1347 (11th Cir. 1987); United States v. Baker, 807 F.2d 427 (5th Cir. 1986); United States v. Gonzalez, 630 F. Supp. 894 (S.D. Fla. 1986).

⁶⁶ *See* Pollack, *supra* note 5, at 1449-50. In addition, the Seventh Circuit, although not faced with the argument that point of sale confusion was necessary, noted the undercover agents purchasing the counterfeit goods knew them to be so, implying that post-sale confusion was sufficient for liability. *Song*, 934 F.2d 105.

B. *The Lanham Act as Applied to Expressive Marks*

Jurisprudence under the Lanham Act, the primary statute governing claims for civil liability, has encompassed a variety of expressive goods cases. Status, emblem, and parody goods decisions have arisen under two sections of the Lanham Act, section 32⁶⁷ for registered marks and section 43⁶⁸ for unregistered marks. This article's analysis does not depend on which of these provisions courts have cited.

The statute itself, like the 1984 Act, does not indicate who the alleged infringer must confuse in order to be liable. Section 32 uses the clause "likely to cause confusion, or to cause mistake, or to deceive."⁶⁹ Section 43(a) uses the same language and adds that this confusion must be with respect to "affiliation, connection, or association of [the alleged infringer] with another person, or as to the origin, sponsorship, or approval of his or her goods, services or commercial activities by another person...."⁷⁰ This leaves unresolved whose confusion is of concern.

The language of the 1962 amendment to the Lanham Act appears to provide some insight.⁷¹ Prior to this change, Section 32 required confusion of "purchasers as to source of origin of such goods or services."⁷² Many courts have grounded their statutory construction in this alteration, although Congress' purpose for this change is unclear.⁷³ Nevertheless, as Professor Pollack points out, the legislative history does not indicate that Congress intended to make a drastic change regarding whether confusion of non-purchasers was actionable.⁷⁴ Pollack then argues that the revised statute, like the prior statute, should be interpreted narrowly, so as to limit liability to cases involving confusion at the point of sale. Pollack's argument proves too much because even though the pre-1962 statute alluded to "confusion of purchasers," such confusion could include potential future purchasers.⁷⁵

⁶⁷ 15 U.S.C. § 1114(1).

⁶⁸ 15 U.S.C. § 1125(a).

⁶⁹ 15 U.S.C. § 1114(1)(a) & (b) (2000). Likelihood of confusion is also generally the standard of liability under state trademark statutes. See RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 20 cmt. d (1995).

⁷⁰ 15 U.S.C. § 1125(a)(1)(A).

⁷¹ Pub. L. No. 87-772 § 17, 76 Stat. 773 (1962).

⁷² Pre-1962 version of Lanham Act, 15 U.S.C. § 32 (2000) (emphasis added). Section 43 never had language confining the confusion element to purchasers. Nonetheless, given the tendency of courts to equate these two sections, the change to § 32 is relevant with regard to the proper interpretation of both sections.

⁷³ At the time Congress made this change to the statute, there was little case law or discussion about expressive trademarks and as such it is unlikely that Congress made a change with a view to the expressive marks issue.

⁷⁴ Pollack, *supra* note 5, at 1480-81.

⁷⁵ Indeed, the legislative history that Pollack refers to that indicates that Congress was only making an "administrative" change, *Id.* at 1480, states that "the provision actually relates to potential purchasers as well as actual purchasers. S. Rep. No.

Therefore, the language and history of the Lanham Act leave open the question as to whether liability for trademark infringement requires proof of a likelihood of confusion *at the point of sale*.

1. Status Goods

In cases involving status goods, federal courts have often concluded that Lanham Act liability can arise based upon likelihood of post-sale confusion.⁷⁶ These cases have not all clearly distinguished whether

2107, at 4, *reprinted in* 1962 U.S.C.C.A.N. 2847. Therefore, Congress may have assumed that potential future purchasers were already included within the territory of the Lanham Act and were only making the change to avoid ambiguity on this point. However, "potential purchasers" could also mean those viewing the alleged infringer's advertisements who then purchased the counterfeits believing they were getting the genuine goods.

⁷⁶ See, e.g., *Lois Sportswear*, 799 F.2d at 872-73 (citing the 1962 Lanham Act amendment as grounds for finding infringement of the registered Levi's pocket stitching under both § 32 and § 43(a) of the Lanham Act, notwithstanding the infringer's labeling identifying itself as the source of the goods, because "consumers seeing [the infringer's] jeans... being worn by a passer-by... [may] associate the jeans with [the trademark holder] and that association will influence his buying decisions."); *Payless Shoesource, Inc. v. Reebok Int'l Ltd.*, 998 F.2d 985, 989 (Fed. Cir. 1993) ("[C]onsideration of post-sale confusion in determining [infringement under Lanham Act §§ 32 and 43] is not inconsistent with Tenth Circuit trademark law [which is applicable to this case because the appeal was from a district court within the Tenth Circuit]."); *Ferrari*, 944 F.2d at 1244 (finding post-sale confusion actionable in a § 43(a) claim); *The Keds Corp. v. Renee Int'l Trading Corp.*, 888 F.2d 215, 222 (1st Cir. 1989) (Under § 32, "point of sale confusion was not the only issue."); *Polo Fashions v. Craftex*, 816 F.2d 145, 148 (4th Cir. 1987) (citing *Lois Sportswear* for the proposition that post-sale confusion is sufficient for liability under both § 32 and § 43(a)); *Levi Strauss & Co. v. Blue Bell, Inc.*, 632 F.2d 817, 822 (9th Cir. 1980) (holding that post-sale confusion is sufficient to find infringement of a registered mark; not identifying whether the claim arose under § 32 or § 43(a) of the Lanham Act); *Rolex Watch U.S.A., Inc. v. Canner*, 645 F. Supp. 484, 493 (S.D. Fla. 1986) ("The fact that an immediate buyer of a \$25 counterfeit watch does not entertain any notions that it is the real thing has no place in the [likelihood of confusion] analysis.").

Actually, *Mastercrafters Clock & Radio Co. v. Vacheron*, 221 F.2d 464 (2d Cir. 1955), the breakthrough case on post-sale confusion, did not arise under the Lanham Act. Pollack, *supra* note 5, at 1458. This case emphasized that even if the purchaser would not be confused, that there was actionable harm if "customers would buy [the infringing] cheaper clock for the purpose of acquiring the prestige gained by displaying what many visitors at the customers' home would regard as a prestigious article." In such a case the "wrong [would] consist[] of the fact that such a visitor would be likely to assume that the clock was [the genuine seller's] clock." *Mastercrafter's*, 221 F.2d at 466.

Interestingly, even where the mark in question is registered, claims are often brought under both § 32 and § 43(a). Thus, a mark's being registered does not

confusion of potential purchasers is necessary or whether confusion of the public at large is sufficient.⁷⁷ Moreover, in many of these cases, the courts rested their holdings upon the alternate theory that some point of sale purchasers might be confused at least with respect to sponsorship, if not confused about whether the genuine trademark holder manufactured the goods.⁷⁸ Thus, while case law generally indicates that post-sale confusion is relevant to finding a likelihood of confusion, and thus infringement under sections 32 and 43(a) of the Lanham Act, it is not clear whose confusion is the touchstone of liability in some circuits.

Two status cases of note did not find trademark infringement based upon post-sale confusion.⁷⁹ Although the courts analyzed the cases in terms of comparative advertising, the fact patterns are analogous to expressive uses of status marks. In each of these cases, both of which involved appeals from preliminary injunctions, the courts and the parties focused upon likelihood of confusion at the point of sale.⁸⁰ In neither case was the alleged

preclude a § 43(a) claim. Nonetheless, it does not appear that this section provides any additional weapons to holders of registered marks.

⁷⁷ See, e.g., *Ferrari*, 944 F.2d at 1244-45 (citing *Rolex*, 645 F. Supp. at 495) (Harm could result from post-sale confusion both because “individuals examining the counterfeits, believing them to be genuine Rolex watches, might find themselves unimpressed with the quality of the item and consequently be inhibited from purchasing the real time piece” and because “[some people] who see the watches bearing the Rolex trademarks on so many wrists might find themselves discouraged from acquiring a genuine one because the items have become too common place and no longer possess the prestige once associated with them.”); *Polo Fashions*, 816 F.2d at 148 (not indicating whether the post-sale harm to “plaintiff’s reputation” would be due to viewing by potential future purchasers or the public at large). But see *Lois Sportswear*, 799 F.2d at 872 (clearly citing the danger of influence upon future purchasers’ “buying decisions” as the focus of protection from post-sale confusion).

