ARTICLE

TRADEMARK'S DAEMONS

Greg Lastowka*

TABLE OF CONTENTS

I. INTRODUCTION ..................................................................................... 779

II. DAEMONS ............................................................................................. 788
   A. The Creativity Daemon ................................................................. 791
   B. The Identity Daemon ................................................................. 798
   C. The Efficiency Daemon .............................................................. 806
   D. The Fair-Use Daemon ................................................................. 815

III. CONCLUSION ...................................................................................... 820

I. INTRODUCTION

About fifteen years ago, I spent two years in a small village in Turkmenistan. As a Peace Corps volunteer, my mission was to educate students and teachers in the English language so that Turkmenistan could form new connections with the West. Yet, for most Turkmen, the early transition from the Soviet Era to the post-Soviet Era did not go so well. Turkmenistan's new currency experienced severe hyperinflation, which made state wages (i.e., practically all wages) barely sufficient for the average family's basic needs.1 Free enterprise was stifled due to the thick

---

* Professor of Law, Rutgers School of Law–Camden. I owe thanks to Craig Joyce, Greg Vetter, and Paul Janicke, as well as to the participants at the Santa Fe Conference of the Institute for Intellectual Property & Information Law at the University of Houston Law Center. I also want to thank especially Mark McKenna and Ann Bartow for their detailed feedback on an earlier draft of this Article.

bureaucracy and the bribes needed to register a business. Storefronts were largely vacant. When I went shopping, my exclusive market was a dusty bazaar where vendors would set out blankets and sell food, clothing, cigarettes, alcohol, and other merchandise.

When I teach trademark law, I often think back on my shopping experiences in that Turkmen bazaar. A particular prop triggers the first memories: a bottle of “Barf”-brand dishwashing liquid that I bought there one day. But I also think of the bazaar when I discuss market contexts—the bazaar was a classic meeting place for vendors and sellers, full of flexible prices and flamboyant negotiations. But perhaps the main reason I think about the bazaar is that I encountered there, numerous times, various forms of trademark infringement.

Remarkably, despite the historic isolation of Turkmenistan and the continuing absence of advertising, many Turkmen people were familiar with names like Nike, Snickers, Coca-Cola, and Marlboro. They were quite excited about these brands. In their minds, American trademarks were associated with quality, prestige, and the future. It was no surprise, then, that the vendors made use of them whenever they could. The small bazaar featured clothing and other wares emblazoned with many well-known American trademarks. Being American, I was periodically called upon by my Turkmen friends to look at these marks: Was this really a genuine Nike-blazoned athletic jacket? Invariably it was not. Often, I was called upon to opine after the fact, putting me in the uncomfortable situation of letting friends know that they had been duped. Because the brand owners were distant and the government had little interest in consumer protection, consumer deception as to the source of goods was fairly common.

Each time I teach trademark law, I explain that the law is designed to prevent exactly that sort of deception. A law like this

---

2. I use the bottle to help students learn how they spot trademarks and to discuss why certain words make good or bad trademarks. “Barf” means “snow” in Persian, so it is actually a pretty sensible trademark for a brand of dishwashing liquid sold in Central Asia. “Ivory Snow” is an analogous trademark in the United States. Of course, to consumers in this country, washing dishes with Barf does not sound like such a great idea.

3. And, for some, the qualities of our most popular branded products became a litmus test for the capitalist enterprise. I was once told, in all seriousness, that our Snickers bars were substantively inferior to Russian chocolates; hence, Soviet socialism was superior to Western capitalism.

4. The disappointment seemed rather poignant in a remote country that had been suddenly thrust, without much preparation, into the world of global capitalism.
is needed because natural market mechanisms do not adequately punish vendors for making false claims about the origins of their goods. Unscrupulous merchants can increase their profits, in the absence of legal rules, by using misleading symbols to pass off inferior goods as the goods of superior producers.

The U.S. Supreme Court has repeatedly held that trademark law protects consumers “from being misled by the use of infringing marks.” The leading trademark treatise by Professor McCarthy agrees, summarizing trademark’s chief policy justification as “[t]he interest of the public in not being deceived.” Elsewhere, Professor McCarthy states: “For over a hundred years trademark law in the United States has been synonymous with protection of consumers from deception . . . .” Academic commentators generally agree that the protection of consumers against fraudulent and deceptive uses of trade names and symbols is the traditional goal of trademark law. My Turkmen bazaar persuaded me that this is, by and large, a perfectly worthy goal for the law to pursue.


6. 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 2-1, at 2-3 (4th ed. 2011). Additionally, Professor McCarthy explains that “the plaintiff’s interest in not having the fruit of his labor misappropriated should not be disregarded.” Id.


8. See, e.g., David W. Barnes, Trademark Externalities, 10 YALE J.L. & TECH. 1, 3, 5 (2007) (noting that trademark law was designed to prevent fraud); Mark Bartholomew, Advertising and the Transformation of Trademark Law, 38 N.M. L. REV. 1, 1 (2008) (“[T]rademark law is designed to protect the buying public.”); Chad J. Doellinger, A New Theory of Trademarks, 111 PENN ST. L. REV. 823, 827–28 (2007) (asserting that trademark law protects consumers and tradespersons, thereby allowing fair competition); Stacey L. Dogan & Mark A. Lemley, The Merchandising Right: Fragile Theory or Fait Accomplo?, 54 EMORY L.J. 461, 463 (2005) (“Historically, trademark law has existed primarily to protect against consumer deception . . . .”); Mark A. Lemley & Mark P. McKenna, Owning Mark(ets), 109 MICH. L. REV. 137, 143 (2010) (“Trademark law protects the integrity of the marketplace by preventing deceptions that change the way consumers buy goods.”); Clarisa Long, Dilution, 106 COLUM. L. REV. 1029, 1033 (2006) (explaining that trademark law is traditionally directed at preventing harm to consumers); Mark P. McKenna, The Normative Foundations of Trademark Law, 82 NOTRE DAME L. REV. 1839, 1853, 1856, 1861 (2007) (explaining how early English cases described violations of trademark rights as a fraud against the plaintiff, noting that one English court later described trademark infringement as a fraud on the public, and identifying the grounding principle of trademark law that “no person has the right to pass off his goods as those of another”).
That goal is also what makes trademark law unique among intellectual property rights. Trademark law’s solicitude for consumers makes it discordant with the remainder of the intellectual property troika. Copyright and patent rights are monopolies of limited duration due to the fact that, in the long run, the absence of those two property rights is more socially desirable than their existence. Copyright and patent offer commercial incentives to authors and inventors, respectively, in the hopes that these short-term monopolies will increase the size of our cultural portfolio of creative works and inventions. Those rights ultimately expire, however, because the public’s interest in free access to art and knowledge trumps the public’s interest in rewarding intellectual efforts.

