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Externalizing Trademark's Limits

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Courts and scholars alike conventionally describe trademark rights as inherently limited. By “inherently limited,” they mean that the boundaries of trademark rights can be derived from the justifications for those rights, without resort to other competing values. That description is important to both trademark maximalists and minimalists. For the former, appeals to the inherent limits are meant to downplay concerns about broad rights; for the latter, they are meant to reinvigorate the limits.

The claim that trademark rights are inherently limited is undeniably correct in important ways. Nothing is more foundational to trademark law than the notion that trademark rights are not rights in gross—the rights arise out of use in connection with particular goods or services, and they exist only in relation to those goods or services. For that reason, eligibility for trademark protection depends on a claimed mark's relationship to the goods and services. We determine whether one has a valid mark by asking how much and what kind of information the purported mark provides about the relevant goods or services.¹

But the question of how limited trademark rights really are depends not only on how we determine the existence of rights; it depends critically on the *scope* of those rights.² And in that respect, modern trademark law is very different from its former self. Once upon a time, trademark owners could enforce their rights only against those in direct competition, so it was literally true that trademark rights existed only in relation to the goods or services with which they were used. But that is history now. For many decades it has been more accurate to say that a party's rights grow out of its own use but extend to any other uses that are close enough to cause confusion. As a result, the scope of trademark rights has long been dependent on the meaning of likelihood of confusion.

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¹ For word marks, we do this in American trademark law by placing a claimed word mark along the *Abercrombie* spectrum. *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4 (2d Cir. 1976). That spectrum, as I have previously explained, really mashes up the traditional rules for determining trademark status with conditions for granting limited unfair competition relief. See Mark P. McKenna, *Property and Equity in Trademark Law*, 23 MARQ. INTELL. PROP. L. REV. 117 (2019). But *Abercrombie* is now the well-accepted framework for all claimed word marks.

² Mark A. Lemley & Mark P. McKenna, *Scope*, 57 WM. & MARY L. REV. 2197 (2016).

And, of course, the concept of likelihood of confusion has expanded dramatically over time. Modern trademark law recognizes many forms of confusion, in many contexts, about many types of relationships, and at several points in time.³ Dilution goes even further, giving a cause of action even when there is no plausible argument about confusion of any kind.⁴ For many marks, and especially those that are most well-known, the claim that trademark rights exist only in relation to certain goods or services is much more of a slogan than a reality.

That doesn't mean that trademark rights have become rights in gross in every sense. Courts continue to enforce several important limits, some of which have taken on even greater significance in recent years. But those limits often have a different character than they used to, especially in the US, as courts have struggled to articulate the limits of likelihood of confusion. The consequence is that the former internal limits are less reliable and harder to apply, and some things that used to be easily understood as "internal" limits now look like "defenses" that really take the form of balancing acts.

Increasingly, trademark law's most important and hardest-edged limits are "external," in the sense that they are superimposed on trademark rights because of concerns that enforcement of those rights will tread on other interests. In particular, courts have been concerned about broader competition values, free speech, and the operation of other intellectual property regimes. To put it somewhat differently, courts are now primarily policing whether trademark law, increasingly unconstrained by its own purposes, is encroaching on some other recognizable values. Trademark's bucket runneth over, and now it seems that all we can do is guard other buckets.

I. Previously Internal Limits

As the Supreme Court famously said more than a century ago in *United Drug Co. v. Theodore Rectanus Co.*, "[t]here is no such thing as property in a trade-mark except as a right appurtenant to an established business or trade in connection with which the mark is employed."⁵ Trademark rights are defined by and inseparable from their use in connection with particular goods or services, and as a result, they are naturally limited. Those limits have traditionally manifested in an infringement standard that requires likelihood of confusion, and in defensive doctrines that reflect the limited purposes of trademark rights.

³ See Mark A. Lemley & Mark McKenna, *Irrelevant Confusion*, 62 STAN. L. REV. 413 (2010); Mark P. McKenna, *A Consumer Decision-Making Theory of Trademark Law*, 98 VA. L. REV. 67 (2012).

⁴ Dilution is based on the notion that even non-confusing uses might impair the distinctiveness of a mark or harm its reputation. See 15 U.S.C. § 1125(d).

⁵ 248 U.S. 90, 97 (1918).

A. Tighter Likelihood of Confusion Rules

The primary way in which trademark rights have naturally been limited has been through use of an infringement standard that requires evidence that the defendant's use is likely to cause consumer confusion.⁶ At the time the Supreme Court decided *United Drug*, likelihood of confusion was construed quite narrowly, so the Court's confidence that trademark rights were tightly connected to the goods or services with which they were used was warranted.

Trademark law traditionally was concerned only with preventing passing off—acts that deceived consumers into purchasing the defendant's products believing they were the mark owner's.⁷ Because they could only be confident that the defendant's deception diverted consumers who otherwise would have gone to the plaintiff when the parties sold the same kinds of goods, only uses by direct competitors were deemed infringing. In one prototypical case, *Borden Ice Cream Co. v. Borden's Condensed Milk Co.*,⁸ the court rejected the plaintiff's claim that use of the BORDEN mark for ice cream infringed its rights in BORDEN for milk and related products.⁹ The court acknowledged that simultaneous use of BORDEN for milk and ice cream might confuse consumers, but it nevertheless denied the claim because the plaintiff could not show the defendant's use of the same mark for noncompetitive products would divert consumers who otherwise would have bought from the plaintiff. People who want milk don't buy ice cream by mistake.

But confusion is now much more broadly construed. First, courts rejected the requirement of direct competition, counting as "source" confusion the mistaken belief that the defendant's goods also come from the plaintiff, even if the parties' goods were not the same. In *Aunt Jemima Mills Co. v. Rigney & Co.*,¹⁰ for example, the plaintiff, which had used the AUNT JEMIMA mark for syrup, alleged that Rigney's use of the AUNT JEMIMA mark for flour infringed its rights in the mark. Aunt Jemima should have lost this case under the traditional infringement standard. As the court

⁶ Courts used to emphasize deception rather than confusion, to emphasize that only dishonest diversion of trade was actionable. Deception is a higher standard, and it typically implies a requirement of materiality. See McKenna, *supra* note 3.

⁷ See *Coats v. Holbrook*, 7 N.Y. Ch. Ann. 713, 717 (1845) (noting trademark law's purpose of preventing a defendant from "attract[ing] to himself the patronage that without such deceptive use of such names . . . would have inured to the benefit of [the plaintiff]"). For a longer discussion of traditional trademark law principles, see generally Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 NOTRE DAME L. REV. 1839 (2007).

⁸ 201 F. 510 (7th Cir. 1912).

⁹ *Id.* at 515.