⁷⁸ See, e.g., *Lois Sportswear*, 799 F.2d at 872 (notwithstanding the copier’s labeling “a distinct possibility raised by [its] use of [the trademark holder’s mark] is that consumers will be confused into believing that [the trademark holder] either somehow is associated with [the copier] or has consented to [the copier’s] use of its trademark.”); *Polo Fashions*, 816 F.2d at 148 (Even though the copier had affixed its own label to the inside of the shirts bearing the trademark holder’s polo player symbol, “even the most sophisticated purchaser, seeing the polo player symbol on the front of the shirt, might suppose the plaintiff had adopted another trademark in addition to [the one’s it was already using].”).

⁷⁹ See *Calvin Klein Cosmetics Corp. v. Parfums de Coeur Ltd.*, 824 F.2d 665 (8th Cir. 1987); *Smith v. Chanel, Inc.*, 402 F.2d 562 (9th Cir. 1968).

⁸⁰ *Calvin Klein*, 824 F.2d at 668 (“A manufacturer does not commit unfair competition merely because it refers to another’s product... if the reference... does not likely confuse consumers into believing that the copy is from the same source as the original.”); *Smith*, 402 F.2d at 563 (There is no violation of the Lanham Act “so long as... [there is no] reasonable likelihood that purchasers will be confused as to source, identity, or sponsorship...”).

infringer selling a good that copied the holder's trademark, except to the extent that the mark was used as a point of comparison. In both cases, however, the junior user was selling a fragrance that was marketed to be indistinguishable from the genuine scent.⁸¹ To the extent that the purchaser buys the perfume to fool others into believing that she has bought the prestigious genuine item, the scent itself is functioning as an expressive trademark. Under these circumstances, these cases are parallel to the other status cases discussed above.⁸²

2. Emblem Goods

Unlike cases involving status goods, the case law addressing emblem marks, including parody emblems, has created a sharp division among circuits.⁸³ The major rift is between the Fifth and Ninth Circuits. The Fifth Circuit held that an emblem use constituted trademark infringement.⁸⁴ The Ninth Circuit criticized the Fifth Circuit's position, while finding no infringement under similar circumstances.⁸⁵ The dispute in these landmark decisions, as well as in other cases addressing this issue, has focused upon both likelihood of confusion and functionality.

In *Boston Hockey*, a "case of first impression,"⁸⁶ the Fifth Circuit held that the defendant had infringed plaintiff's hockey emblems under both sections 32 and 43(a), even if "the usual purchaser... would not be likely to think that defendant's emblems were manufactured by or had some connection with plaintiffs."⁸⁷ Although the court did not spell out exactly whose confusion was of concern, its statement that "[t]he confusion or deceit requirement is met by the fact that... the public would identify [the copies] as being the

⁸¹ *Calvin Klein*, 824 F.2d at 667; *Smith*, 402 F.2d at 562.

⁸² That is to say, in the cases themselves, the court and even the plaintiffs conceded that the defendants could copy the unpatented scents. But, if one looks at the scent itself as a trademark, such may be functioning as a prestige mark. Then the use of a different name would be like a point of sale disclaimer.

The scent may not exactly perform this expressive function in all cases. A purchaser might buy the genuine or imitation perfume because she likes how it smells, either for her own aesthetic pleasure or because she wants to smell a certain way. Although giving off a particular scent is a form of expression, if it is the quality of the scent itself that motivates the consumer, rather than the association of the scent with a particular product, then it is the good itself and not the trademark that is performing the expressive function.

⁸³ See Klerman, *supra* note 2, at 1-2 ("Judicial opinion in [expressive trademark] cases are split"); RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 20 rept. notes cmt. b (1995).

⁸⁴ *Boston Prof. Hockey*, 510 F.2d at 1012.

⁸⁵ See *Int'l Order of Job's Daughters v. Lindeburg & Co.*, 633 F.2d 912, 918, 920 (9th Cir. 1980).

⁸⁶ *Boston Prof. Hockey*, 510 F.2d at 1008.

⁸⁷ *Id.* at 1012.

teams' trademarks "implies broad protection, in which liability might be found even if the marks deceived no one at any point."⁸⁸ In addition, the court held the marks not to be functional because "the embroidered symbols are sold not because of any such aesthetic characteristic but because they are the trademarks of the hockey teams."⁸⁹

In *Job's Daughters*, the Ninth Circuit held that the defendant's selling of jewelry bearing the mark of the plaintiff's organization, a fraternal order, did not violate the Lanham Act.⁹⁰ This case sharply criticized *Boston Hockey* as granting a trademark owner much broader protection than Congress contemplated.⁹¹ This critique derives from both the functionality and likelihood of confusion branches of the Lanham Act. The *Job's Daughters* court found that this form of expressive use was functional when emblems are "merchandised for [their] own intrinsic utility to consumers."⁹² In addition, it stated that *Boston Hockey* was misguided in that it failed to realize that "[a] trademark owner has a property right only insofar as is necessary to prevent consumer confusion as to who produced the goods and to facilitate differentiation."⁹³ Thus the battle lines were drawn.

Two cases subsequent to *Boston Hockey* and *Job's Daughters*, one in the Eleventh Circuit and one in a district court in the Third Circuit, split into these camps.⁹⁴ Most cases, however, have not directly endorsed either position in full. Some have reached a determination on infringement while taking a narrower approach than either *Boston Hockey* and *Job's Daughters* did for likelihood of confusion or functionality. Others have sought to distinguish themselves from these cases upon the particular facts at issue.

The First and Second circuits have both given protection to expressive marks, without endorsing *Boston Hockey's* broadest reading.⁹⁵ The *Boston Athletic* court stated that where a mark in question was used expressively,⁹⁶ infringement would not be limited to cases where "the purchasing public

⁸⁸ *Id.* See also Meyer, *supra* note 6, at 626-627 (arguing that there was no consumer confusion in *Boston Hockey*).

⁸⁹ *Boston Hockey*, 510 F.2d at 1013.

⁹⁰ *Job's Daughters*, 633 F.2d at 920.

⁹¹ *Id.* at 919.

⁹² *Id.* at 918.

⁹³ *Id.* at 919.

⁹⁴ See *University of Ga.*, 756 F.2d at 1546-47 (praising *Boston Hockey* while disagreeing with *Job's Daughters* on the type of confusion that would be necessary for finding infringement, and at the same time implicitly rejecting the functionality defense by not addressing it); *University of Pittsburgh v. Champion*, 566 F. Supp. at 719-21 (expressly stating that *Job's Daughters* was good law while *Boston Hockey* was not with respect to the requirement of confusion, and, without mentioning either of these cases, that the expressive use of a team's logo was functional).

⁹⁵ See *Boston Athletic Assoc. v. Sullivan*, 867 F.2d 22 (1st Cir. 1989); *Warner Bros. Inc. v. Gay Toys, Inc.*, 724 F.2d 327 (2d Cir. 1983).

⁹⁶ The court dubbed the use here "promotional." *Boston Athletic Assoc.*, 867 F.2d at 28.

was likely to mistake defendant's tee-shirts for those of plaintiffs."⁹⁷ It would also include confusion as to sponsorship.⁹⁸ In taking this stance, the *Boston Athletic* court, unlike the *Boston Hockey* court, clearly required confusion.⁹⁹ Similarly, the *Warner Brothers* court took an intermediate position regarding consumer association between the trademark and the original holder, while discussing consumer association in terms of the secondary meaning and functionality doctrines.¹⁰⁰

The Fourth and Seventh Circuits, conversely, have found no infringement in tee-shirt logo cases.¹⁰¹ While both cases stated that likelihood of confusion was required for a finding of infringement, neither one limited trademark protection as much as *Job's Daughters*.¹⁰² Both cases involved parodies. Both courts took the position that these cases should be analyzed in the same manner as other trademark cases, in which the defendant's mocking of the plaintiff's mark was a factor in determining the likelihood of confusion.¹⁰³ Ultimately, these courts implied that there was a lack of confusion by viewers as well as purchasers, so that there was no need to address post-sale confusion. Moreover, these cases did not address the issues of functionality. *Job's Daughters* position in this regard would leave such a mark unprotected even if there was confusion.¹⁰⁴

In sum, cases involving emblem marks have reached varying results. In many of these cases, the facts allowed the courts either to find infringement upon multiple bases or to hold the mark unprotected based on alternative doctrines. The result is that one cannot identify the boundary between innocent and culpable commercial behavior.

⁹⁷ *Id.*

⁹⁸ *Id.* at 28-29.