Trademark law is different. Given that its primary purpose is not to incentivize the production of an intellectually valuable good, but to protect consumers from being misled and deceived, trademark rights have a potentially unlimited duration. Requiring them to expire would be tantamount to abandoning the public interest, thereby giving unscrupulous business owners free license to mislead consumers about the source of their goods.

Some of our legal origin stories might be fictional, but I think trademark’s story, which I have just recounted, rings true. We can find ample support for the uniqueness of trademark law in the cases and text of the Lanham Act. When I teach the first few weeks of trademark law, my students read cases that support the theory of trademark law as a right that is tied to the prevention of consumer deception. Getting students to absorb this idea is important given that many begin the semester with the belief that trademarks are, more or less, copyrights in words.

During those first few weeks, a few students usually resist the notion that trademark law is designed to benefit consumers. Some are convinced that trademarks are best understood as a

9. See Deborah R. Gerhardt, Consumer Investment in Trademarks, 88 N.C. L. REV. 427, 435 (2010) (“Unlike copyrights and patents, trademark rights attach from mere use, and if well tended, they can last forever. Therefore, the public interest . . . is stronger because the mark may never enter the public domain.” (footnote omitted)).
10. U.S. CONST. art. I, § 8, cl. 8; Gerhardt, supra note 9, at 435.
12. 15 U.S.C. § 1059 (2006) (providing that registrations can be renewed at the end of successive ten-year periods); Gerhardt, supra note 9, at 435.
law that benefits trademark owners, not the public. They query how trademarks can really protect the public from deception if trademark owners are businesses, not consumers. In response, I generally trot out my limited portfolio of law and economics concepts to explain how the creation and exercise of private property rights can produce positive public externalities. The invisible hand of the marketplace, I explain, can actually work to your benefit.

That exercise reminds me again of Turkmenistan, where I often explained to my Turkmen friends that the American ethos of free market capitalism was actually not synonymous with furthering the rapacious greed of business owners, but instead with the more palatable notion that when businesses pursue self-interested goals, they can—guided by appropriate legal rules—create a wealthier and happier society. The law of trademarks, it seems, is bound up with some of the core premises of (and core worries about) free market capitalism. Not surprisingly, in countries that have no strong tradition of free market capitalism (e.g., China), the legal protection of brands may strike the public as strange or even pernicious.

Yet, even in our market-loving society, we recognize limits on what the invisible hand can accomplish via trademark law. Relying on self-interested businesses to protect consumers from deception has significant shortcomings. Other laws are needed

14. Professor Mark McKenna has argued that traditional trademark law was not designed to protect consumers, but producers. McKenna, supra note 8, at 1858–60. Although McKenna’s arguments seem in tension with my own, I find myself largely comfortable with his article because I read the cases he discusses as supportive of the traditional understanding given that courts have historically confined trademark rights to situations entailing some threat of consumer deception. See Robert G. Bone, Hunting Goodwill: A History of the Concept of Goodwill in Trademark Law, 86 B.U. L. Rev. 547, 560–61, 561 n.59 (2006) (noting that the narrow scope of the historic trademark right makes it hard to disaggregate brand protection from consumer protection); Gerhardt, supra note 9, at 429–30, 437 (stating that, traditionally, trademark law managed to perfectly align consumer protection with the protection of a mark owner’s goodwill).

15. In support of this argument, they may even note that the Lanham Act has been interpreted to provide legal standing to brand owners, but not to the consumers who trademark law is designed to protect. See Conte Bros. Auto., Inc. v. Quaker State–Slick 50, Inc., 165 F.3d 221, 234 (3d Cir. 1998) (requiring that a plaintiff establish “competitive harm” to obtain standing under the federal Lanham Act).


17. To the extent that Professor McKenna’s argument, discussed supra note 14, is that trademark law historically failed to embody a “consumer protection” focus insofar as it limited consumer protection to instances when trademark owners could complain about the harms of diverted trade, I am in full agreement with that claim. Indeed, trademark law continues to fail in that respect: in the case of abandoned marks (such as Ipana toothpaste), trademark law fails to protect consumers precisely because no brand owner
to regulate deceptive forms of commercial speech. The Federal Trade Commission, state consumer protection agencies, agencies enforcing food and drug laws, and even consumer class actions all play a role in preventing various forms of consumer deception in the marketplace.\(^\text{18}\) Trademark law requires the help of those complimentary regimes to protect consumers, given that its own mechanisms are dependent on the decisions and budgets of private brand owners pursuing what they see as private benefits. Brand owners often do permit consumer deception when they fail to identify infringements and fail to pay the costs of trademark enforcement.

The risk of trademark underenforcement is real, but a more serious risk flowing from the private nature of trademark rights is overprotection. Brand owners, like some of my students, are often overly bullish about the scope of trademark rights, asserting broad property claims in their marks in the absence of any risk of consumer deception.\(^\text{19}\) If the trademark law were static, this might be less troubling, but it is not. Trademark owners benefit from their rights and they do what public-choice theory would predict: they seek the legislative expansion of their rights.\(^\text{20}\) Broader private rights in marks are seen as offering greater value in corporate portfolios, so it is not

exists to police against the misleading use of abandoned marks. Jerome Gilson & Anne Gilson LaLonde, The Zombie Trademark: A Windfall and a Pitfall, 98 TRADEMARK REP. 1280, 1281, 1288, 1300–01 (2008) (noting the oddity of the lacuna in trademark law permitting new entrants to obtain protection for marks with “residual goodwill” that are certain to deceive consumers).