¹⁰ 247 F. 407, 408 (2d Cir. 1917).

admitted, “no one wanting syrup could possibly be made to take flour.”¹¹ But the court found infringement anyway, on the ground the products were “so related as to fall within the mischief which equity should prevent.”¹² Similarly in *Yale Electric Corp. v. Robertson*,¹³ the court refused to allow registration of YALE for flashlights and batteries in light of the plaintiff’s prior use of the YALE mark for locks. The court acknowledged that the decision “[did] some violence to the language” of the Trademark Act of 1905, which defined as infringing use of a mark on goods “of the same descriptive properties” as those for which the mark was registered.¹⁴ But, according to the court, “it ha[d] come to be recognized that, unless the borrower’s use is so foreign to the owner’s as to insure against any identification of the two, it is unlawful.”¹⁵

Courts have further expanded the range of actionable confusion by accepting that a defendant infringes if consumers might believe the plaintiff “sponsors” or is “affiliated” with the defendant or its goods. In one early example, *Vogue Co. v. Thompson-Hudson Co.*,¹⁶ the court held that the defendant’s use of “The Vogue Hat Company” to sell hats infringed Vogue’s rights in the VOGUE mark for magazines because “[the] course of conduct by the defendant manufacturer and its retailers created a very common alternative impression—first, that these hats were manufactured by the plaintiff; or, second, that, although some knew that plaintiff was not manufacturing, yet these hats were in some way vouched for or sponsored or approved by the plaintiff.”¹⁷ In another case, the court found that the defendant’s use of ESQUIRE for a bar infringed a magazine publisher’s rights in the same mark:

The Court finds from the evidence that the defendant’s use of plaintiff’s name ‘Esquire’ is calculated to, and does, cause the public (not otherwise fully

¹¹ *Id.* at 409.

¹² *Id.* at 409-10.

¹³ 26 F.2d 972 (2d Cir. 1928).

¹⁴ *Id.* at 974.

¹⁵ *Id.*

¹⁶ 300 F. 509 (6th Cir. 1924).

¹⁷ *Id.* at 511. *Triangle Publ’ns, Inc. v. Rohrlich*, 167 F.2d 969, 972 (2d Cir. 1948) (finding defendant’s use of “Miss Seventeen Foundations Co.” as the partnership name to make and sell girdles, and “Miss Seventeen” as the trademark for the girdles, infringing of the magazine publisher’s rights: “[T]he defendants’ use of ‘Seventeen’ created a likelihood that the public would erroneously believe that defendants’ dresses were advertised in or sponsored by the magazine and that the plaintiff’s reputation and good will would thereby be injured.”). Magazine cases remain an active part of the trademark docket. *See, e.g., PRL USA Holdings, Inc. v. U.S. Polo Ass’n, Inc.*, 520 F.3d 109 (2d Cir. 2008); *Entrepreneur Media, Inc. v. Smith*, 279 F.3d 1135 (9th Cir. 2002); *Westchester Media v. PRL USA Holdings, Inc.*, 214 F.3d 658 (5th Cir. 2000).

informed) to believe there is some connection between the two, either that the plaintiff owns or controls the business of the defendant, or sponsors it, or has given leave to conduct the business under some contract, and that the defendant's business has the approval of plaintiff, or that the defendant's business is in some manner related to the plaintiff's business, Esquire, Inc., and thereby constitutes unfair competition in violation of plaintiff's rights.¹⁸

The concept of "sponsorship" or "affiliation" confusion is now codified in § 43(a) of the Lanham Act,¹⁹ though it remains unclear precisely what the terms "sponsorship" and "affiliation" mean. Lack of terminological clarity is a problem because "sponsorship" or "affiliation" could refer to virtually any relationship between the parties,²⁰ and in fact courts have readily embraced new ways of characterizing the relationships about which consumers might be confused.²¹ The more recent promotional goods cases foreshadowed even greater expansion in the social media context, where any mention is plausibly portrayed as endorsement.

These expansions have enabled parties to successfully assert their rights against a wide range of uses far removed from the mark owner's original use. The breadth is even more striking when we account not just for the range of new relationships about which confusion might be relevant, but the variety of new types of confusion courts

¹⁸ *Esquire, Inc. v. Esquire Bar*, 37 F. Supp. 875, 876 (S.D. Fla. 1941).

¹⁹ 15 U.S.C. § 1125(a)(1)(A) (2006) (providing a civil cause of action against anyone who "uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which . . . is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person").

²⁰ See James Gibson, *Risk Aversion and Rights Accretion in Intellectual Property Law*, 116 YALE L.J. 882, 907 (2007) ("The definitions of sponsorship and approval, however, are notoriously broad and ambiguous, making liability a significant possibility for any use of a mark from which consumers might infer acquiescence by the mark owner.").

²¹ See *Adolph Kastor & Bros. v. FTC*, 138 F.2d 824, 825 (2d Cir. 1943) ("At the outset we hold therefore that the word, 'Scout,' when applied to a boy's pocket knife, suggests, if indeed it does not actually indicate, that the knife is in some way sponsored by the Boy Scouts of America."); *Copacabana, Inc. v. Breslauer*, 101 U.S.P.Q. 467, 468 (Dec. Comm'r Pat. 1954) (rejecting an application to register Copacabana for cosmetics in light of the prior use of Copacabana for a nightclub and restaurant despite the finding that cosmetics are "entirely different" from the nightclub and restaurant because customers may assume that the cosmetics were "made by, sponsored by, or in some way connected with" Copacabana, Inc.).

have recognized, including reverse confusion,²² initial interest confusion,²³ and post-sale confusion.²⁴ Those doctrines treat as legally relevant “confusion” at various points in time and among various different groups (sometimes including people who aren’t, and likely won’t ever be, consumers).²⁵

Collectively, these expansions of likelihood of confusion substantially qualify the claim that trademark rights are inherently limited, especially for strong marks.²⁶ At this point, it’s hard to imagine *any* use of the Coca-Cola mark that couldn’t plausibly be considered confusing, no matter how distant the goods. Indeed, the breathtaking scope of likelihood of confusion is the reason that dilution, which more flagrantly contradicts any internal limits, is practically unimportant. The owners of famous marks almost never need dilution, because there are hardly any uses of their marks that would be dilutive but not infringing.

B. “Defenses”²⁷

²² See, e.g., *A & H Sportswear, Inc. v. Victoria’s Secret Stores, Inc.*, 237 F.3d 198, 228 (3d Cir. 2000) (“reverse confusion occurs when the junior user saturates the market with a similar trademark and overwhelms the senior user”).

²³ Initial interest confusion has recently been limited to some extent, see *Multi Time Machine, Inc. v. Amazon.com, Inc.*, 804 F.3d 930 (9th Cir. 2015), but it remains a viable theory of confusion in every circuit and in the registration context. See, e.g., *Brookfield Commc’ns v. W. Coast Ent. Corp.*, 174 F.3d 1036, 1057 (9th Cir. 1999); *Elvis Presley Enters. v. Capece*, 141 F.3d 188, 204 (5th Cir. 1998); *Dorr-Oliver, Inc. v. Fluid-Quip, Inc.*, 94 F.3d 376, 382 (7th Cir. 1996); *HRL Assocs. v. Weiss Assocs.*, 12 U.S.P.Q.2d (BNA) 1819, 1821–23 (T.T.A.B. 1989), *aff’d* on other grounds, 14 U.S.P.Q.2d (BNA) 1840 (Fed. Cir. 1990); *Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254, 259–60 (2d Cir. 1987); *Commc’ns Satellite Corp. v. Comcet, Inc.*, 429 F.2d 1245, 1251 (4th Cir. 1970).

²⁴ *Hermès Int’l v. Lederer de Paris Fifth Ave., Inc.*, 219 F.3d 104, 109 (2d Cir. 2000) (“[A] loss occurs when a sophisticated buyer purchases a knockoff and passes it off to the public as the genuine article, thereby confusing the viewing public and achieving the status of owning the genuine article at a knockoff price.”); *Ferrari S.P.A. Esercizio v. Roberts*, 944 F.2d 1235, 1244–45 (6th Cir. 1991); *Krueger Int’l v. Nightingale, Inc.*, 915 F. Supp. 595, 610 (S.D.N.Y. 1996). Post-sale confusion has been heavily criticized, but it too remains a viable theory in every circuit. See Jeremy Sheff, *Veblen Brands*, 96 MINN. L. REV. 769 (2011-2012); McKenna, *supra* note 3.