⁹⁹ *See id.* at 33 n.10 (noting, while making reference to *Boston Hockey*, that the "Fifth Circuit has reaffirmed the view that the Lanham Act requires a showing of confusion as to source or sponsorship," (citing *Supreme Assembly v. J.H. Ray Jewelry Co.*, 676 F.2d 1079, 1082 (5th Cir. 1982); *Kentucky Fried Chicken Corp. v. Diversified Pack'g Corp.*, 549 F.2d 368, 388 (5th Cir. 1977)).

¹⁰⁰ *Warner Bros.*, 724 F.2d at 330-333. *See also* *W.S.M., Inc. v. Tennessee Sales Co.*, 709 F.2d 1084 (finding infringement in a tee-shirt emblem case, while implying a requirement of purchaser confusion).

¹⁰¹ *See Nike, Inc. v. Just Did It Enterp's*, 6 F.3d 1225 (7th Cir. 1993); *Anheuser-Busch Inc. v. L & L Wings, Inc.*, 962 F.2d 316 (4th Cir. 1992).

¹⁰² *Nike*, 6 F.3d at 1228; *Anheuser-Busch*, 962 F.2d at 318. In *Nike*, the court actually remanded after a reversal of summary judgment for the plaintiff. This does not affect the analysis for the court stated that the factual issue at trial would be whether the defendant's product was likely to cause confusion. *Nike*, 6 F.3d at 1229.

¹⁰³ *Nike*, 6 F.3d at 1225; *Anheuser-Busch*, 962 F.2d at 321.

¹⁰⁴ *See* 633 F.2d at 917.

C. *Anti-Dilution Statutes*

Both federal and state law protects against “dilution” of trademarks. While expressive uses may implicate the concerns of anti-dilution doctrine, dilution falls outside the scope of the present analysis. The focus of this article is the use of trademarks and the confusion of purchasers, potential purchasers, and the general public. In contrast, dilution occurs in situations where that confusion is lacking.¹⁰⁵

IV. Functionality and Genericism: An Economic Critique of Proposals to Deem Expressive Marks Unworthy of Protection under Either of these Categories

Having explored the case law covering expressive trademarks, this article now examines the relevant scholarship on expressive trademark use. For the most part, commentators have focused on whether expressive trademarks should forfeit any claim to protection under the doctrines of genericism (or lack of distinctiveness) and functionality.

The two major limits on a mark’s eligibility for trademark protection are genericism (or a lack of distinctiveness) and functionality.¹⁰⁶ Several commentators and courts have applied the functionality and genericism doctrines to status and emblem goods.¹⁰⁷ Functionality and genericism do provide some insight into the expressive goods quandary. Viewing expressive marks from the standpoint of the economic bases of these

¹⁰⁵ RICHARD L. KIRKPATRICK, LIKELIHOOD OF CONFUSION IN TRADEMARK LAW § 1.5.A, at 1-22.

¹⁰⁶ See Landes & Posner, *supra* note 36, at 297.

¹⁰⁷ See Pollack, *supra* note 5 at 1393 (discussing status goods both in terms of functionality and genericism); Lemley, *supra* note 2, at 1706 (essentially arguing that emblem goods are functional: “there are a limited series of cases in which trademarks themselves have clearly become the valuable commodities. Sports team logos are obvious examples, as in the Nike ‘swoosh.’ People buy products like hats and tee-shirts because they have the logo emblazoned on them.... [R]ather than identifying the good with a particular manufacturer, and thereby guaranteeing its quality, the identifier is itself the product. There is no reason to think that the Dallas Cowboys (or their licensee, whom may not be identified at all) manufacture particularly high quality hats, or even hats of constant quality. Rather the logo stands alone as a thing the customers value in and of itself.”) (footnotes omitted); Illinois High School Ass’n v. GTE Vantage, Inc., 99 F.3d 244, 247; (7th Cir. 1996) (holding that “March Madness” was effectively generic as it no longer exclusively described the NCAA basketball tournament); see also Klerman, *supra* note 2, at 3 (stating that while usually trademark do not cause monopoly problems that because emblems have an inherent value for which there is no perfect substitute (in essence, that they serve some function beyond merely identifying the source of a good) that “[g]ranting trademark owners control over expressive uses... raises substantial concerns about monopoly”).

doctrines, however, shows that functionality and genericism do not provide a satisfactory basis upon which to deny trademark protection in these cases.

A. *Functionality*

Functional features do not get trademark protection.¹⁰⁸ Even if a copier creates a likelihood of confusion, "reproduction of a functional attribute is legitimate competitive activity."¹⁰⁹ Thus, once a mark is determined to be functional, there is no need to inquire into other elements of trademark law: anyone can use the mark.¹¹⁰ This does not preclude the owner claiming trademark protection from using the mark; it just means that he cannot prevent others from also using the mark.

The Supreme Court has stated that "a product feature is functional if it is essential to the use or purpose of the article or if it affects the cost or quality of the article."¹¹¹ If a seller could prevent others from using such a feature, for example a round tire,¹¹² he would gain a large competitive advantage. Competitors would be forced to either not produce the product, produce it at a higher price, or produce a product less valuable than the trademark holder's good, but at the same price. The holder of the functional mark would be given a monopoly.¹¹³

A subcategory of functional features are aesthetically functional features.¹¹⁴ A leading case on this issue stated that a design did not merit trademark protection and could be copied because of "the attractiveness and eye-appeal of the design."¹¹⁵ In contrast to utilitarian functionality, the courts have given a mixed reception to this doctrine.¹¹⁶ It would appear that giving trademark protection to aesthetic aspects of a product would result in the same efficiency problem as giving protection to utilitarian features.¹¹⁷

¹⁰⁸ 1 MCCARTHY, *supra* note 3, at § 7:63.

¹⁰⁹ *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 863 (1982).

¹¹⁰ Examples of marks held to be functional can be found in the following cases: *Mine Safety Appliances Co. v. Electric Storage Battery Co.*, 405 F.2d 901 (C.C.P.A. 1969) (ribbed shape on top of a construction worker's hard hat); *In Re Diamond Crystal Salt-Co.*, 161 U.S.P.Q. 502 (T.T.A.B. 1969) (packet for salt and pepper); *In Re Lindey Pen Co.*, 159 U.S.P.Q. 634 (T.T.A.B. 1968) (shape of clip on pocket pen).

¹¹¹ *Inwood Labs.*, 456 U.S. at 851.

¹¹² See Landes & Posner, *supra* note 36, at 297.

¹¹³ See *supra* text accompanying notes 2-4.

¹¹⁴ At this point, this paper divides functional features into those that have utilitarian functionality and those that are aesthetically functional. Below, it will shift and discuss those features that are truly functional (either utilitarian or aesthetic) and those that are merely aesthetically pleasing but not functional.

¹¹⁵ *Pagliero v. Wallace China Co.*, 198 F.2d 339, 343-44 (9th Cir. 1952).

¹¹⁶ See 1 MCCARTHY, *supra* note 3, at § 7:79.

¹¹⁷ As discussed above, trademark protection for utilitarian features might upset the (functional) patent statutory scheme; providing trademark protection for aesthetically pleasing marks might interfere with the balance struck under the

On the other hand, the very fact that a feature is aesthetic and not utilitarian implies that it is not a necessary feature of the product.¹¹⁸ From this doctrinal description it is not clear whether marks that make a good more attractive, such as expressive trademarks, should or should not be given trademark protection.¹¹⁹

The economics of a utilitarian functional feature can be understood in terms of the income equation for a firm selling product X . The income to a firm selling product X is represented by the equation:

$$I = [\pi - H(T)]X - C(X;F) - RT \quad ^{120}$$

In this equation, π is price of the good and H represents consumer search costs, which are a function of the firm's trademark, T . Therefore, in this model, the more the firm invests in T , the stronger the firm's trademark and the lower the consumer search costs $H(T)$. R is the cost to the firm of investing in an additional unit of T .¹²¹ The key term regarding functionality is $C(X;F)$: here the cost (C) to produce good X is dependent not only on the amount of X produced but also on some functional feature, F .¹²² A functional feature is one that makes it less costly to produce the given product, (i.e. $\partial c_x / \partial f < 0$)¹²³, such as aluminum cans as soda containers. Thus if a firm were allowed to trademark a functional feature, the marginal cost to all other firms to produce the product will increase, thereby causing a leftward shift in the industry supply curve and concomitant deadweight loss.¹²⁴ This shows that it is efficient to deny trademark protection to utilitarian functional features.