18. Anne V. Maher & Lesley Fair, The FTC's Regulation of Advertising, 65 FOOD & DRUG L.J. 589, 590, 602 n.112 (2010) (explaining that the goal of the FTC is to protect consumers from deception in the marketplace and discussing the FTC's use of other federal and state agencies in performing that function); Rachel R. Freidman, No Confusion Here: Proposing a New Paradigm for the Litigation of Keyword Advertising Trademark Infringement Cases, 12 VAND. J. ENT. & TECH. L. 355, 396 n.43 (2010) (explaining that confused consumers who would not normally have the means to fight against trademark infringement may be able to obtain the means to fight in a class action).

19. See Gerhardt, supra note 9, at 433–34 (observing that the protected consumers are not present in the courtroom); Mark A. Lemley & Mark McKenna, Irrelevant Confusion, 62 STAN. L. REV. 413, 434 (2010) (noting that trademark owners are not a good proxy for consumer interests).

20. See K.J. Greene, Abusive Trademark Litigation and the Incredible Shrinking Confusion Doctrine—Trademark Abuse in the Context of Entertainment Media and Cyberspace, 27 HARV. J.L. & PUB. POL’Y 609, 610–11, 611 n.10, 626 (2004) (attributing the expansion of protection for intellectual property rights to the political power of trademark owners and explaining that trademarks are often a company’s most valuable assets). But see David C. Stimson, The Empire Strikes Back—A Corporate Trademark Owner Responds to Professor Greene, 58 SYRACUSE L. REV. 447, 450 (2008) (asserting that large trademark owners have attempted to narrow the dilution doctrine to decrease their own legal liability).
surprising that brand owners, like other firms, engage in political rent-seeking.

One might hope that Congress and state legislatures would rebuff these efforts, given the origins of trademark law and the natural limits of its scope. However, there is a historically based argument for expanding trademark rights beyond the limits imposed by the desire to prevent consumer deception—the protection of businesses’ goodwill. This argument should not control, however, given that almost all judicial opinions and scholarly commentary support the pairing of the protection of goodwill with the goal of preventing consumer deception. Shorn of that latter grounding, “goodwill,” as Robert Bone has noted, is a rather elusive concept and one that trademark owners have ample incentives to broaden.

The protection of goodwill is sometimes seen as the second goal of trademark law, but that goal can be rephrased in a variety of ways. Courts sometimes describe it as a trademark owner’s right to prevent “unfair practices” by competitors with respect to trademarks. The McCarthy treatise describes it as avoiding the “misappropriation” of the mark. Some more recent commentators seem to associate it with creating incentives for the production of quality goods and services. So the very notion of the policy goal here is somewhat vague.

Occasionally, some courts seem to conclude that trademark-based misappropriation or competitive unfairness justifies the enforcement of trademark rights in situations in which consumer deception is unlikely. But this occurs rarely.

I generally try to persuade my students that it is not advisable to view the goodwill and anti-misappropriation rationales of trademark law as independent creatures. As Professor McCarthy explains, in the traditional understanding of trademark law, the goals of preventing consumer deception and protecting business goodwill “mesh well.”


22. See id. at 549, 555–56 (arguing that the “familiar and well-accepted proposition” that trademark law protects a seller’s goodwill results in a doctrinal conflict with the “well-recognized consumer-oriented goals of trademark law”).

23. Id. at 592.


26. Id.; see also Doellinger, supra note 8, at 827 (stating that trademark law’s “two
“likelihood of confusion” is required in any trademark infringement action, the consumer deception rationale must be the primary basis for the tort of trademark infringement. Even if we valorize the creation of business goodwill as a benefit obtained from our trademark regime, we simply cannot jettison the consumer’s interest without creating a different infringement standard in the law.

The best way of understanding goodwill’s traditional protection under trademark law is to see it as simply another perspective on the primary goal of preventing consumer deception. Using another’s trademark constitutes unfair competition only insofar as it induces sales to consumers based upon confusion as to the source of the product. Likewise, trademark misappropriation occurs to the extent that a competitor’s use of a mark deceives consumers. When consumers make purchases based on trademark-related misunderstandings about the origins of goods and services, the supplier of those goods is “free riding” on the goodwill and reputation of the trademark owner. Protecting business goodwill is, therefore, in complete harmony with preventing consumer deception.

About halfway through any given semester of trademark law, I reach this point with my students. Trademark law makes sense.

Admittedly, there are still many tough questions to be asked. One problem is that the current likelihood-of-confusion standard is not tightly tied, either by statute or by judicial doctrine, to the historic goal of preventing the deception of consumers. Consumers can be confused without being deceived, after all. But the connection between deception and confusion can

purposes—protecting the tradesperson and the consumer—work[ | harmoniously together”). Professor McCarthy notes, though, how “in some areas of modern expansion in trademark law, there will be a dissonance or conflict between the two goals.” 1 McCarthy, supra note 6, § 2:2, at 2-5.


28. Dilution does just that. It breaks with the traditional basis of trademark protection. See infra notes 164–96 and accompanying text (criticizing the economic justifications for the dilution doctrine).


30. Id.

31. This is not an uncommon view of trademark theory, though I am not aware of anyone who thinks it accurately describes the contemporary landscape with much accuracy. See, e.g., Gerhardt, supra note 9, at 429–30, 433–34 (first noting that the two goals were traditionally aligned perfectly and then stating that subsequent developments have made historic understandings of trademark’s role untenable as a guide for developing modern law).
be drawn: the likelihood of confusion standard might simply be a way of speaking about potential deception. If consumers are likely to be confused about the source of a given good, allowing an injunction to issue in the absence of a defendant’s intent to defraud those consumers seems like a sensible form of marketplace regulation given the difficulty of proving an intent-based tort. Likewise, the definitional line between consumer deception and consumer confusion is not clear—in the typical case of counterfeit goods, some consumers may be aware that defendant’s goods are not produced by plaintiff, some may be deceived, and others may be simply confused. Interpreting deception broadly may be a wise approach given the evidentiary problem of obtaining clear evidence about the various consumer mindsets in the market.

Still, there are risks to consumers from a low threshold for confusion. When the primary terminology shifted from consumer deception to consumer confusion, low-threshold confusion became a new lever for the expansion of trademark owner rights. Why would trademark owners need to pursue a secondary theory of goodwill protection if they can plausibly claim that the majority of consumers are perpetually confused, at least at some juncture, about the source of everything? We have almost reached that possibility: there are cases involving post-sale confusion, pre-sale confusion, affiliation confusion, licensing confusion, etc. It is not clear that all these tests for consumer confusion connect to any legitimate solicitude for consumer welfare. Mark Lemley and Mark McKenna have recently argued that many situations exist where consumers may be confused in the absence of any material harm, arguing that some form of economic injury should be a limiting principle in trademark doctrine.