²⁵ See McKenna, *supra* note 3.

²⁶ Barton Beebe & C. Scott Hemphill, *The Scope of Strong Marks: Should Trademark Law Protect the Strong More than the Weak?*, 92 N.Y.U. L. REV. 1339 (2017).

²⁷ This section is adapted in part from William McGeveran & Mark P. McKenna, *Confusion Isn’t Everything*, 89 NOTRE DAME L. REV. 253 (2013).

Because courts traditionally understood confusion so narrowly, there was once little need for additional defenses aside from trans-substantive equitable defenses like laches and acquiescence.²⁸ When courts ruled for defendants, in most cases they did so by enforcing the inherent limits of trademark rights. To be sure, courts often invoked the value of competition when rejecting a plaintiff's claim, but they did so primarily to emphasize the reasons why trademark rights were so limited. Several doctrines we now tend to refer to as defenses illustrate the point.

1. Descriptive Fair Use

Take, for example, what we call descriptive fair use in American trademark law. That doctrine, now codified in the Lanham Act, precludes liability for using an admittedly valid trademark if that party is using the term “fairly and in good faith,” “otherwise than as a mark,” and merely for the purposes of “describing the goods or services (or their geographic origin).”²⁹

Descriptive fair use is an important doctrine, but it's also notoriously unclear because it is so bound up with likelihood of confusion.³⁰ Even as the Supreme Court in *KP Permanent* emphasized that some amount of confusion must be compatible with fair use,³¹ it also told lower courts that the extent of confusion was relevant “in assessing whether a defendant's use is objectively fair.”³² Predictably, courts have

²⁸ Even those doctrines were not complete defenses—they applied to preclude damages from past infringement, but not to bar injunctions against future infringement. *See, e.g.,* McLean v. Fleming, 96 U.S. 245, 251 (1877) (“Unreasonable delay in bringing a suit is always a serious objection to relief in equity; but cases arise in litigations of the kind before the court where the complainant may be entitled to an injunction to restrain the future use of a trade-mark, even when it becomes the duty of the court to deny the prayer of the bill of complaint for an account of past gains and profits.”).

²⁹ 15 U.S.C. § 1115(b)(4). *See* Fortune Dynamic, Inc. v. Victoria's Secret Stores Brand Mgmt., Inc., 618 F.3d 1025 (9th Cir. 2010) (noting that all three are separate requirements of fair use).

³⁰ *See* McGeeveran, *supra* note 28, at 82–97 (critiquing “classic” and nominative fair use doctrines and their entanglement with confusion prevention); Mark P. McKenna, *Trademark Use and the Problem of Source*, 2009 U. ILL. L. REV. 773, 821–28 (critiquing ways in which constant reference to consumer understanding destabilizes trademark law).

³¹ *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 121 (2004) (“[S]ome possibility of consumer confusion must be compatible with fair use . . .”).

³² *Id.* at 123 (“It suffices to realize that our holding that fair use can occur along with some degree of confusion does not foreclose the relevance of the extent of any likely consumer confusion in assessing whether a defendant's use is objectively fair.”).

continued to assess confusion, without any clear sense of how much confusion, or of what kind, should undermine an assertion of descriptive fair use.³³

A major part of the problem is that the doctrine is now being asked to serve a very different purpose than the doctrines from which it was derived. What we call descriptive fair use actually comes from an era in which descriptive terms (and geographic terms and surnames) were, by definition, *not* trademarks.³⁴ A plaintiff that wanted relief against another party that was using a descriptive term had to turn to unfair competition. Those claims involved use of a term that had a plausibly legitimate explanation (the defendant might, for example, simply have been using the disputed term to describe characteristics of its goods), and for that reason, courts couldn't presume the mere use of the term was illegitimate.³⁵ Instead, the plaintiff

Two Courts of Appeals have found it relevant to consider such scope, and commentators and amici here have urged us to say that the degree of likely consumer confusion bears not only on the fairness of using a term, but even on the further question whether an originally descriptive term has become so identified as a mark that a defendant's use of it cannot realistically be called descriptive.”) quoting *Shakespeare Co. v. Silstar Corp.*, 110 F.3d 234, 243 (4th Cir. 1997) (“[T]o the degree that confusion is likely, a use is less likely to be found fair ...”); *Sunmark, Inc. v. Ocean Spray Cranberries, Inc.*, 64 F.3d 1055 (7th Cir. 1995).

³³ Indeed, on remand in that very case, the Ninth Circuit held that the degree of customer confusion remains a factor in determining fair use. *KP Permanent Make-up, Inc. v. Lasting Impression I, Inc.*, 408 F.3d 596, 609 (9th Cir. 2005). Thus, having found a fact question on likelihood of confusion that precluded summary judgment for the defendant, the court found that summary judgment on the fair use defense also was inappropriate. *Id.* (“Among the relevant factors for consideration by the jury in determining the fairness of the use are the degree of likely confusion, the strength of the trademark, the descriptive nature of the term for the products or services being offered by [the defendant] and the availability of alternative descriptive terms, the extent of the use of the term prior to the registration of the trademark, and any differences among the times and contexts in which [the defendant] has used the term.”).

³⁴ For a more complete description of the trademark/unfair competition distinction, see McKenna, *Property & Equity*, *supra* note 1.

³⁵ *Cf.* *Wm. A. Rogers, Ltd., v. Int'l Silver Co.*, 30 App. D.C. 97, 102 (D.C. Cir. 1907) (“As an ordinary surname cannot be appropriated as a trademark, to the exclusion of others of the same name, it follows that the rules of law relating to the similarity of technical trademarks cannot be applied to the use of such surname as a mark, notwithstanding the confusion that may result from its legitimate use by such others.”).

had to prove that the defendant was using the descriptive term in order to pass off its goods as those of the plaintiff rather than for some other innocent purpose.³⁶

Because trademark claims necessarily involved use of terms that didn't have a legitimate explanation (because the only things that qualified as trademarks were words or symbols that provided no information about the goods), trademark claimants were not required to prove either source indication or intent to pass off—both were presumed.³⁷ Prevailing plaintiffs in unfair competition cases also typically got more limited remedies—modifications sufficient to prevent the passing off, but short of a prohibition on use of the descriptive term.³⁸

In that bygone legal world, considerations of whether the defendant was using the descriptive term “fairly, and in good faith” “merely to describe the goods or their geographic origin” went to the conditions for limited relief in cases where the plaintiff, by definition, did not own a trademark. “Descriptive fair use” was never a defense to trademark infringement. It was a characterization of the circumstances in which the plaintiff would be denied unfair competition remedies because the defendant's use didn't implicate the very limited rights one had in preventing passing off.

³⁶ See e.g., *G. & C. Merriam Co. v. Saalfeld*, 198 F. 369, 375–76 (6th Cir.1912); *Cook & Bernheimer Co. v. Ross*, 73 F. 203, 205–06 (C.C.S.D.N.Y. 1896); see also McKenna, *supra* note 1, at 1862.

³⁷ See e.g., *Socony-Vacuum Oil Co. v. Oil City Refiners*, 136 F.2d 470, 474 (6th Cir. 1943) (“In cases involving technical trademarks, the fraudulent intent to deceive is presumed, while in cases of unfair competition complainant must prove this intent or show facts and circumstances from which it may reasonably be inferred.”); *Goldsmith Silver Co. v. Savage*, 229 F. 623, 627 (1st Cir. 1915) (“In the case of infringement of a technical trade-mark the intention of the infringer is immaterial, as the essence of the wrong lies in the injury to a property right; while in the case of unfair competition the intention is material, to establish fraud on the part of the defendant in the use of the imitative device to beguile the public into buying his goods as those of his rival.”); see also McKenna, *supra* note 1, at 1862.