The equation for a firm selling product X with an aesthetically functional feature is similar to a firm selling a utilitarian functional feature, except that the price/quantity term is also multiplied by quality, Q , which is a function

doctrines of copyright and design patent. See 35 U.S.C. §§ 101 *et seq.*; 17 U.S.C. §§ 101 *et seq.*

¹¹⁸ 1 MCCARTHY, *supra* note 3, at § 7:70.

¹¹⁹ Expressive marks might be said to do more than make a product more attractive. They allow the wearer to send a message to third parties. This aspect does not resolve the issue, however. This distinction will be fleshed out in the remainder of this subsection.

¹²⁰ Landes & Posner, *supra* note 36, at 298.

¹²¹ *Id.* at 276-77; 298.

¹²² *Id.* at 298.

¹²³ *Id.* A functional feature can also be thought of as a feature without which the product is less valuable. This can still be modeled in terms of cost, since if an attribute of a product makes it more desirable and there is no equal cost substitute for that attribute, then firms that are denied access to that attribute will have to invest more to produce a product of equal value to the product with the attribute.

¹²⁴ *Id.* at 292.

of the aesthetic value of the feature in question, A , and is represented by the equation:

$$I = [\pi - H(T)]Q(A)X - C(X;F) - R(A)T^{125}$$

This equation demonstrates that if the mark increases the quality (as a function of attractiveness), then the revenue term of the equation increases. Taking the derivative of the above equation with respect to X yields the profit maximizing equation with respect to quantity of X that a given firm will produce:

$$[\pi - H(T)]Q(A) = C_x^{126}$$

Making the reasonable assumption of increasing marginal cost to produce X leads to the conclusion that the greater return that the firm gets from a higher $Q(A)$ on the left side of the equation will cause the firm that has an aesthetically functional trademark to increase its output over what it would be if it could not produce a product with such a mark.¹²⁷

The above only demonstrates the effect on the firm with access to the aesthetically pleasing mark. One cannot determine the efficiency effects of granting trademark protection to such a mark without looking at the effect on competing firms. There are two possible stories.

Consider again the equation

$$I = [\pi - H(T)]Q(A)X - C(X;F) - R(A)T^{128}$$

for firms competing with the firm with the aesthetically functional trademark. One scenario is that a competing firm's income function will depend upon improving the quality of its own mark, $R(A)T$ ¹²⁹ but not have an effect on functionality $C(X;F)$ for other firms. Such would be the case, for example, where people find the red Coca-Cola cans aesthetically pleasing but find competing designs, such as Pepsi's blue and white design, pleasing as well. Another scenario is where there is no good substitute for the aesthetically pleasing mark, such as if Coca-Cola were allowed to trademark the color of its cola. In that case, functionality $C(X;F)$ would increase for Pepsi and other competitors of Coca-Cola.¹³⁰ In the first scenario, the firm

¹²⁵ *Id.* at 298.

¹²⁶ *Id.*

¹²⁷ *Id.*

¹²⁸ *Id.*

¹²⁹ *Id.* at 299.

¹³⁰ *Id.* To be technical, cost would not directly increase since Pepsi and other cola makers would not be able to make their cola brown by spending more money on doing so: if Coke had a trademark on the color, then its competitors would have to make their cola a different color. However, cost would essentially increase because Coke's competitors would have to invest in other aspects of their product to make it of equal value to consumers absent the brown color, e.g., they might have to have

with the aesthetically pleasing mark will increase output while other firms will keep output the same, resulting in a net efficiency gain. In the second scenario, the first firm will increase output while competing firms will decrease output, resulting in competing and thus unknown overall industry efficiency effects.¹³¹

Working backwards from the above model, it is possible to evaluate arguments that status and/or emblem goods are functional.¹³² That is, one can look at character of emblem goods in the market to see if they fit the economic model depicting utilitarian and/or aesthetic functionality.

Returning to the income equation for a functional good discussed above,

$$I = [\pi - H(T)]X - C(X;F) - RT \text{ with } \delta c_x / \delta f < 0$$

the pertinent question is whether granting trademark protection to an expressive mark will increase $C(X;F)$ due to the expressive aspect of the mark being functional.

With regard to status goods, the status aspect of the good should not affect the term $C(X;F)$. This is because the status associated with a status good is not an attribute of the product that makes production of the product less expensive. For example, on a Rolex watch, the minute hand would be a functional aspect of the watch in the sense that if Rolex could have a trademark on the minute hand, other watchmakers could not make a competing product because there is no good substitute for a minute hand on an analog watch. In this scenario, the cost term to non-trademark holders, denied access to functional aspect F_1 , would increase, resulting in decreased output and deadweight loss.

However, Rolex's status value does not encompass an attribute that if denied competitors would increase those competitors' costs. Moreover, there is nothing unique about Rolex that makes it the only way to express status; there is no reason that other products cannot gain equivalent aspects of status in the minds of consumers. In fact, other brands of watches and other goods, such as Piaget and Gucci, have done so. Status goods do not inherently have utilitarian functionality and should not be denied trademark protection on the basis that granting such protection will drive up the cost function to competing firms and result in an inefficient decrease in output.

their soda taste that much better for it to be viewed as a product of equal value to the way their cola's tasted before with the brown color.

¹³¹ *Id.*

¹³² See *Job's Daughters*, 633 F.2d at 918 ("finding a name and emblem [to be] functional aesthetic components of the jewelry, in that they [were] merchandised on the basis of their intrinsic value"); *University of Pittsburgh*, 566 F. Supp. at 716 (holding that University of Pittsburgh's name and insignia "perform the function of allowing the wearer to express identity, affiliation, or allegiance to Pitt"); Pollack, *supra* note 5, at 1417.

Emblem goods also are not functional in the utilitarian sense: granting trademark protection to a good that contains a logo or emblem will not increase $C(X;F)$ to competitors. Caps, t-shirts, and jerseys serve a function beyond expressing affiliation. Therefore, the emblem aspect of the good does not make the good cheaper to produce. Further, while there may be no good substitutes for a Bulls logo, the logo is only one aspect of the product (unless all that is being sold is the logo itself, such as in the form of a patch). There are good substitutes in the form of products with other logos and designs on them. As with status goods, granting trademark protection for the producer of a product with a particular emblem will not increase $C(X;F)$ and result in inefficient reduction in output.

Both status and emblem goods are probably aesthetically functional. The Rolex name does serve the function of making the mark more attractive to the user by allowing him or her to tell the viewing public about his image. Emblem marks are aesthetically functional in the sense that the mark is generally made more attractive to the purchaser of a product bearing the mark. This is for two reasons: (1) because emblems often have a pleasing design and (2) because the user can signal others that he or she supports a particular team or other entity.

However, as just discussed, with both status and emblem goods, $C(X;F)$ will not increase for competitors of a firm given a trademark over a mark in question. Returning to the equation

$$I = [\pi - H(T)]Q(A)X - C(X;F) - R(A)T^{133}$$

and the two scenarios that Landes and Posner presented, the likely scenario with expressive goods is that $C(X;F)$ for firms competing with the trademark holder will remain unchanged but that the trademark holder will probably invest in increasing the attractiveness of its expressive marks (the trademark holder will do so if the marks is in fact aesthetically functional). This will lead to an increased output by the firm holding the trademark, while having no effect on the output of competing firms and therefore result in efficiency gains.

Therefore, expressive marks should not be denied trademark protection on the basis that they are functional (either in utilitarian or aesthetic terms).

B. *Genericism*

In order to receive trademark protection, a mark must serve to distinguish the good it is associated with from the goods of other producers.¹³⁴ With respect to this issue, trademarks fall into three categories. First, some marks are inherently distinctive and are automatically subject to

¹³³ Landes & Posner, *supra* note 36, at 298.