Other commentators have observed different weaknesses with

32. See Bartow, supra note 29, at 768–69 (explaining that a plaintiff may prove likelihood of confusion even though the consumer is not deceived at the time of purchase, thereby resulting in the standard’s “feather-light” burden of proof).
33. Id. at 747–48, 767–68, 774, 810 (citations omitted) (providing examples).
34. See Lemley & McKenna, supra note 19, at 445 (recommending that trademark law focus on confusion that materially affects consumers’ purchasing decisions); see also Bartow, supra note 29, at 745 (suggesting that trademark owners tend to overclaim consumer confusion in order to expand their rights); Gerhardt, supra note 9, at 432 (noting that trademark owners often strategically portray consumers as “hopelessly confused”). There is a long history of academic criticism about the gulf between trademark law in practice and the public welfare benefits it purports to create. See, e.g., Bartholomew, supra note 8, at 13–15, 39–47 (describing how trademark law expanded in the early twentieth century in ways primarily designed to benefit brand owners and explaining how trademark law’s contemporary embrace of advertising practices poses risks to consumer welfare); Bone, supra note 14, at 586 (detailing historical criticism about the differences between trademark law’s conflicting goals).
the current statute. For instance, trademark law often permits consumer confusion by permitting trademark owners to adopt marks that obscure the true source of goods and services. Ann Bartow has argued that trademark owners mislead consumers by deploying portfolios of marks that disguise their associations. David Barnes has argued for a radical revision of the law, proposing that the law protect only one source identifier of each business.

Halfway through the semester, my students and I are fully primed to dig into these sorts of complex issues, getting to the bottom of contemporary standards for consumer confusion and proposing reforms. Yet, we never get there.

I blame trademark’s daemons.

Year after year, in the last weeks of the semester, my students and I explore cases where courts apply the likelihood-of-confusion test and produce opinions that go completely off the rails, bordering on incoherence. When my students encounter cases like White v. Samsung Electronics America, Inc., Best Cellars Inc. v. Grape Finds at DuPont, Inc., and Boston Professional Hockey Association, Inc. v. Dallas Cap & Emblem Manufacturing, Inc., they start to lose their grip on any coherent theory of trademark law. Courts seem to give lip service to the goal of preventing consumer deception, but then go on to reach bizarre conclusions that seem to serve invisible and unarticulated goals. The semester ends with their faith in the story of trademark law shaken. They know what the cases say the courts are doing, but they no longer trust that the courts are actually doing it.

I have decided on an explanation: courts are being influenced by invisible daemons—particular unseen creatures with particular hidden agendas. Each one is making its own form of mischief in trademark doctrine. In this Article, I will describe four of these daemons, where they come from, and why they cause so many problems.

II. DAEMONS

Though many dictionaries state that “demon” and “daemon” are simply two spellings of the same word, I use the latter

35. Bartow, supra note 29, at 731–32.
36. David W. Barnes, One Trademark Per Source, 18 TEX. INTELL. PROP. L.J. 1, 7 (2009).
39. Bos. Prof'l Hockey Ass'n, Inc. v. Dall. Cap & Emblem Mfg., Inc. (Boston Hockey), 512 F.2d 1004 (5th Cir. 1975).
spelling due to its less sinister connotations. In contemporary usage, a “demon” is generally an evil spirit from hell. The extra “a” in “daemon” graces it with more benign associations: Greek mythology, computer programming, and the popular fantasy books of Phillip Pullman. I speak of daemons here to reify what I see as important forces in trademark cases that draw courts away from what they announce they are doing and lead them to follow alien, unspoken, and yet largely coherent logics. I use the term “daemons” rather than “demons” because the impulses that cause courts to bend the rules of trademark are not, by and large, such terrible things. If trademark’s daemons were truly malicious, they would not sway courts. Trademark’s daemons are powerful because they are appealing.

At the simplest level, I am saying that courts get trademark cases wrong and that they often protect trademarks in ways that extend protection beyond what is warranted by the public interest. The standard way to argue this point is not to speak of daemons, but of “errors” in law and policy. My excuse for framing this as a question of daemons is how these errors appear: in the cases I am speaking about, courts tend to act schizophrenically, almost as if they are acting against their will. They state that they are trying to do one thing—looking for confused consumers—and yet they are doing something significantly different. But what?

Often, their actions are unexplained. However, patterns in the case law speak to a hidden logic. There is method to their madness, almost as if these courts are in the grips of supernatural forces. It would be more accurate, I suppose, to describe these daemons as impulses within the minds of judges. It is not uncommon for judges and courts to understand what the law would have them do, yet to struggle to interpret the law to achieve results they believe are just. The historic split between law and equity reflects exactly this sort of division between obedience to fixed rules and sensitivity to situational fairness.


_41. _In Greek mythology, a daemon (δαίμον) is an intermediary being between the divine and the human realm. _Id_. In computer programming, a daemon is a background process that runs outside of the user's director control. _CANDACE LEIDEN & MARSHALL WILENSKY, TCP/IP FOR DUMMIES_ 112 (6th ed. 2009). In Philip Pullman’s books, a daemon is a manifestation of a person’s soul, albeit one that possesses an apparently independent consciousness. _See_ PHILIP PULLMAN, _THE GOLDEN COMPASS_ 49 (1995) (describing his characters’ daemons in various animal forms).

_42. _Ann Bartow suggested that perhaps I should have titled this Article _Things That Annoy Me About Trademark Law_. Such a title would have been more straightforward, I suppose.
Unfair competition law is arguably a law of commercial morality, so it is not surprising that judges might feel swayed to follow the call of higher principles. However, when they do this in trademark cases, they often do so secretively, misdescribing their decisions as flowing from concerns about consumer deception.

The multifactor likelihood of confusion test is partly responsible for this judicial silence, I think. The test for infringement provides a wonderful smokescreen for a jurist’s hidden agenda. Like other multifactor tests, it broadens judicial discretion.43 As Barton Beebe has observed, it appears that outcomes often drive analysis, rather than vice versa.44 For courts susceptible to daemonic impulses, the test provides a great cover.