³⁸ See, e.g., *DuPont Cellophane Co. v. Waxed Prods. Co.*, 85 F.2d 75, 80, 82 (2d Cir. 1936) (holding “cellophane” generic for cellulose wrapping but requiring defendant to identify itself as the source of goods to avoid confusion with plaintiff); *Barton v. Rex-Oil Co.*, 2 F.2d 402, 404 (3d Cir. 1924) (“[T]he utmost that the courts can do for the relief of the first user [in a case of unfair competition] is to enjoin not the use of the trade-mark but the unfair method of its use.”); *Saalfeld*, 198 F. at 373–76 (allowing defendant to use the generic term “Webster's dictionary” so long as it explained that it was not the plaintiff); *L.E. Waterman Co. v. Modern Pen Co.*, 197 F. 534, 535 (2d Cir. 1912) (allowing defendant to continue to use the surname “Waterman” but requiring a label that disclaimed connection with the plaintiff).

The modern descriptive fair use doctrine inverts this structure and presents “use otherwise than as a mark,” “fairly, in good faith,” and “merely to descri[be] the goods” as prerequisites for excusing use of the plaintiff’s trademark.³⁹ The consequence is that we have a doctrine presented formally as a defense, but which really demands that courts balance the right of parties to describe their goods against the much more amorphous and multi-faceted likelihood of confusion accepted under current law.

2. Nominative Fair Use and Comparative Advertising

Something very similar can be said about the so-called “nominative fair use doctrine.” Under that doctrine, which typically is associated with the Ninth Circuit’s opinion in *New Kids on the Block*, certain referential uses are not deemed infringing of a trademark owner’s rights.⁴⁰ As originally articulated, a use is considered a nominative fair use when the following three conditions are met:

First, the product or service in question must be one not readily identifiable without use of the trademark; second, only so much of the mark or marks may be used as is reasonably necessary to identify the product or service;⁷ and third, the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.”⁴¹

In the Ninth Circuit’s view, parties need to be able to make these types of uses to communicate effectively, because there aren’t good alternatives to use of the mark.

With many well-known trademarks, such as Jell-O, Scotch tape and Kleenex, there are equally informative non-trademark words describing the products (gelatin, cellophane tape and facial tissue). But sometimes there is no descriptive substitute, and a problem closely related to genericity and descriptiveness is presented when many goods and services are effectively identifiable only by their trademarks. For example, one might refer to “the two-time world champions” or “the professional basketball team from Chicago,” but it’s far simpler (and more likely to be understood) to refer to the Chicago Bulls. In those cases, use of the trademark does not imply sponsorship or

³⁹ Most courts treat these as distinct requirements, even though they obviously overlap in many cases. *See, e.g.,* *Fortune Dynamic, Inc. v. Victoria’s Secret Stores Brand Mgmt., Inc.*, 618 F.3d 1025 (9th Cir. 2010). *See also* McKenna, *supra* note 8, at 1867 n.122 (collecting cases).

⁴⁰ *New Kids on the Block v. News Am. Publ’g, Inc.*, 971 F.2d 302 (9th Cir. 1992).

⁴¹ *Id.* at 308.

endorsement of the product because the mark is used only to describe the thing, rather than to identify its source.”⁴²

Though the terminology of “nominative fair use” was new, the court was clear that the underlying concept was not. Indeed, the court used as an example its earlier decision in *Volkswagenwerk Aktiengesellschaft v. Church*, in which it had “held that Volkswagen could not prevent an automobile repair shop from using” the Volkswagen mark to advertise the fact that it repaired Volkswagen vehicles.⁴³ As the earlier Ninth Circuit decision said, in “advertising [the repair of Volkswagens, it] would be difficult, if not impossible, for [Church] to avoid altogether the use of the word ‘Volkswagen’ or its abbreviation ‘VW,’ which are the normal terms which, to the public at large, signify appellant’s cars.”⁴⁴

Notably, the *New Kids* court understood that the reason the repair shop could use the VW marks was that its use simply didn’t cause confusion: “Church did not suggest to customers that he was part of the Volkswagen organization or that his repair shop was sponsored or authorized by VW; he merely used the words “Volkswagen” and “VW” to convey information about the types of cars he repaired. Therefore, his use of the Volkswagen trademark was not an infringing use.”⁴⁵

The same was true in *WCBV-TV v. Boston Athletic Association*, another pre-*New Kids* case that the Ninth Circuit thought had applied the same principle when it permitted a news station to use the words “Boston Marathon” in connection with its broadcast of that event.⁴⁶ According to the First Circuit, the news station’s use was permitted, not because of some special exemption, but simply because no reasonable consumer would be confused by the use:

[T]he words “Boston Marathon” ... do more than call attention to Channel 5’s program; they also *describe* the event that Channel 5 will broadcast. Common sense suggests (consistent with the record here) that a viewer who sees those

⁴² *Id.* at 306. See also *id.* at 306-07 (“Indeed, it is often virtually impossible to refer to a particular product for purposes of comparison, criticism, point of reference or any other such purpose without using the mark. For example, reference to a large automobile manufacturer based in Michigan would not differentiate among the Big Three; reference to a large Japanese manufacturer of home electronics would narrow the field to a dozen or more companies. Much useful social and commercial discourse would be all but impossible if speakers were under threat of an infringement lawsuit every time they made reference to a person, company or product by using its trademark.”).

⁴³ 411 F.2d 350 (9th Cir. 1969).

⁴⁴ *Id.*

⁴⁵ *New Kids*, 971 F.2d at 307.

⁴⁶ 926 F.2d 42 (1st Cir. 1991).

words flash upon the screen will believe simply that Channel 5 will show, or is showing, or has shown, the marathon, not that Channel 5 has some special approval from the [trademark holder] to do so.⁴⁷

These cases, the Ninth Circuit said, “are best understood as involving a non-trademark use of a mark—a use to which the infringement laws simply do not apply.”⁴⁸ So too with comparative advertising.⁴⁹ All of them are part of a “class of cases where the use of the trademark does not attempt to capitalize on consumer confusion or to appropriate the cachet of one product for a different one.”⁵⁰ “Such *nominative use* of a mark—where the only word reasonably available to describe a particular thing is pressed into service—lies outside the strictures of trademark law: Because it does not implicate the source-identification function that is the purpose of trademark, it does not constitute unfair competition; such use is fair because it does not imply sponsorship or endorsement by the trademark holder.”⁵¹ Indeed, a number of cases following the threads the Ninth Circuit

⁴⁷ *Id.* at 46 (emphasis in original). The First Circuit believed that, in “technical trademark jargon,” this was merely a “use of words for descriptive purposes,” which “is called a ‘fair use,’” and that “the law usually permits it even if the words themselves also constitute a trademark.” *Id.* It’s true that, under the descriptive fair use doctrine, parties can use descriptive terms in some capacity even though those terms are protectable marks. But the news station’s use in *Boston Marathon* was different than most descriptive fair use cases. In those cases, the term at issue is thought to have both descriptive and source-identifying meanings, and the defendant is simply using the primary, descriptive meaning rather than the trademark meaning—using “fish fry” to describe batter for frying fish, and *not* for the purpose of evoking the company that uses those words as its trademark. See *Zatarains, Inc. v. Oak Grove Smokehouse, Inc.*, 698 F.2d 786 (5th Cir. 1983). The news station in *Boston Marathon* was clearly referring to the actual Boston Marathon, because that’s the event it was broadcasting. The station was describing its broadcast, but by way of reference to a branded event.