¹³⁴ *Id.* at 287-88.

protection as trademarks.¹³⁵ A second set of marks are deemed descriptive and can only be protected upon proof of secondary meaning.¹³⁶ A second party, however, is entitled to use a descriptive mark, even if it has acquired secondary meaning, in a descriptive sense.¹³⁷ Finally, some marks are deemed incapable of being distinctive and are classified as generic marks.¹³⁸

Some commentators, particularly Pollack regarding status goods, claim that expressive marks are generic.¹³⁹ Pollack argues that "ROLEX could be considered generic for the service of personal association with the social characteristics attributed to wearers of ROLEX watches," even though the name for a time-telling piece is a watch.¹⁴⁰ Under Pollack's proposed analysis, a status mark would "not be protectable by trademark if an

¹³⁵ 1 MCCARTHY, *supra* note 3, at § 11:2. There are three categories of marks in this category: Fanciful marks, which are words that are coined "for the express purpose of functioning as a trademark." *Id.* Examples of fanciful marks are Kodak and Xerox. Arbitrary marks involve "words, symbols [and] pictures... which are in common linguistic use but which, when used with the goods or services at issue, neither suggest nor describe any ingredient, quality or characteristic of those goods..." *Id.* at § 11:4. Examples of arbitrary marks are Apple (for computers) and Shell (for gasoline). Suggestive marks, as their name might suggest, are those which "imply the characteristic of the goods they are used to name but do not describe them." Landes & Posner, *supra* note 36, at 289. Examples of suggestive marks are Business Week and Wall Street Journal. *Id.*

¹³⁶ Zatarains, Inc. v. Oak Grove Smokehouse, Inc., 698 F.2d 786, 790 (5th Cir. 1983). A mark is descriptive if it describes the "intended purpose, function or use of the goods." 1 MCCARTHY, *supra* note 3, at § 11:16. In order to show secondary meaning "a manufacturer must show that, in the minds of the public, the primary significance of a [mark] . . . is to identify the source of the product, rather than the product itself. *Inwood Labs.*, 486 U.S. at 851 n.11; *See also Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 118 (1938), *reh'g denied* 305 U.S. 674 (1938) (holding that a mark acquires secondary meaning if "the primary significance of the term in the minds of the consuming public is not the product but the producer"). Examples of marks held to be descriptive are Beer Nuts (salted nuts) and Beef and Brew (restaurants). *See* 1 MCCARTHY, *supra* note 3, at § 11:24.

¹³⁷ 1 MCCARTHY, *supra* note 3, at § 11:25. This is known as the fair use doctrine and is what Pollack refers to as the collateral use doctrine. *See* Pollack, *supra* note 5, at 1446. A hypothetical example of this might be as follows. Suppose user A has shown that Cool and Creamy has acquired secondary meaning for ice cream. Another user, so long as he did not confuse purchasers, could describe his ice cream product as cool and creamy. For example, user Mary's Ice Cream might be advertised as cool, creamy and refreshing.

¹³⁸ A.J. Canfield Co. v. Honickman, 808 F.2d 291 (3d Cir. 1986) (holding that "chocolate fudge" for soda was generic). A generic mark is one that is "[t]he name of a product or service itself-what it is..." 1 MCCARTHY, *supra* note 3, at § 12:1 (citing *Roux Laboratories, Inc. v. Clairol, Inc.*, 427 F.2d 823 (C.C.P.A. 1970)) (other cites omitted).

¹³⁹ Pollack, *supra* note 5, at 1393.

¹⁴⁰ *Id.* at 1439.

opponent could prove that it is the common descriptive term for a specific quality."¹⁴¹

Just as economic analysis demonstrates the flaw in the functionality argument, it reveals that the argument that the expressive quality of a mark makes it generic is also faulty. Granting trademark protection to generic marks results in efficiency losses. These losses are analogous to those created by protecting functional marks by denying access to important assets to firms other than the trademark holder. However, Landes and Posner's model demonstrates that a mark's expressive quality will not itself cause the losses expected if they were generic goods. Thus, because an expressive mark would not cause the economic shortcomings associated with a generic mark, it follows that a mark should not be deemed generic by virtue of its being expressive.

Assume that H represents consumer search costs and is a function of a product's trademark, T , as well as Z , words that all producers are allowed to use, such as cola, tee-shirt, or watch, resulting in $H(T, Z)$.¹⁴² The trademark (T) lowers search costs by providing brand information to the consumer.¹⁴³ Non-distinctive terms (Z) lower search costs by informing consumers about the attributes of a product.¹⁴⁴ For purposes of this discussion, assume that Z represents generic terms.

If a seller is given trademark protection over generic terms, then other sellers of the same product will not be as easily able to describe their products. For example, if Coke were given trademark protection not only over "Coke" or "Coca-Cola" but over the word "cola" itself, then other firms wanting to sell cola would be at a disadvantage in telling the consumer what they were selling. Lesser known brands would not be able to use the term "cola" on its cola and would therefore have to come up with another way to let consumers know what flavor of soda they were buying. This would raise the search cost to consumers who wish to buy a brand of cola other than Coke.

Because the total cost to consumers is the retail price plus the search costs,

$$\pi = P + H(Z, T) \text{ and } P = \pi - H(Z, T)$$

if H is increased as a result of Z being given trademark protection, then in a competitive market, sellers who are unable to use the generic term will have to lower their nominal price, P , to counter the increase in H .¹⁴⁵ This will in

¹⁴¹ *Id.* at 1445.

¹⁴² Landes & Posner, *supra* note 36, at 288. Actually Landes & Posner define H as being a function of additional factors as well, but one need not be concerned with those for purposes of the present issue.

¹⁴³ *Id.*

¹⁴⁴ *Id.*

¹⁴⁵ *Id.* at 275, 291-92.

turn cause those sellers to reduce their output of the product, thereby shifting the industry supply curve to the left of where it would be in a competitive market, resulting in a less than efficient outcome.¹⁴⁶

The above result is not likely to occur with expressive goods. More specifically, granting trademark protection to a mark that serves as an emblem or status mark will not result in the above effect on the basis of the mark's being expressive; if the mark is otherwise generic, then the fact that it is expressive does not change the scenario above.

This can be viewed similarly to the functionality issue. With prestige items, it is likely that the sellers of genuine and counterfeit goods are not competing for the same customers.¹⁴⁷ Consequently, affording trademark protection against copying of a status good will not affect the industry supply curve for that good. Certainly granting trademark protection to the genuine good holder will, with proper enforcement, limit the ability of counterfeiters to sell to their customers. However, this is no different than saying that a firm other than Coke cannot sell Coca-Cola; it is not a problem of genericism.

More fundamentally, however, the existence of other prestige goods shows the flaw in the argument that prestige goods are generic for status. The problem created by giving trademark (and thus monopoly) rights to generic terms is that there are no good substitutes. Thus, $H(T,Z)$ is driven up for everyone but the trademark holder because the other firms have to come up with more costly ways of accomplishing what Z (a term such as cola) accomplishes on a product or in advertising. However, the argument that "Rolex" is to prestige is as watch is to "time telling device worn on the wrist"¹⁴⁸ is flawed. While any substitute for the word watch will drive up consumer search costs because there are no good substitutes, there are other brands, such as Gucci and Piaget, that are substitutes for status. There is nothing stopping a would-be competitor from creating a new brand that would signal status in the same manner that these other brands have come to do.

The argument that emblem goods are generic is stronger than the corresponding argument for status goods. First, there is likely to be a single market for items with teams' logos.¹⁴⁹ Second, unlike with status goods, there is less likely to be a substitute for a given team logo with which a fan

¹⁴⁶ *Id.* at 292.

¹⁴⁷ This is consistent with the model proposed by Higgins & Rubin, *supra* note 4, at 211. In this model there are two types of consumers. One group will buy the counterfeits, the other group the genuine good. There is no overlap in the markets.

¹⁴⁸ See, Pollack, *supra* note 5, at 1439.

¹⁴⁹ It is reasonable to assume that most purchasers do not care what the source of their tee-shirts is; they want to show that they are fans. Thus, there is unlikely to be a split market, where one group only purchases real emblem goods and the other group purchases only counterfeit items.

can show affiliation. If the Bulls can stop others from selling goods bearing the team logo, other manufacturers will not be able to provide a product whereby fans can as easily show that they support the Bulls.¹⁵⁰

Nevertheless, the argument that emblem goods are generic is still problematic. The appropriation of a team name and logo by a single seller does not create a barrier to other sellers describing their product. Rather it results in an impediment to purchasers being able to express affiliation to their team with goods from other sellers.¹⁵¹ Returning to Landes and Posner's formula representing the genericism issue,

$$\pi = P + H(Z, T)$$

it is clear that the problem here has nothing to do with the problem that is the basis for denying protection to marks deemed generic: nothing in this formula is affected by giving a team a trademark over its name. The conundrum created by expressive marks does not find its solution in the genericism doctrine.

V. Toward a Sound Likelihood of Confusion Standard for Expressive Trademarks: A Proposed Solution

To this point, this article has discussed the problem presented by expressive marks and has offered critique of the case law and commentary to date. This section's proposal, while not entirely abandoning prior cases and scholarship, provides an approach for addressing expressive trademark disputes that accounts for the peculiarities of expressive marks and furthers the core aim of trademark law.

Although the touchstone of the scope of protection for expressive marks does in fact reside in the "likelihood of confusion" standard, a more nuanced approach that examines which marks are likely to cause confusion—and who they are likely to confuse—will best effect the goals of trademark law.¹⁵²

¹⁵⁰ This is really a barrier to entry problem analogous to that discussed in the functionality subsection with respect to emblem goods.