Nevertheless, it can only cover so much. Courts sometimes perform their multifactored analysis in such bizarre ways that some sort of doctrinal mischief is clearly afoot. Though they conceal their daemonic logic—explicitness would constitute reversible error—they tip their hands through odd choices of words and facts.

So what exactly are these daemons? To some extent, they embody the prior discussion of goodwill, misappropriation, and free riding. Generally, trademark’s daemons support findings of infringement when an approach grounded in concerns about consumer deception would find none. The daemons shape trademark in ways that would not meet with the approval of Ralph Brown or Jessica Litman, whose views on the purpose of trademark law I have found influential.45 Indeed, many prominent commentators on trademark law, including Mark McKenna, Mark Lemley, and Robert Bone, have complained about the extent to which courts have used trademark law broadly to forbid misappropriation and free riding.46 As a broad diagnosis of trademark’s ills, I agree that this is a problem.

45. See Ralph S. Brown, Jr., Advertising and the Public Interest: Legal Protection of Trade Symbols, 57 YALE L.J. 1165, 1185, 1198 (1948) (illustrating how advertisers abuse the requirement of consumer confusion); Jessica Litman, Breakfast with Batman: The Public Interest in the Advertising Age, 108 YALE L.J. 1717, 1720–21 (1999) (asserting that the trademark law’s foundational principle of protecting consumers has eroded).
46. See Bone, supra note 14, at 618–22 (arguing that, except in very narrow situations, there is no justification for using trademark law to prohibit free riding); Lemley & McKenna, supra note 8, at 146–48. Professor David Franklyn agrees, though he is less skeptical of legal prohibitions on free riding. David J. Franklyn, Debunking Dilution Doctrine: Toward a Coherent Theory of the Anti-Free-Rider Principle in American Trademark Law, 56 HASTINGS L.J. 117, 138–39 (2004) (proposing that anti-free-riding principles be consolidated into a doctrine separate from trademark law).
However, my “daemons” approach is more targeted. Courts that commentators charge with espousing misappropriation theories rarely base their opinions on an embrace of misappropriation per se. Instead, they often give lip service to the correct tests. And, while some courts seem to reach inexplicable results, others apply the same standards and get most trademark cases right most of the time. What explains the difference? My sense is that few courts really endorse free riding and misappropriation views, but many feel the daemonic pull of more specific factual considerations that appear in a limited range of situations. My collection of daemons below is helpful in splitting out the particular ways that courts deciding trademark cases fail to act in accordance with trademark law’s traditional precepts.

No doubt, I could extend the rogues’ gallery of possible daemonic types. But in the interest of brevity, I will limit myself to writing about four daemons that I find particularly vexing: the creativity daemon, the identity daemon, the efficiency daemon, and the fair-use daemon.

A. The Creativity Daemon

The creativity daemon is an interloper from the adjacent realm of copyright. Judges under its influence protect those who produce creative works by punishing defendants charged with reaping what they did not sow. Like all the daemons, the creativity daemon is alluring to courts because it claims to serve noble ends. Social condemnations of misappropriation can be found in the Bible,, in Locke’s theory of property,, in the Supreme Court’s decision in International News Service v. Associated Press, and even in some judicial opinions that rely heavily on the protection of trademark goodwill. Yet, this impulse is fundamentally daemonic in the eyes of trademark law. It is triggered not by a desire to prevent consumer confusion, but by

47. Galatians 6:7 (King James) (“[F]or whatsoever a man soweth, that shall he also reap.”).
48. John Locke, The Second Treatise: An Essay Concerning the True Original, Extent, and End of Civil Government, in TWO TREATISES OF GOVERNMENT AND A LETTER CONCERNING TOLERATION 100, 112 (Ian Shapiro ed., 2003) (“For this labour being the unquestionable property of the labourer, no man but he can have a right to what that is once joined to . . . .”).
49. Int’l News Serv. v. Associated Press, 248 U.S. 215, 239–40 (1918) (“[D]efendant, by its very act, admits that it is taking material that has been acquired by complainant as the result of organization and the expenditure of labor, skill, and money . . . . and that defendant in appropriating it and selling it as its own is endeavoring to reap where it has not sown, and by disposing of it to newspapers that are competitors of complainant’s members is appropriating to itself the harvest of those who have sown.”).
an urge to protect a trademark owner’s artistic creativity from misappropriation.

It may be hard to see the problem this presents, but as a matter of doctrine, trademark law has never awarded intellectual property rights in return for creativity. A glance at some of today’s most valuable trademarks confirms the lack of creativity in many famous brands: the marks “Disney,” “Toyota,” “Ford,” and “McDonald’s” owe their origins to surnames, not invention or artistry. All of these companies certainly do shape public perception of their brands with creative marketing campaigns, but copyright law, not trademark, protects any such advertisements. In cases where a work of art actually functions as a trademark (e.g., a cartoon of Mickey Mouse identifying Disney goods), copyright protects the creative work while trademark protects only the signifying function of the symbol.

This distinction is well established. As the U.S. Supreme Court explained in the Trade-Mark Cases:

The ordinary trade-mark has no necessary relation to invention or discovery. The trade-mark recognized by the common law is generally the growth of a considerable period of use, rather than a sudden invention. It is often the result of accident rather than design, and when under the act of Congress it is sought to establish it by registration, neither originality, invention, discovery, science, nor art is in any way essential to the right conferred by that act.

When courts fail to grasp this basic point about the nature of trademarks, they repeat the first-week mistake made by some of my trademark students who confuse trademarks with copyrights and patents. The lack of any “public domain” in trademark protection makes this sort of confusion dangerous. Indeed, it was essentially this fear of comingling the logic of copyright and trademark that led the Supreme Court in Dastar Corp. v. Twentieth Century Fox Corp. to emphasize the importance of keeping copyright and trademark distinct. In Dastar, the

50. See Lemley & McKenna, supra note 8, at 172–73 (explaining why “incentive-to-create theory” does not apply to trademark law).

51. Laura A. Heymann, The Trademark/Copyright Divide, 60 SMU L. Rev. 55, 76–77, 99–100 (2007) (first explaining the separate functions of trademark and copyright law and then illustrating with the specific example of Disney’s Mickey Mouse).


53. See Doellinger, supra note 8, at 856–57 (emphasizing that the concepts of “property, incentives and the public domain . . . have no relevance to trademark jurisprudence”).