⁴⁸ *New Kids*, 971 F.2d at 307-08.

⁴⁹ See, e.g., *Smith v. Chanel*, 402 F.2d 562 (9th Cir. 1968) (“competitors may use a rival’s trademark in advertising and other channels of communication if the use is not false or misleading”). See also Graeme B. Dinwoodie, *Lewis & Clark Law School Ninth Distinguished Ip Lecture: Developing Defenses in Trademark Law*, 13 LEWIS & CLARK L. REV. 99, 109-10 (2009) (“although cast as a ‘defense,’ the protection of comparative advertising is in fact a rather routine application of the basic premise that, so long as consumers are not confused by the defendant’s use of the plaintiff’s mark, the concerns of trademark and unfair competition law are not engaged by such use.”).

⁵⁰ *New Kids*, 971 F.2d at 307-08.

⁵¹ *Id.* at 308. Of particular note, the court anchored that statement with a quote from *Prestonettes*: “When the mark is used in a way that does not deceive the public

highlighted have evaluated the challenged use entirely through the likelihood of confusion factors.⁵²

Predictably, given the anchoring of nominative fair use in assertions about lack of confusion, courts have struggled to articulate the doctrine as a true defense.⁵³ As a consequence, courts have often rejected nominative fair use in cases where they perceived any risk of any type of confusion, or at least they have denied summary judgment because the possibility of such confusion raises questions of fact.⁵⁴

Taken as a whole, nominative fair use is an unmitigated mess. There are currently three different formulations of the doctrine, and they differ precisely in terms of the relationship between nominative fair use and likelihood of confusion. After previously holding that a defendant asserting nominative fair use had the burden of proving lack of confusion,⁵⁵ the Ninth Circuit most recently held that the plaintiff in a nominative fair use case retains the burden of proving confusion, but that the *New Kids* factors substitute for the ordinary likelihood of confusion factors—

we see no such sanctity in the word as to prevent its being used to tell the truth.”

Prestonettes, Inc. v. Coty, 264 U.S. 359, 368 (1924). As we will see below, the doctrine that descends from *Prestonettes* has exactly the same problems.

⁵² See, e.g., *Scott Fetzer Co. v. House of Vacuums Inc.*, 381 F.3d 477, 484–88 (5th Cir. 2004) (applying typical multifactor confusion test to determine whether independent vacuum sale and repair business infringed on Kirby trademark in telephone book advertisement); *Porsche Cars N. Am., Inc. v. Manny's Porshop, Inc.*, 972 F. Supp. 1128, 1130-32 (N.D. Ill. 1997) (applying standard test for likelihood of confusion to auto repair shop and finding for markholder); *Bumble Bee Seafoods, L.L.C. v. UFS Indus., Inc.*, No. 04 Civ. 2105(SHS), 2004 WL 1637017, at *5 (S.D.N.Y. July 20, 2004) (allowing vendor to use Bumble Bee Tuna mark to describe main ingredient of its tuna salad in business-to-business communication because retail consumers would not see it and risk confusion).

⁵³ See *Dinwoodie*, *supra* note 50, at 110-12; *McGeeveran*, *supra* note 28, at 95–97; Greg Lastowka, *Nominative Use Makes No Sense* (working paper) (https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2338296).

⁵⁴ See, e.g., *Abdul-Jabbar v. Gen. Motors Corp.*, 85 F.3d 407, 412–13 (9th Cir. 1996) (denying summary judgment where the likelihood of confusion regarding an endorsement raised issues of fact); *Standard Process, Inc. v. Total Health Disc., Inc.*, 559 F. Supp. 2d 932, 938, 942 (E.D. Wis. 2008) (rejecting nominative use and denying summary judgment on questions of fact grounds); *State Farm Mut. Auto. Ins. Co. v. Sharon Woods Collision Ctr., Inc.*, No. 1:07cv457, 2007 WL 4207158, at *8–9 (S.D. Ohio Nov. 26, 2007) (denying summary judgment because the possibility of confusion raises issues of fact).

⁵⁵ *Brother Recs., Inc. v. Jardine*, 318 F.3d 900, 908 n.5, 909 (9th Cir. 2003) (shifting the burden to the defendant). See *Century 21 Real Est. Corp. v. Lendingtree, Inc.*, 425 F.3d 211, 217–21 (3d Cir. 2005) (diagnosing this problem in other cases).

fixing the burden problem, but continuing to comingle nominative fair use and likelihood of confusion.⁵⁶ The Third Circuit requires the plaintiff to first prove that confusion is likely due to the defendant's use of plaintiff's mark and then shifts the burden to the defendant to show that its nominative use was nonetheless fair once the plaintiff has met its burden on likelihood of confusion.⁵⁷ That court acknowledged, however, that nominative fair use and likelihood of confusion can't be completely disentangled, and it suggested "eliminating those factors used to establish confusion in other trademark infringement cases that do not 'fit' in the nominative use context."⁵⁸ The Second Circuit rejected the idea that nominative fair use is a defense, collapsing it entirely into consideration of likelihood of confusion and *adding* both the Ninth and Third Circuit's nominative fair use factors to the multifactor likelihood of confusion test.⁵⁹

3. First Sale/Exhaustion

The same pattern is evident with respect to what we now call the first sale doctrine—which also wasn't born as a "defense" to trademark infringement but instead as an explication of the inherent limitations on trademark rights. In *Prestonettes, Inc. v. Coty*,⁶⁰ Prestonettes purchased genuine Coty toilet powder, "subject[ed] [it] to pressure, add[ed] a binder to give it coherence and [sold] the compact in a metal case."⁶¹ Prestonettes also rebottled genuine Coty perfume in smaller containers.⁶² The district court had issued, and Prestonettes agreed to abide by, a decree that allowed Prestonettes

to put upon the rebottled perfume 'Prestonettes, Inc., not connected with Coty, state[] that the contents are Coty's—(giving the name of the article)

⁵⁶ *Toyota Motor Sales, U.S.A., Inc. v. Tabari*, 610 F.3d 1171, (9th Cir. 2010).

⁵⁷ *Century 21 Real Estate Corp. v. Lendingtree, Inc.*, 425 F.3d 211, 222 (3d Cir. 2005). To demonstrate fairness, the Third Circuit requires the defendant to satisfy a three-pronged test "derived to a great extent from the one articulated by the Court of Appeals for the Ninth Circuit." *Id.* Under the Third Circuit's fairness test, "a defendant must show: (1) that the use of plaintiff's mark is necessary to describe both the plaintiff's product or service and the defendant's product or service; (2) that the defendant uses only so much of the plaintiff's mark as is necessary to describe plaintiff's product; and (3) that the defendant's conduct or language reflect the true and accurate relationship between plaintiff and defendant's products or services." *Id.*

⁵⁸ *Id.*

⁵⁹ *Int'l Info. Sys. Sec. Cert. Consortium, Inc. v. Sec. Univ., LLC*, 823 F.3d 153 (2d Cir. 2016).

⁶⁰ 264 U.S. 359 (1924).

⁶¹ *Id.* at 366.