¹⁵¹ See, e.g., *National Football League Properties Inc. v. Wichita Falls Sportswear, Inc.*, 532 F. Supp. 651, 656 (1982) (The NFL claimed a trademark in the descriptive terms indicating teams' cities or nicknames). For example, if a seller could preclude other sellers from using the Bulls logo, then other sellers could produce products that gave some indication of support for the Bulls, but less so than if the item contained the logos. Fans buying these products would have a more difficult time indicating support for the Bulls. In such a case the purchaser of these products is situated similarly to the non-trademark holding seller in the Landes & Posner model.

¹⁵² Likelihood of confusion is a necessary element of finding trademark infringement. Landes & Posner, *supra* note 36, at 300. Both sections 32 and 43(a) of the Lanham Act require such a finding before holding the claimed infringer liable. See 15 U.S.C. § 32 and 15 U.S.C. § 43(a). Also, the 1984 Trademark Counterfeit Act, 18 U.S.C. § 2320, requires that for a mark to be considered counterfeit, the use must be such

What makes expressive goods interesting is that there may be no confusion at the point of sale, which is generally the concern of traditional trademark cases.¹⁵³ Rather, the confusion may be of potential future purchasers or even non-purchasers. While some cases and commentators have argued that any form of confusion as to source, origin, or the like, whether at the point of sale or in the post-sale context, ought to give rise to liability under trademark,¹⁵⁴ this article asserts that a less blunt approach is appropriate: likelihood of confusion liability ought to be based upon effecting the benefits and avoiding the harms that are at the root of trademark law. Thus, a more targeted, less broad-brushed approach is in order.

that it “is likely to cause confusion.” Thus, while someone may have a valid trademark, trademark law does not prevent others from using the mark so long as such use does not cause confusion. Patent and Copyright may preclude use even without confusion. See 1 MCCARTHY, *supra* note 3, at § 6:3. Some states and the federal code have “dilution” statutes; these do not require a likelihood of confusion in order to hold subsequent users liable. *Id.* at § 24:13. Klerman, *supra* note 2, at 7-11, while discussing the problem of confusion and dilution that allowing the sale of goods bearing expressive marks, also notes additional concerns that implicated when someone is allowed to sell a product bearing an expressive mark created by another party: that any value a party has in the exclusivity of its mark would be lost; that it may be unfair to allow one party to profit from another party’s mark; and that allowing others to use the mark that a party created will diminish the incentives for a party to create an expressive mark.

¹⁵³ 3 MCCARTHY, *supra* note 3, at § 23:5.

¹⁵⁴ See *Song*, 934 F.2d 105; *Hon*, 904 F.2d 803; *Yamin*, 868 F.2d 130; *Gantos*, 817 F.2d 41; *McEvoy*, 820 F.2d 1170; *Torkington*, 812 F.2d 1347; *Baker*, 807 F.2d 427; *Gonzalez*, 630 F.Supp. 894; Anne M. McCarthy, Note, *The Post-Sale Confusion Doctrine: Why the General Public Should be Included in the Likelihood of Confusion Inquiry*, 67 FORD. L. REV. 3337, 3338 (1999). But see Klerman, *supra* note 2, at 5, (noting that the expressive uses challenges for trademark because of their dual function, noting that “[t]he consumer confusion argument for giving the trademark owner exclusive rights recognizes that in most contexts trademarks serve both an expressive and a source-identification function.” When a university or sports team logo is emblazoned on a tee-shirt, the mark functions primarily expressively. Nevertheless, at least some consumers are likely to believe that the trademark owner made or at least approved the tee-shirt, and thus the mark may serve the source-identification functions as well. The presence of both functions is even more apparent when one considers goods such as a Rolex watch. Consumers desire Rolex watches, in part because wearing them allows consumers to signal their wealth, appreciation of fine engineering, and other qualities. On the other hand, the word “Rolex” on the watch dial serves to tell consumers that it is a Rolex watch manufactured to that company’s exacting standards. Failure to give Rolex the exclusive right to make watches bearing the word “Rolex” would therefore make it more difficult for consumers to know when they are buying a real Rolex watch and thus would undermine the source-identification function” and arguing that “[t]he consumer confusion problem, however, could largely (although not entirely) mitigated by appropriate labeling).

Landes and Posner's general economic trademark model is helpful to analyzing likelihood of confusion with regard to expressive use marks. The model assumes that there are two producers: the holder of the genuine trademark and the copier. Assuming that the marks are identical, the likelihood of confusion will turn on the relative amount of each producer's goods in the marketplace.¹⁵⁵ Assume genuine good (*A*) sells for a higher price than the counterfeit (*B*). Because consumers will not know whose goods they are buying, they will pay less for the goods than if they were sure they were getting *A*'s goods and more than if they were sure they were getting *B*'s.¹⁵⁶

The long term efficiency harms are as follows. Even if the goods are of equal quality, as the price of *A* falls, so will *A*'s profits. This will cause *A* to lower its output and its investment in its trademark.¹⁵⁷ This will have a snowball effect as the lower output of *A* will make it more likely that consumers will confuse *B* for *A* (there will be more *B* relative to *A* after *A* lowers its output), which will further lower the price of *A*.¹⁵⁸ Over the long run, this will actually cause the price of *B* to reach the price that would be charged in the absence of confusion because there will be a much higher percentage of *B* than *A*.¹⁵⁹ This will result in a leftward shift in the supply of *A* with attendant deadweight losses.

The problem is even greater when *B* produces a lower quality product than *A*. Because consumers will not be able to differentiate *B*'s and *A*'s goods, *A* will have no incentive to maintain as high a quality good as it would if consumers could tell the goods apart.¹⁶⁰ This will create some deadweight costs as some consumers will be unable to purchase the additional quality they desire.¹⁶¹

In light of the above, this article now examines how the "likelihood of confusion" standard will play out with regard to expressive marks at

¹⁵⁵ Landes & Posner, *supra* note 36, at 302.

¹⁵⁶ *Id.* at 301-02.

¹⁵⁷ *Id.* at 302. See also *id.* at 277-78 and figs. 1 & 2.

¹⁵⁸ *Id.* at 302.

¹⁵⁹ If the proportion of *A* in the market is very small, the chance of getting a *B*, when one cannot tell *A* from *B*, will be very high. Thus the situation will be similar to knowing that one is getting a *B*.

¹⁶⁰ Landes & Posner, *supra* note 36, at 303; see discussion *supra* section II.A.1, of the effects of Mr. *X*'s infringement on the Coca-Cola trademark. It is not clear whether *B* will also lower the quality of its goods as Landes & Posner claim. With infringement, *A* and *B* may each maximize profit with the average good being of a certain quality. Thus *A* may have an incentive not to lower its quality to the level of *B*.

¹⁶¹ Without infringement, *A* was producing a good of a higher quality than before infringement. It is rational to assume that this extra quality was an efficiency gain over a lower quality *A*, as *A* was willing to produce and consumers are willing to pay for additional quality.

different points in the market place and with regard to different groups of people.

A. *Point of Sale Confusion*

Point of sale confusion creates the same issues with expressive goods as it does with non-expressive goods. Even if a trademark serves an expressive function, it can also serve as a symbol of source or sponsorship.¹⁶² Thus the efficiency losses described in the Landes/Posner model will be the same with both status and emblem goods if there is point of sale confusion.

While the principles of infringement are the same with expressive goods, the nature of these goods may affect the likelihood of point of sale confusion. For status goods, there is always the chance that a copier will attempt to pass off his goods as the genuine article. Such would not only provide the basis for liability under the Lanham Act and the 1984 Trademark Counterfeit Act, but probably would be sufficient for finding fraud.

Far more common are counterfeit goods that are not intended to fool the purchaser.¹⁶³ Although with status goods, the marks are likely to be identical, the similarity between the marks is only one factor in determining whether there is likelihood of confusion.¹⁶⁴ As the Landes/Posner model shows, harm does not arise directly from the similarity of the marks. Such is only a proxy for determining whether consumers will be misled about who produced the product.

With certain status goods, such as Rolex watches, the price differential and the manner and place in which they are sold should be sufficient to avoid point of sale confusion,¹⁶⁵ but the problem may be more acute with

¹⁶² See Pollack, *supra* note 5, at 1419 (discussing status marks serving “dual” functions).