54. Dastar Corp. v. Twentieth Century Fox Film Corp., 539 U.S. 23, 33–34 (2003) (“[O]nce the patent or copyright monopoly has expired, the public may use the invention
Supreme Court rejected a trademark claim related to the footage of a documentary television series in which the copyright had expired.\(^{55}\) Echoing the logic of the *Trade-Mark Cases*, the Supreme Court explained that allowing trademark law to protect the copyright-free footage would effectively establish a “perpetual patent and copyright” that would fail to accord with the “limited times” provision in the Intellectual Property Clause.\(^ {56} \) The Supreme Court warned that when we blur copyright and trademark, we risk creating “a species of mutant copyright law.”\(^ {57} \)

Yet, despite this, the creativity daemon is remarkably active in trademark cases. It appears in two main guises. In the first guise, it trails behind a copyright claim where the defendant is viewed as a bad actor and the trademark claim is largely ancillary. An example of this sort of daemonic mischief can be found in *Sega Enterprises Ltd. v. MAPHIA*, a case where the defendant hosted an electronic bulletin board system that permitted the downloading of pirated videogames made and sold by Sega, the plaintiff.\(^ {58} \) The games were described on the bulletin board as Sega games.\(^ {59} \) When played, they displayed the Sega trademark.\(^ {60} \) This was because they were completely accurate, albeit unauthorized, copies of Sega games.\(^ {61} \)

Under a traditional trademark law analysis, the relevant consumers (i.e., patrons of the MAPHIA bulletin board who had downloaded the ripped game files) were not deceived by the description of the relevant files as Sega games. The files were indeed copies of Sega’s creative products. The copyright claim in the case was based on this piracy.\(^ {62} \) The defendants never added the Sega mark to the ripped game files—the Sega mark was there because the creators had put it there.\(^ {63} \) It was analogous to the Chevrolet symbol on a used Chevrolet car that accurately indicates the car is a Chevrolet.
But the court in *Sega* was more concerned with protecting Sega's games than it was with respecting the logic of trademark law. After a cursory and strategically tilted analysis of the likelihood-of-confusion factors, it concluded: “Any member of the public that logged onto Sherman’s BBS was likely to think that the trademark indicated that the games were sponsored by or affiliated with Sega.” In fact, I doubt that a single person who downloaded pirated games from an electronic bulletin board called “MAFPIA” believed that Sega sponsored those files. No evidence was introduced that anyone labored under this misconception. Yet the creativity daemon counseled the court to punish the piracy, and so trademark infringement was found.

A similar example can be found in the Ninth Circuit’s “The Cat NOT In The Hat!” case, *Dr. Seuss Enterprises v. Penguin Books*. There, the court’s solicitude for protecting the authorial creativity of Dr. Seuss unraveled the fabric of trademark law. The case involved a comedic recounting of the O.J. Simpson trial styled in the manner of a Dr. Seuss book. The plaintiff’s trademark claim was based on the cover of the book, which featured Dr. Seuss’s iconic red and white stovepipe hat and artistic lettering style. However, the cover also bore the label (in large capital letters) “A PARODY,” attributed the authorship to “Dr. Juice,” and portrayed O.J. Simpson holding a bloody glove.

It strains credulity that anyone would imagine the book in question was the work of Dr. Seuss, especially given that the book was not slated to be offered in the children’s section of bookstores but in the adults’ section. The district court, however, found the potential for consumer deception to be largely “indeterminate.” The court noted that the “book might also be placed in prominent displays” where young people might be confused about its origins. Presumably, a glance at the cover would clear up this confusion, but the district court noted that books are “generally perused but not fully inspected before

64. *Id.* at 937–38.
65. See *id.* (finding no evidence of actual consumer confusion).
67. *Id.* at 1396–97.
68. *Id.* at 1403–04.
69. *Id.* at 1408 (reproducing the book cover).
71. *Id.* at 1570–71.
72. *Id.* at 1571.
purchase.\textsuperscript{73} While it is no doubt true that people do not read books before buying them, they generally do inspect their covers. The cover, in this case, made the book’s provenance clear.

Affirming the trademark aspect of the decision on appeal, the Ninth Circuit added another reason for supporting the trademark claim: “[T]he use of the Cat’s stove-pipe hat or the confusingly similar title to capture initial consumer attention, even though no actual sale is finally completed as a result of the confusion, may be still an infringement.”\textsuperscript{74} Apparently, the Ninth Circuit was conceding, impliedly, that there might be a significant question as to whether anyone would be deceived about the source of the book, given the nature of the cover. As a way to bolster the trademark claim, it noted the possibility of infringement based on consumer confusion prior to the point-of-sale.\textsuperscript{75} This stray observation has made the Dr. Seuss case famous as a Ninth Circuit endorsement of trademark’s “initial interest confusion” doctrine.\textsuperscript{76}

I would submit, though, that the entire trademark portion of the Dr. Seuss case was significantly influenced by the creativity daemon. The plaintiff’s copyright claim was the primary claim in the case and was found to support the issuance of a preliminary injunction by both the district and appellate courts.\textsuperscript{77} However, from the perspective of the district court, the copyright claim was likely viewed as significantly vulnerable to a fair-use defense.\textsuperscript{78} Given that the defendant was certainly free riding on the public recognition of the Dr. Seuss style, the district court may have been concerned that a failure to find trademark infringement would weaken the plaintiff’s case and allow an act of creative piracy to occur. It stands to reason, therefore, that the creativity daemon worked to expand the scope of the plaintiff’s trademark rights.

Sega and Dr. Seuss were cases where the creativity daemon bent trademark law to support copyright claims, yet there are also instances where creative works can seek protection from
trademark law alone. It is a fact that sometimes copyright and patent law refuse to protect forms of valuable creativity. In such cases, trademark’s creativity daemon takes a leading role.

There are multiple places where this may happen, but trade dress is probably the creativity daemon’s signature domain. Trade dress protects the “total look and feel” of a particular product or service and is explicitly part of the Lanham Act. Trade dress cases often lack copyright overlap. Product design, in particular, fails to qualify for copyright protection. In some cases, this is due to the lack of an identifiable “work” presented by the gestalt of a service’s operations (e.g., a Mexican restaurant’s signage, employee uniforms, and décor) or due to copyright’s refusal to protect utilitarian product designs (e.g., the distinctive shape of a plastic spray bottle). In such cases, unless the trademark owner pursues some other means of noncopyright protection (e.g., a design patent), trade dress protection may be the exclusive mechanism for protecting the creativity invested in the trade dress.