⁶² *Id.* at 367.

independently rebottled in New York,' every word to be in letters of the same size, color, type and general distinctiveness" [and to] make compacts from the genuine loose powder of the plaintiff and to sell them with this label on the container: "Prestonettes, Inc., not connected with Coty, states that the compact of face powder herein was independently compounded by it from Coty's—(giving the name) loose powder and its own binder. Loose powder—per cent, Binder—per cent," every word to be in letters of the same size, color, type and general distinctiveness.⁶³

The Court of Appeals rejected that decree and "issued an absolute preliminary injunction against the use of the [Coty] marks except on the original packages as marked and sold by [Coty], thinking that the defendant could not put upon the plaintiff the burden of keeping a constant watch."⁶⁴ But the Supreme Court reversed. To begin with, the Court thought that Prestonettes

of course by virtue of its ownership had a right to compound or change what it bought, to divide either the original or the modified product, and to sell it so divided. The plaintiff could not prevent or complain of its stating the nature of the component parts and the source from which they were derived if it did not use the trade mark in doing so.⁶⁵

Thus, the only question was whether Prestonettes's use of Coty's trademark in reference to the compounded product changed the result. And the answer to that question was clear once the Court focused on the limited nature of a trademark right:

Then what new rights does the trade mark confer? It does not confer a right to prohibit the use of the word or words. It is not a copyright. The argument drawn from the language of the Trade Mark Act does not seem to us to need discussion. *A trade mark only gives the right to prohibit the use of it so far as to protect the owner's good will against the sale of another's product as his. . . . When the mark is used in a way that does not deceive the public we see no such*

⁶³ *Id.*

⁶⁴ *Id.*

⁶⁵ *Id.* at 368 ("If the name of Coty were allowed to be printed in different letters from the rest of the inscription dictated by the District Court a casual purchaser might look no further and might be deceived. But when it in no way stands out from the statements of facts that unquestionably the defendant has a right to communicate in some form, we see no reason why it should not be used collaterally, not to indicate the goods, but to say that the trade-marked product is a constituent in the article now offered as new and changed. As a general proposition there can be no doubt that the word might be so used.").

*sanctity in the word as to prevent its being used to tell the truth. It is not taboo.*⁶⁶

Prestonettes did not carve out any special new “first sale” exemption from the scope of a trademark right. It simply reiterated that trademark law only provided a remedy against uses that deceived consumers into purchasing the defendant’s product instead of the plaintiff’s. Because *Prestonettes*’s use of the Coty mark, with the limitations ordered by the District Court, didn’t risk passing off, it wasn’t infringing.⁶⁷

Champion Spark Plug v. Sanders is similar, even though that case was decided in 1947, when trademark law had already begun to expand beyond passing off.⁶⁸ In that case, the district court found that the defendants had infringed Champion’s trademark and engaged in unfair competition when they sold used Champion spark plugs without making clear that those plugs were repaired and reconditioned.⁶⁹ The district court therefore enjoined the defendants

from offering or selling any of [Champion’s] plugs which had been repaired or reconditioned unless (a) the trade mark and type and style marks were removed, (b) the plugs were repainted with a durable grey, brown, orange, or green paint, (c) the word “REPAIRED” was stamped into the plug in letters of such size and depth as to retain enough white paint to display distinctly

⁶⁶ *Id.* (emphasis added) (citation omitted) (citing *Canal Co. v. Clark*, 80 U.S. 311, 327 (1872)).

⁶⁷ *Id.* at 368–369. Importantly, the Court noted that the case was only one of trademark infringement and not unfair competition.

The question therefore [was] not how far the court would go in aid of a plaintiff who showed ground for suspecting the defendant of making a dishonest use of his opportunities, but [was] whether the plaintiff ha[d] the naked right alleged to prohibit the defendant from making even a collateral reference to the plaintiff’s mark.

Id. at 369.

⁶⁸ *Champion Spark Plug Co. v. Sanders*, 331 U.S. 125 (1947).

⁶⁹ *Id.* at 126 (“The outside box or carton in which the plugs are packed has stamped on it the word ‘Champion,’ together with the letter and figure denoting the particular style or type. They also have printed on them ‘Perfect Process Spark Plugs Guaranteed Dependable’ and ‘Perfect Process Renewed Spark Plugs.’ Each carton contains smaller boxes in which the plugs are individually packed. These inside boxes also carry legends indicating that the plug has been renewed. But respondent company’s business name or address is not printed on the cartons. It supplies customers with petitioner’s charts containing recommendations for the use of Champion plugs. On each individual plug is stamped in small letters, blue on black, the word ‘Renewed,’ which at times is almost illegible.” (footnote omitted)).

each letter of the word, (d) the cartons in which the plugs were packed carried a legend indicating that they contained used spark plugs originally made by [Champion] and repaired and made fit for use up to 10,000 miles by [defendants].⁷⁰

The Second Circuit affirmed the findings of trademark infringement and unfair competition, but it modified the injunction. First, it eliminated the provision requiring the trade mark and type and style marks to be removed from the repaired or reconditioned plugs.⁷¹ Second, it substituted for the requirement that the word “REPAIRED” be stamped into the plug, etc., a provision that the word “REPAIRED” or “USED” be stamped and baked on the plug by an electrical hot press in a contrasting color so as to be clearly and distinctly visible, the plug having been completely covered by permanent aluminum paint or other paint or lacquer.⁷² And third, it eliminated the provision specifying the precise legend to be printed on the cartons and substituted a more general requirement for such a legend.⁷³

On appeal to the Supreme Court, Champion argued that the Second Circuit had erred by allowing the defendant to keep the word “Champion” on the repaired or reconditioned spark plugs.⁷⁴ The Supreme Court rejected Champion’s argument, holding that a party that adequately discloses the repaired or reconditioned status of authentic second-hand goods may use the original trademark to re-sell those goods.⁷⁵ Just as in *Prestonettes*, on which it relied extensively, the Court made clear that the defendant’s use of the Champion mark with full disclosure of the goods’ reconditioned status simply fell outside the limited scope of Champion’s trademark rights.⁷⁶ The Court “put to one side the case of a manufacturer or distributor who markets new or used spark plugs of one make under the trade mark of another,”⁷⁷ and it limited relief to disclosure of the defendant’s repairing or reconditioning of the spark plugs because there had been “no showing of fraud or palming off.”⁷⁸

The first sale doctrine remains important and has significant competitive consequences. Because of that doctrine, parties can compete in secondary markets,

⁷⁰ *Id.* at 126–27.

⁷¹ *Id.* at

⁷² *Id.* at

⁷³ *Id.* at 127–28.

⁷⁴ *Id.* at 128.

⁷⁵ *Id.* at 130.

⁷⁶ *Id.*

⁷⁷ *Id.* at 128.

⁷⁸ *Id.* at 130. There was fault, of course, in the defendant’s original packaging, which the Court believed fell within the reach of trademark and unfair competition law because it did not adequately disclose that the spark plugs were used and were coming from a company other than Champion. *Id.*

refurbishing and reselling everything from cars to handbags and golf balls, and they can sell those products under their original brand names.⁷⁹ But the first sale doctrine is also now harder to describe as a function of the inherent limitations of trademark rights. Vertical integration and official relationships with resellers (even “certified pre-owned” cars) have made plausible mark owners’ contentions of possible confusion about relationships between the mark owner and anyone selling branded goods. When courts refuse to impose liability in the first sale cases, they are often simply ruling those types of confusion arguments out of bounds in order to protect competition in secondary markets. There are good reasons for courts to do that, but the resulting limitations do not derive strictly from the justifications of trademark rights in the first place. They reflect judicial balancing of trademark rights and competition interests.