¹⁶³ Typically the difference in price between the genuine and the counterfeit goods is so great that the likelihood of a purchaser being fooled into thinking that he is buying the real thing is small. See, e.g., *Hon*, 904 F.2d at 805 (“A purchaser or potential purchaser would invest at least minimal effort in examining the counterfeit watch in question and, based on the differences he would discover in price and quality of manufacture between the counterfeit and the genuine item, would probably not be confused as to the watch’s origin.”). But see *Torkington*, 812 F.2d at 1353 n.8 (“It was for a jury, not the court, to determine whether the price differential between the replica and the authentic Rolex watches was so great this it was unlikely that a direct purchaser would be confused...”).

¹⁶⁴ *Ferrari*, 944 F.2d at 1241-42 (identifying eight factors that should be examined to determine whether confusion is likely).

¹⁶⁵ See *Kozinski*, *supra* note 5, at 964 (“I suppose there may be one or two people who buy fake Rolex watches for twenty dollars on the streets of New York and think they’re getting a genuine \$3000 Rolex. But they probably also assume the watch was stolen so, as far as I’m concerned, they’ve got it coming. Usually, though, no one’s fooled. The people buying the fake Rolex know they’re getting a fake from the price and the venue of sale.”).

certain goods.¹⁶⁶ Some status goods do not sell for a much higher price than their counterfeits, and may be sold in similar retail settings.¹⁶⁷ In such cases, a disclaimer, which Pollack argues is the proper remedy, should reduce the risk of point of sale confusion.¹⁶⁸ It is true that the subsequent user's own trademark will often not be sufficient to accomplish this purpose because there is the risk that consumers will assume some connection or sponsorship.¹⁶⁹ This concern most likely could be addressed by requiring the copier to clearly disclaim any affiliation, sponsorship, or connection.¹⁷⁰

Emblem goods are more like the latter set of status goods mentioned. Such goods may sell for the same price and in the same types of stores as the genuine goods.¹⁷¹ Moreover, with such goods, extending trademark protection may create a circularity problem: the more protection afforded such marks, the more likely it is that consumers will assume that a producer must have approval from the underlying entity in order to sell the product.¹⁷² This problem, as in the case of status goods, can be addressed with a clear disclaimer. Therefore, because the doctrines of functionality and genericism do not merit excluding expressive marks from obtaining trademark protection, infringement of expressive trademarks should be analyzed using the standard likelihood of confusion test. In addition, the likelihood of confusion test should be attuned to how the attributes of expressive marks affect the application of such a standard in particular cases.¹⁷³

B. *Confusion of Non-Purchasers*

Confusion of members of the public who are not going to purchase the good in question is beyond the concern of traditional trademark protection.

¹⁶⁶ This of course does not address the possibility of fraud if the good is resold. However, given the price of genuine Rolex watches and similar products, it is unlikely that many people would buy such items from those who do not have an established reputation without having the items authenticated.

¹⁶⁷ See, e.g., *Levi Strauss*, 632 F.2d 817 (*Levi's jeans and Wrangler jeans*); *Polo Fashions*, 816 F.2d 145 (*Ralph Lauren shirts and shirts with a similar symbol*).

¹⁶⁸ See Pollack, *supra* note 5, at 1492.

¹⁶⁹ See *Levi Strauss*, 632 F.2d at 821.

¹⁷⁰ Note how such a disclaimer would parallel the language of the Lanham Act. One might argue that purchasers may not closely examine disclaimers. The most that can be said, in abstract, about disclaimers is that the more clear and unequivocal the disclaimer, the lower the probability of confusion.

¹⁷¹ See *University of Pittsburgh*, 566 F. Supp 711, where the alleged infringer was Champion, a well-known maker of high quality sporting goods.

¹⁷² 4 MCCARTHY, *supra* note 3, at §24:3.

¹⁷³ See Steven Codero, Note, *Cocaine-Cola, the Velvet Elvis and Anti-Barbie: Defending Trademark and Public Rights to Cultural Icons*, 8 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 599, 640 (1998) (calling for trademark protection for "cultural icons" (essentially what I term emblem goods) only to the extent of likelihood of purchaser confusion).

Nonetheless, many cases have held, and several commentators have argued, that marks that cause confusion should subject one to liability for trademark infringement. Therefore, it is necessary to analyze this issue.

With status goods, the harm that arises from viewing by members of the public who are not potential purchasers arises from the unusual demand curve that exists for such goods, where the price that the snob consumer is willing to pay decreases as the supply of the good increases.¹⁷⁴ If there are counterfeit goods in circulation that fool the viewing public, the effect on the demand curve for the genuine good will be the same as the output of the genuine good increased: the price of the genuine good will decrease.¹⁷⁵ Although the reduction in *A*'s price is not the result of consumer confusion, the result is the same. The trademark holder will lower output and investment in its trademark.¹⁷⁶ However, the gains to those who would buy the counterfeits may outweigh the cost in the snob market.¹⁷⁷ It is uncertain whether protecting trademark holders against this type of harm will yield a net benefit. But in any case, trademark law is not the appropriate doctrine with which to address this issue.

With non-snob goods, including emblem goods, post-sale confusion of non-purchasers will not cause this type of harm. One might argue, however, that it is necessary to afford the producer of product *A* monopoly power in order to give the incentive to develop a valuable mark. While monopolies result in efficiency losses, there may be a need to allow such in order to create proper incentives. As discussed above, however, this interest is the concern of copyright and patent. If those regimes are rational, then the protection given under those forms of intellectual property law should be efficient.¹⁷⁸ Any trademark protection based upon this theory would result in an efficiency loss. Therefore, it is not possible to reach a general conclusion as to whether prohibiting counterfeiting of status goods, resulting

¹⁷⁴ With status goods, the Higgins & Rubin model, *supra* note 4, at 214-15, illustrates this concern. They assume that the genuine and counterfeit markets have separate customers but that snobs will pay less for their goods when there are counterfeits in the market. *Id.* at 214. Higgins & Rubin assume the genuine and counterfeit goods are of equal quality. However, assuming that there is no confusion at the point of sale and that the counterfeiter takes no customers away from the trademark holder, then the analysis remains the same assuming that the counterfeits fool some non-purchasing viewers.

¹⁷⁵ *Id.* at 214-15.

¹⁷⁶ Landes & Posner, *supra* note 36, at 302. Note, however, that unlike in the case of point of sale confusion, this type of confusion will not have the snowball effect that results from there being a higher percentage of counterfeit goods on the market after the trademark holder lowers his quantity. In fact, the reduction in quantity may actually raise the price of the genuine good (or reduce the amount by which the price will fall), due to snob value.

¹⁷⁷ See Higgins & Rubin, *supra* note 4, at 230.

¹⁷⁸ See Meyer, *supra* note 6, at 610. See generally, Higgins & Rubin, *supra* note 4, at 230.

only in confusion of members of the public who are not potential purchasers, will further or hinder the general aims of trademark law. Instead, trademark protection should not be afforded in these situations, even if such protection would ultimately effect the efficiency gains that trademark doctrine seeks. Such gains are ultimately a result of the bizarre demand curve for snob goods, not a result of furthering the interests of buyers and sellers that is at the heart of trademark doctrine.¹⁷⁹ This is not to say that such protection should not be afforded for efficiency or other reasons,¹⁸⁰ but that such should not fall within the ambit of trademark protection.

Confusion of the non-purchasing public with emblem goods raises less concern than such confusion with status goods. Most people who buy an item bearing the logo of a team or other entity do so to show their allegiance; they do not desire a Chicago Bulls shirt any less if many other people also have items with Bulls logos. As such, the fact that the general public will see more Bulls paraphernalia will not harm the Bulls or their licensees. In addition to being goods in their own right, logo goods serve to promote the underlying entity. The existence of copy-cat emblem goods may serve to help the underlying entity whose logo appears on the goods.¹⁸¹ While it is possible that the quality of the counterfeit emblem good will not be the same as the official product, this is not likely to be harmful with regard to viewing by the general public (as it might be with regard to potential future purchasers). This is because one's support or opinion of a sports franchise or other entity is not likely to be influenced by the quality of merchandise bearing the entity that he or she sees, even if the viewer thinks that the product is produced or licensed by the underlying entity.

C. *Confusion of Potential Future Purchasers.*

Confusion of future purchasers of emblem goods presents a great challenge to trademark law. A necessary component of expressive counterfeits is their ability to confuse the public at large.¹⁸² The impression that potential future purchases get from viewing expressive goods that

¹⁷⁹ See Kozinski, *supra* note 5, at 977 (noting, in connection with emblem goods, that "trademarks are doing all kinds of work they weren't originally meant to do" but nonetheless arguing that trademark law ought to evolve to protect these non-traditional interests rather than be limited to its original purpose).

¹⁸⁰ See *id.* at 966-78 (arguing various bases that call for protecting expressive uses).