The Best Cellars case provides a perfect example of the creativity daemon at work in a trade dress case. It involved the owner of a distinctive Manhattan wine store (Best Cellars) that brought suit against a Washington, D.C. wine store (Grape Finds). Grape Finds had intentionally copied many of the design elements of the Best Cellars store décor. Copyright law would...

81. See Vu, supra note 79, at 436–37 (noting that in cases involving brand names and fashion houses’ trade dress claims may be brought but copyright claims are untenable in these cases).
82. See, e.g., Brandir Int’l, Inc. v. Cascade Pac. Lumber Co., 834 F.2d 1142, 1146–48 (2d Cir. 1987) (refusing copyright protection to the design of a bicycle rack because “the form of the rack [was] influenced in significant measure by utilitarian concerns and thus any aesthetic elements [could not] be said to be conceptually separable from the utilitarian elements”).
83. See Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 764 n.1, 765, 767 (1992) (holding that Taco Cabana’s trade dress was protected under the Lanham Act due to its inherent distinctiveness even though it failed to show secondary meaning).
84. See In re Morton–Norwich Prods., Inc., 671 F.2d 1332, 1338, 1341–42 (C.C.P.A. 1982) (discussing the ability to trademark the shape of a bottle).
86. Id. at 434.
87. Id. at 457.
have been unavailing to Best Cellars given that their unique store décor was a combination of elements such as “shelf-talker” cards, a “wall of wine,” and categories of wine flavors. The functional utility of the elements, the minimal authorial originality, and the proximity of the innovative elements to uncopyrightable “ideas” would have made it nearly impossible for Best Cellars to obtain a copyright protecting its décor.

And yet, the district court seemed moved, understandably, by the fact that Best Cellars had originated a new type of store that was clever, unique, inventive, artistic, and potentially lucrative. The district court pointed out: “[A] huge number of articles written about the Best Cellars stores have focused on the distinctiveness of their look. The unique design⎯both the architectural component and the graphical component⎯has been further acknowledged in numerous awards.”

The court went on to offer a carefully detailed description of all the unique and artful elements of the Best Cellars trade dress. The description—ostensibly offered in support of the “strength” of the trade dress—would have seemed more at home in Architectural Digest than in the Federal Supplement. But ultimately, the proper test boiled down to the likelihood of consumer confusion about the source of the wine being purchased. The court summarized the question: “Is there a substantial likelihood that an ordinarily prudent consumer would, when standing in the Grape Finds store, think he was standing in a Best Cellars store?”

Technically, this was the wrong question to ask. The proper question would be whether the ordinary consumer in the Grape Finds store would have interpreted the total look and feel of Grape Finds in a way that would lead him to believe that Best Cellars was the source of the wine sold by Grape Finds. The answer to that question should have been “no,” given that prominent Grape Finds signage in the Washington store would have disclaimed any association between the defendant and Best Cellars.

Yet, even the district court’s “Where am I?” approach should have produced a verdict for the defendant. Again, the Grape
Finds store was located in Washington, D.C., and bore prominent signage indicating that it was “Grape Finds.” The Best Cellars store was located in New York and bore prominent signage indicating it was “Best Cellars.”93 So, quite obviously, an ordinarily prudent consumer standing in a store called “Grape Finds” in Washington, D.C., would not think he was standing in a store called “Best Cellars” in Manhattan. (Perhaps after sampling a copious amount of the applicable merchandise this effect could be achieved, but I still doubt it.) The court, however, answered its question in the affirmative, finding it substantially likely that an ordinarily prudent customer would, when standing in the Grape Finds store, think he was standing in a Best Cellars store.94

*Sega, Dr. Seuss, and Best Cellars* are hardly the only cases where the creativity daemon moves courts to fashion a schizophrenic trademark jurisprudence. It is common in cases that mingle copyright and trademark to find courts reaching bizarre conclusions about the likelihood of consumer confusion and deception after being apparently motivated by the unspoken desire to use trademark law to protect the value of creative works.

Again, it is worth emphasizing that the creativity daemon is not evil. The outcomes in all three cases were undoubtedly motivated by entirely legitimate concerns about the proper ethical boundaries of business competition. In all three cases, the defendants were attempting to make money by replicating the creative work of the trademark owner. The three courts no doubt found software piracy, stylistic appropriation, and décor piracy to be distasteful as business practices. Yet, to bend trademark law to reach these cases makes a hash of trademark’s logic.

### B. The Identity Daemon

The identity daemon, like the creativity daemon, is an interloper from an adjacent realm. The identity daemon comes to trademark from the domain of the right of publicity, and it appeals to courts that want to protect the privacy and autonomy interests of particular individuals and groups.95 While the

94. Best Cellars, 90 F. Supp. 2d at 454.
95. Stacey Dogan and Mark Lemley have argued that the right of publicity can “learn” from trademark law. Stacey L. Dogan & Mark A. Lemley, *What the Right of Publicity Can Learn From Trademark Law*, 58 STAN. L. REV. 1161, 1190–91 (2006). That
creativity daemon appears in cases involving artistic endeavors, the identity daemon appears most often in cases involving celebrities and prominent institutions.

The two daemons differ doctrinally in an important respect—the creativity daemon, arriving from the realm of copyright, faces significant, though clearly surmountable, barriers. The U.S. Supreme Court has been well aware of the potential confusion that might exist between copyright and trademark. In cases from the Trade-Mark Cases to Dastar, the Supreme Court has regularly attempted to banish the creativity daemon from trademark’s domain. This sort of doctrinal hostility to overlapping copyright and trademark encourages some courts in the grips of the creativity daemon to obey it in silence.

The identity daemon, however, faces no analogous barriers. No federal right of publicity has ever been recognized, and no coherent body of state common law occupies the field. The Supreme Court has addressed the right of publicity once, and even then, only in a roundabout fashion. Additionally, identity protection seems like a native concept in trademark law given that many trademarks originate in personal names: “Disney,” “Toyota,” “Ford,” and “McDonald’s,” are all personal (i.e., familial) identifiers, as well as famous marks. But on this last point, it is worth noting that trademark law draws an important distinction: names are not protected as names, but as marks. They are protected only when they operate as indicators of the source. “I am buying a Ford” does not indicate an intention to purchase a particular person, but rather a particular brand of automobile. “Henry Ford changed the world,” on the other hand, is not a sentence that includes a trademark.

may be true, but I am making an orthogonal argument: trademark law should “unlearn” the right of publicity.