II. Increasingly Important External Limits

The point here is not that descriptive fair use, nominative fair use, or the first sale doctrine no longer play important roles in trademark law. All of those doctrines continue to limit the scope of trademark rights in meaningful ways, at least at times. But they have been cast (or recast) not as manifestations of the limits of trademark rights, but as defenses that vindicate competing interests that must be balanced against trademark interests.

In other areas, limitations on trademark subject matter have been eroded and harder-edged categorical exclusions have been replaced with more limited doctrines that sometimes express different values. So, for example, rather than categorically excluding unpatented designs and limiting relief to labeling or packaging requirements, modern law has assimilated trade dress into trademark subject matter and developed a doctrine that excludes “functional” features.⁸⁰ The functionality doctrine is perhaps trademark law’s most difficult and controversial doctrine, and despite periods of greater consensus, many important differences remain—most fundamentally, whether the doctrine primarily seeks to channel protection of useful

⁷⁹ See *Nitro Leisure Prods., L.L.C. v. Acushnet Co.*, 341 F.3d 1356, 1362 (Fed. Cir. 2003); *Swarovski Aktiengesellschaft v. Bldg. No. 19, Inc.*, 704 F.3d 44 (1st Cir. 2013) (per curiam) (requiring a clear showing of confusion against a reseller who advertised the availability of genuine Swarovski crystal using the Swarovski trademark); *Tiffany (NJ) Inc. v. eBay, Inc.*, 600 F.3d 93, 103 (2d Cir. 2010) (involving online seller eBay’s use of the Tiffany mark for authentic Tiffany products).

⁸⁰ See *Traffix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23 (2001). For a description of functionality as a replacement for the categorical exclusion of trade dress as trademark subject matter, see Caitlin P. Canahai & Mark P. McKenna, *The Case Against Product Configuration Trade Dress*, in *RESEARCH HANDBOOK ON TRADEMARK LAW REFORM* 137 (Graeme Dinwoodie & Mark Janis, eds., 2021).

features to utility patent law, or whether it primarily seeks to prevent control of competitively important features.

Courts have also created some new “defensive doctrines” because trademark rights now roam so broadly that they create conflicts where they once didn’t. Nowhere has that been more evident than in the context of so-called “expressive works.” A series of related doctrines, including the one most often associated with the *Rogers v. Grimaldi* case, prevents trademark law from interfering with noncommercial speech. *Rogers* precludes liability for use of a trademark in a so-called “expressive work” so long as the use is “artistically relevant” to the work and is not “explicitly misleading.”⁸¹ That doctrine is essentially new in the last several decades, and it exists because trademark owners now routinely assert their rights against references to their marks in movies,⁸² television shows,⁸³ songs,⁸⁴ video games,⁸⁵ and a wide range of other noncommercial speech.⁸⁶

Precisely because it developed as a consistently strong defensive doctrine that, when applicable, nearly always insulated the user from liability, it has recently been invoked in a wider range of contexts. That has put increasing pressure on courts to delineate the doctrine’s boundaries.⁸⁷ The Ninth Circuit’s decision in *Jack Daniel’s v. VIP*, for example, applied *Rogers* to use of the “Bad Spaniels” name on dog toys that were made to resemble the Jack Daniel’s whiskey bottle.⁸⁸

⁸¹ *Rogers v. Grimaldi*, 875 F.2d 994, 999 (2d Cir. 1989); *Twentieth Century Fox Television v. Empire*, 875 F.3d 1192 (9th Cir. 2017).

⁸² *Louis Vuitton Malletier S.A. v. Warner Brothers Ent., Inc.*, 868 F.Supp.2d 172 (S.D.N.Y. 2012).

⁸³ *Empire*, 875 F.3d 1192.

⁸⁴ *Parks v. LaFace Recs.*, 329 F.3d 437 (6th Cir. 2003).

⁸⁵ *Brown v. Elec. Arts, Inc.*, 724 F.3d 1235 (9th Cir. 2013); *E.S.S. Ent. 2000, Inc. v. Rock Star Videos, Inc.*, 547 F.3d 1095 (9th Cir. 2008).

⁸⁶ As recently as 2004, distinguished Second Circuit judge Pierre Leval argued that trademark law’s internal limits, grounded in likelihood of confusion, usually made it unnecessary to turn to the First Amendment to find for the defendant. Pierre N. Level, *Trademark: Champion of Free Speech*, 27 Colum. J.L. & Arts 187 (2004).

⁸⁷ See *Gordon v. Drape Creative, Inc.*, 909 F.3d 257 (9th Cir. 2018); *Dr. Seuss Enters., L.P. v. ComicMix LLC*, 983 F.3d 443 (9th Cir. 2020); *Empire*, 875 F.3d 1192.

⁸⁸ *VIP Prods. LLC v. Jack Daniel’s Props., Inc.*, 953 F.3d 1170 (9th Cir. 2020).



The court's conclusion that the name and design of the dog toys were protected under *Rogers* was controversial because it seemed to stretch the *Rogers* doctrine beyond the expressive *works* that were at issue in earlier cases to insulate the defendant's expressive *use* of the marks on products that Jack Daniel's characterized as ordinary commercial products.⁸⁹ The boundaries of this doctrine will ultimately need to be reconciled with judicial approaches to trademark claims in other speech-implicating contexts, including claims against gripe sites and claims by and against religious organizations.⁹⁰

Similarly, the U.S. Supreme Court's decision in *Dastar v. Twentieth Century Fox* does some work to prevent trademark from creeping into copyright's domain. Under the rule of *Dastar*, only uses that cause confusion about the origin of physical goods are actionable; uses that cause confusion about the origin of intangible content are not.⁹¹ As a result, Twentieth Century Fox's claim that Dastar falsely designated the origin of its video series by failing to attribute the content of that series to Fox was barred.⁹² Applying that doctrine, courts have concluded that the Lanham Act does not provide a cause of action against uses alleged to cause confusion about the

⁸⁹ Petition for a Writ of Certiorari, *Jack Daniel's Props., Inc. v. VIP Prods. LLC* at 23 (Sept. 15, 2020) (arguing that the Ninth Circuit "extended *Rogers*' heightened First Amendment standard beyond traditionally expressive or artistic works to any commercial product copying another's trademark to identify the source of the copier's own product in a humorous way"); Amicus Curiae Brief of the INTA in Support of Petitioner, *VIP Prods. LLC v. Jack Daniel's Props., Inc.*, 953 F.3d 1170 (9th Cir. 2020) (No. 20-365).

⁹⁰ For a thorough discussion of the somewhat different approaches in these categories of cases, see Rebecca Tushnet, *Bad Spaniels, Lying Birds, and Tiny Hands: How Trademark Law Reinvented Strict Scrutiny* (draft on file with author).

⁹¹ *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23 (2003).

⁹² *Id.*

origin (authorship) of intangible karaoke tracks,⁹³ or of website content. *Dastar* seems certain to be implicated by the recent flood of claims of trademark rights in relation to digital goods,⁹⁴ especially in the context of the metaverse.

Taking these developments collectively, the limitations on the scope of trademark rights are, to a much greater extent than was once true, motivated by concerns about conflicting values. In particular, the primary limiting doctrines reflect broader competition concerns and concerns about trademark law's interference with other IP regimes or with free speech. Those limits, then, are increasingly "external" to trademark law in the sense that they apply, not because they reflect trademark's natural limits, but precisely because trademark law isn't limited enough to avoid conflict.