¹⁸¹ See *id.* at 960-61 (positing the indirect benefit to the manufacturer of a videogame system by the production of non-licensed games).

¹⁸² With emblem goods purchasers generally will not be concerned with confusing viewers into believing that their products are produced by the underlying entity. However, they will want the viewers to think that their tee-shirts and jerseys are no different than those purchased directly from an official source. Thus with both emblem and status goods, it is essential that viewers see no difference between the genuine and the counterfeit goods.

others have purchased has a strong possibility of influencing the future purchasers' decision. Therefore, although the purpose of those who imitate expressive goods is not necessarily to confuse potential future purchasers *per se*, but rather just to confuse any viewer, such confusion is a likely result of the imitation goods' being on the market.

The above scenario creates a quandary for trademark law. "The great evil that [the] Lanham Act seeks to prevent is that of consumers being duped into buying [goods] they later discover [were] made by someone other than [the purported manufacturer]." ¹⁸³ Although the above example involves fooling purchasers at the point of sale, confusion of future purchasers who see imitation goods implicates the traditional trademark concerns of allowing producers to signal what they are selling and buyers to know what is available for purchase.

Assume that it is possible, but not certain, that a viewer seeing a previous purchaser's use of an imitation expressive good will be fooled into thinking the imitation good is genuine.¹⁸⁴ Assume also, as is very likely with status goods and quite possible with emblem goods, that the quality of the imitation good is noticeably lower than the quality of the genuine good, causing some potential purchasers who would wish to purchase the genuine good to lower the price they are willing to pay or to forego purchasing it altogether.¹⁸⁵ This will shift the aggregate demand curve down, resulting in a lower market price. The ultimate effect will be the same as Landes and Posner describe with respect to point of sale confusion.¹⁸⁶ The quantity of

¹⁸³ Kozinski, *supra* note 5, at 964.

¹⁸⁴ Recall that in the Landes & Posner model each consumer will be uncertain whether he is getting the genuine or the counterfeit good. Landes & Posner, *supra* note 36, at 301. This makes sense when consumers cannot be assured of getting the genuine good at the point of sale. With post-sale confusion, however, the consumer can always get the good he wants. If, however, he sees a low quality item in the marketplace, and believes that it is genuine, he may forgo purchase without ever getting to the point of sale. If a potential purchaser is aware of counterfeits in the market, however, he may assume that there is some chance that what he saw was a counterfeit and thus still decide to examine the genuine good at the point of sale.

¹⁸⁵ Kozinski, *supra* note 5, at 971. It is true that one who has an impression of a good as being of lower quality than it actually is because he has seen a lower quality imitation in the marketplace but who still decides to purchase the good, will get to assess the actual quality of the genuine good when he or she uses the genuine good. Nevertheless, even if using the genuine good provides some counter-balance to what such a purchaser has seen in the marketplace, it is reasonable to expect that some portion of these purchasers will still be willing to pay less than they would have had they not previously seen a poorer quality imitation that they believed to be genuine; the first impression having been formed will not likely be entirely wiped away.

¹⁸⁶ Landes & Posner, *supra* note 36, at 301-02. The harm here is not the result of a counterfeiter siphoning customers from the trademark holder. The harm is

the genuine good produced will drop. As the harm is the same as that caused by point of sale confusion, the scope of liability for future purchaser confusion should also turn upon the degree of confusion. The relevant inquiry, however, is whether potential future purchasers are likely to be confused.¹⁸⁷

The likelihood of confusion standard for finding infringement requires probable, not merely possible, confusion.¹⁸⁸ This requires examining the nature of the goods and the purchasers to determine whether purchasers would probably be confused and influenced if they viewed the goods in the post-sale context. The extent to which post-sale confusion is likely with expressive goods cannot be answered precisely without an empirical study of the market and will vary from case to case. This article puts forth an intuitive analysis.

Status goods present factors that cut in both directions. With status goods, most purchasers probably believe that the genuine article is produced by a single source. That is, most people probably think that one company makes genuine Rolex watches.¹⁸⁹ Moreover, people seeking to purchase a genuine status good will care who manufactures the product. These factors cut in favor of concluding that a viewer of any "Rolex" (or other prestige item), genuine or counterfeit, will probably form some opinion regarding the overall quality of Rolex watches.¹⁹⁰

Two factors, however, cut against the likelihood of post-sale confusion with respect to status goods. First, such goods are widely counterfeited. Therefore, someone seeing a shabby Rolex may assume that it is a counterfeit. This is equivalent to consumers believing that there are multiple sources of the good.¹⁹¹ Second, status goods tend to be expensive. Consumers are likely to invest more time in determining the quality of

equivalent to a purchaser unknowingly buying a counterfeit, being dissatisfied and deciding not to buy the product in the future. *See supra* section II.A.1.

¹⁸⁷ Upadhye, *supra* note 34, at 567 ("After determining whether confusion has occurred, the next inquiry is whether an appreciable number of ordinary purchasers are likely to be confused.").

¹⁸⁸ 3 MCCARTHY, *supra* note 3, at § 23:1. This may be stated as requiring that "an appreciable number of ordinarily prudent consumers are likely to be misled by the similarity of the marks." Landes & Posner, *supra* note 36, at 305 (footnote omitted).

¹⁸⁹ This does not mean that consumers have to know who the actual manufacturer of the goods is. It is sufficient if they know or believe the goods come from a single source.

¹⁹⁰ *See* McCarthy, *supra* note 154, at 3357 ("The [confusion] effect is magnified when the infringed product is a prestige item because observers may develop the impression that the original product no longer possesses the renown it once enjoyed.").

¹⁹¹ In trademark language, such could be viewed as the mark not being distinctive of the product in the post-sale context.

expensive goods rather than cheap goods.¹⁹² They are therefore less likely to be influenced by any one piece of information, such as viewing a previous purchaser's wearing or displaying of a status good. Thus, because it is unclear whether future purchasers will be negatively affected by seeing an imitation good in the marketplace, no general conclusion can be reached as to the protection that all status goods merit based upon the effect on future purchasers.

Emblem counterfeits probably will not result in the confusion of a substantial number of future purchasers. First, there may be no correlation between a given mark and the quality of the good. It is a fair assumption that people do not decide whether to buy a Bulls jersey based upon their perception of whether the Bulls or their licensee makes good clothing.¹⁹³ Second, purchasers might not assume that there is a single source for such goods.¹⁹⁴ Third, viewers may not notice the quality of another person's emblem good to the same degree as the viewer of a status good.¹⁹⁵

Thus, in the post-sale context, emblem goods theoretically do not present much problem of post-sale confusion of potential future purchasers. Status goods may or may not present such a problem. In either case, the question, as with point of sale confusion, is a factual one to be determined by the given circumstances.¹⁹⁶ Put differently, where a party argues trademark infringement based upon the confusion of potential future purchasers, the same trademark standard that applies to point of sale confusion should apply: the party claiming infringement ought to have the burden to prove damages resulting from a likelihood of confusion as to source or sponsorship.

¹⁹² See 3 MCCARTHY, *supra* note 3, at § 23:96 (citing *L.J. Mueller Furnace Co. v. United Conditioning Corp.*, 222 F.2d 755 (C.C.P.A. 1955)).

¹⁹³ In this sense, even at the point of sale the red and white Bull logo is not functioning as a trademark.

¹⁹⁴ There is the risk of the circularity problem, however. The greater protection that is given to such marks, the more likely it will be that viewers will believe all such goods emanate from a single source. This in turn will require greater protection.

¹⁹⁵ For example, if a car aficionado saw a Ferrari (real or genuine) parked on the street, he might examine the paint job, the tires and if bold enough, look under the hood. Although a sports fan might notice another person wearing a Bulls tee-shirt, he probably will not closely examine the weaving, texture and materials of the shirt worn by the person sitting next to him at the United Center.

¹⁹⁶ 3 MCCARTHY, *supra* note 3, at § 23:58 ("To arrive at a realistic evaluation of the likelihood of buyer confusion, the court must attempt to re-create [in the courtroom] the conditions under which prospective purchasers make their choices.") (citations omitted).

Conclusion

Status and emblem goods provide unique challenges to trademark law. Much of the protection that intuitively seems to be owing to such goods is more properly relegated to other aspects of intellectual property law. The doctrines of genericism and functionality do not provide a satisfactory basis for concluding that these marks deserve no trademark protection. Rather, this determination should be made in terms of likelihood of confusion, with a particular focus on which types of expressive marks are likely to cause confusion and who those marks are likely to confuse. Such an approach will meet the challenge that expressive marks present for the traditional goals of trademark law.