III. External vs. Internal limits

There is, of course, nothing categorically wrong with external limits. Indeed, I have written extensively about those limits, many of which are important in a world of significantly overlapping IP rights.⁹⁵ Nor are external limits entirely new to trademark law—the functionality doctrine's concerns about interference with patent law are old, even if now differently implemented.⁹⁶

But there are reasons to be concerned about *overreliance* on external limits. For one thing, the very fact that a limit is external means that it arises in a context in which there's a perceived conflict between the "ordinary" application of trademark principles and some other value outside of trademark law. The cases therefore always appear to involve a clash of values, and that means consensus is unlikely to develop, because one's views about the appropriate outcome depend on the relative importance of the conflicting values. We might see as an example here the pendulum swings regarding functionality – persistent debate about whether functionality is primarily about interference with patent law or whether it's about competitive need to use the claimed design features.⁹⁷

⁹³ Phoenix Ent. Partners, LLC v. Rumsey, 829 F.3d 817 (7th Cir. 2016); Slep-Tone Entm't Corp. v. Wired for Sound Karaoke and DJ Servs., LLC, 845 F.3d 1246 (9th Cir. 2017).

⁹⁴ For a discussion of the legitimacy of trademark rights in digital goods, see Mark P. McKenna & Lucas Osborn, *Trademarks and Digital Goods*, 92 NOTRE DAME L. REV. 1425 (2017).

⁹⁵ Mark P. McKenna & Katherine J. Strandburg, *Progress and Competition in Design*, 17 STAN. TECH. L. REV. 1 (2014); Mark P. McKenna, *(Dys)Functionlity*, 48 HOUS. L. REV. 823 (2012) [hereinafter McKenna, *(Dys)Functionality*]; Mark P. McKenna, *Dastar's Next Stand*, 19 J. INTELL. PROP. L. 357 (2012).

⁹⁶ Canahai & McKenna, *supra* note 80; McKenna, *(Dys)Functionality*, *supra* note 93.

⁹⁷ McKenna, *(Dys)functionality*, *supra* note 95; McKenna & Canahai, *supra* note 80.

Another reason to be concerned is that the sense that there are external “release valves” that preserve important values makes it easier for courts to accept expansive interpretations of the rights that have at least subtle and sometimes important effects. One analogy here comes from the recent *Booking.com* case, where the Supreme Court dismissed concerns about the scope of rights in marks that consisted of generic terms plus the .com TLD by referencing trademark’s limits, including the descriptive fair use doctrine.⁹⁸

According to the Court, we need not worry that “trademark protection for ‘Booking.com’ could exclude or inhibit competitors from using the term ‘booking’ or adopting domain names like ‘ebooking.com’ or ‘hotel-booking.com,’” because trademark law “hems in the scope of such marks short of denying trademark protection altogether.”⁹⁹ It does so by considering a mark’s distinctiveness as part of the likelihood of confusion analysis: “the weaker the mark, the fewer are the junior uses that will trigger a likelihood of confusion.”¹⁰⁰ Specifically, the Court insisted that “[w]hen a mark incorporates generic or highly descriptive components, consumers are less likely to think that other uses of the common element emanate from the mark’s owner.”¹⁰¹ The Court was further convinced that “[i]n a ‘crowded’ field of look-alike marks” (e.g., hotel names including the word “grand”), consumers “may have learned to carefully pick out” one mark from another.”¹⁰² And, finally, “even where some consumer confusion exists, the doctrine known as classic fair use, protects from liability anyone who uses a descriptive term, “fairly and in good faith” and “otherwise than as a mark,” merely to describe her own goods.”¹⁰³

But the Court’s assurances notwithstanding, in fact courts police scope very inconsistently, at best. To take one recent example, the owner of the VAGISIL mark, which it registered for various vaginal-health products, was able to prevent registration of VAGISAN for various similar pharmaceutical preparations.¹⁰⁴ It prevailed despite the highly-descriptive nature of the “vagi” component of the marks. Indeed, the court specifically rejected the applicant’s contention that greater emphasis should be placed on the other parts of the respective marks (“SIL” and “SAN”).¹⁰⁵ According to the Fourth Circuit, courts should not focus on dominant portions of single word marks; for those marks, “the proper analysis compares whole

⁹⁸ U.S. Pat. & Trademark Off. v. Booking.com B.V., 140 S.Ct. 2298 (2020).

⁹⁹ *Id.* at 2307.

¹⁰⁰ *Id.*, quoting 4 McCarthy § 11:76

¹⁰¹ *Id.*

¹⁰² *Id.*

¹⁰³ *Id.* at 2307-08

¹⁰⁴ *Combe Inc. v. Dr. August Wolff GMBH & Co. KG Arzneimittel*, No. 19-1674, 2021 U.S. App. LEXIS 10536, *357 (4th Cir. April 13, 2021).

¹⁰⁵ *Id.* at *364.

words, not parts.”¹⁰⁶ And then the court concluded that the district court correctly determined that the marks were very similar—emphasizing the similarity of the generic components.¹⁰⁷

That case did not involve “external” release valves, but it demonstrates a similar point. When courts persuade themselves that limits are not needed because there are other doctrines that can save the day, they often fail to limit rights appropriately because their confidence in those other doctrines turns out to be misplaced. That is an especially serious problem when courts rely on the availability of external values that aren’t implicated in every case to which the expansive rights will apply.

If nothing else, increasing emphasis on external limits has consequences in terms of the frequency and types of balancing that are necessary. It’s one thing to balance concerns about undermining patent law’s limits against a genuine concern about passing off, as courts did in the unfair competition era.¹⁰⁸ It’s quite another to balance concerns about patent’s limits against vague and undifferentiated concerns about “confusion” in the many forms in which it’s now recognized.

Finally, and perhaps most importantly, relying on external values as the limiting principles makes it critical that trademark law correctly interpret the policy judgments in the other areas from which it purports to be drawing. If, for example, functionality doctrine is intended to keep trademark law from encroaching on patent law’s domain, then courts need to understand patent law’s actual domain. In reality, trademark law makes implicit (and sometimes explicit) judgments about the importance of access to certain features, which reflects judgments about competitive significance more than an honest approximation of the boundaries of patent law.¹⁰⁹ That manifests in trademark law’s definition of function, and more specifically its understanding of “utilitarian” function), which does not match utility patent’s more capacious understanding of “utility.”¹¹⁰ It also reflects in different rules for “utilitarian” and “aesthetic” features—the former typically presumed to be more competitively significant and therefore more important to be available to competitors, notwithstanding the fact that we have a patent system devoted to protecting ornamental designs.¹¹¹

¹⁰⁶ *Id.*

¹⁰⁷ *Id.*

¹⁰⁸ Courts’ remedial flexibility also helped a lot here. See Mark P. McKenna, *Back to the Future: Rediscovering Equitable Discretion in Trademark Cases*, 14 LEWIS & CLARK L. REV. 537 (2010).

¹⁰⁹ See Mark P. McKenna & Christopher Jon Sprigman, *What’s In and What’s Out: How IP’s Boundary Rules Shape Innovation*, 30 HARV. J. L. & TECH. 491 (2017).

¹¹⁰ *Id.*

¹¹¹ McKenna, *(Dys)Functionality*, *supra* note 95.

None of this is to say that external limits don't have an important role to play in trademark law, or that courts shouldn't work to better define those limits and implement them in ways that more effective. But external limits can't do all the work, we can and should take pressure off of these doctrines by doing more work to identify real internal limits to trademark rights.