99. See 2 McCarthy, supra note 6, § 13:2, at 13-8 to -9 (emphasizing that personal names only gain trademark protection once secondary meaning has been acquired).

100. Id.

101. Id.
And yet, the law has realized that celebrity names and identities do have important economic value. The right of publicity—the identity daemon’s native domain—originated shortly after mass media marketers started to utilize the commercial value of celebrities and began to pay sports heroes, movie stars, and others substantial sums of money for endorsements. In a world where celebrities were paid for endorsements, some became aggrieved when their public reputations were commercialized without their authorization, especially when the commercialization occurred in ways they found objectionable. Thus began the evolution of the right of publicity, which amounts to a right to prevent the commercial exploitation of individual identity. The right of publicity is currently protected by a hodgepodge of largely inconsistent state common law doctrines and statutes. Indeed, the inconsistency of this protection may be a reason the identity daemon creates such problems in trademark law. In states lacking protections for the right of publicity, trademark law is called upon to be its unwilling champion.

Notably, Professor McCarthy does not consider the right of publicity a subspecies of trademark law, but instead offers a separate treatise on the subject. He begins that treatise with the curious assertion that the right of publicity is really not just trademark law in another guise: “It is a distinct legal category, not just a ‘kind of’ trademark, copyright, false advertising or right of privacy. While it bears some family resemblances to all these neighboring areas of the law, the right of publicity has its own unique legal dimensions and reasons for being.”

If this characterization is true (and I believe it is), then it must follow that the entry into trademark law of this separate legal entity “with its own unique . . . reasons for being” is bound to produce significant doctrinal mischief. When trademark claims

102. See Dogan & Lemley, supra note 95, at 1171–75 (explaining the modern development of fame as economic property).
103. Id. at 1169–71 (describing how privacy protections traditionally failed to extend to celebrities).
104. 1 McCarthy, supra note 97, § 6:3, at 845–51. Some commentators are highly suspect of that hodgepodge, arguing that the right of publicity serves no legitimate government interest. See, e.g., Dogan & Lemley, supra note 95, at 1180–90 (criticizing the traditional justifications for allowing a right of publicity as a cause of action).
105. Id. at 1190.
106. 1 McCarthy, supra note 97, § 1:3, at 3. I call this assertion “curious” not because I disagree but because Professor McCarthy’s initial efforts to distance the right of publicity from these other doctrines suggests he fears that the law might be subsumed under trademark or copyright if it were not put on its own separate footing.
107. Id.
involve celebrity personae or groups that promote strong fan affiliations, trademark law begins to unravel.

The identity daemon, like the creativity daemon, appears in two guises. It sometimes trails behind right-of-publicity claims like a vestigial appendage. In other cases, it requires trademark law to stand in for the right of publicity when the jurisdiction lacks robust protections against the commercialization of identity. A leading example of the first situation is the Ninth Circuit’s opinion in the White v. Samsung case, which has achieved its own modicum of celebrity status primarily due to Judge Kozinski’s impassioned dissent from the denial of rehearing en banc.

In White, Vanna White, the television personality who turns letters on the game show Wheel of Fortune, brought suit over a printed advertisement by Samsung, the electronics manufacturer. In Samsung’s advertisement, a robot dressed to resemble White, though still being quite obviously a robot, appeared to perform her task of turning letters. The district court found for Samsung, granting its motion for summary judgment. The Ninth Circuit reversed and required that the case be sent to a jury. The court found that White had a potential violation based on the California protections for the right of publicity. It also found support for White’s trademark claim, which was technically a claim of “false endorsement” under section 43(a) of the Lanham Act. Section 43(a) prohibits making false claims in connection with offerings of goods or services. Yet, to conduct its analysis, the court essentially treated White herself as a trademark. It stated that “[i]n cases involving confusion over endorsement by a celebrity plaintiff, ‘mark’ means the celebrity’s persona.”

109. White v. Samsung Elecs. Am., Inc., 989 F.2d 1512, 1512–21 (9th Cir. 1993) (Kozinski, J., dissenting). Notably, Judge Kozinski’s dissent from the court’s decision to deny a rehearing en banc largely ignored the trademark aspects of the case. Kozinski’s only direct mention of the Lanham Act claim is found in footnote seventeen where he writes that “[s]ome viewers might have inferred White was endorsing the product, but that’s a different story. The right of publicity isn’t aimed at or limited to false endorsements; that’s what the Lanham Act is for.” Id. at 1515 n.17 (citation omitted).
110. White, 971 F.2d at 1396.
111. Id.
112. Id. The district court’s opinion was not reported.
113. Id. at 1402.
114. Id. at 1399.
115. Id. at 1399–401.
117. White, 971 F.2d at 1400.
White’s trademark in her identity was strong, the Ninth Circuit concluded, because White was well-known to the public.\(^\text{118}\) The other factors were similarly curious. For instance, on the factor of similarity of the plaintiff’s and defendant’s marks, the court noted that the Samsung figure was a robot, not a human like White.\(^\text{119}\) However, it did not find that White’s “mark” was dissimilar to a robot, instead concluding that this factor was indeterminate.\(^\text{120}\) Considering the marketing channels factor, the Ninth Circuit noted that “White has appeared in the same stance as the robot from the ad in numerous magazines, including the covers of some.”\(^\text{121}\) This made it more likely that consumers would confuse the Samsung robot with White.\(^\text{122}\) Additionally, the Ninth Circuit noted that “consumers are not likely to be particularly careful in determining who endorses VCRs,” making it more likely that they would think the robot was Vanna White.\(^\text{123}\)

The *White* decision is completely baffling from the standpoint of the traditional logic of trademark law. Personal identities are not trademarks (and, it might be added, robots are not people). Additionally, the source of the advertised product was Samsung, not Vanna White or a Vanna White robot; hence, there was no possibility that consumers could be confused as to the actual origin of the advertised product. To the extent that White was claiming something analogous to false advertising, the applicable doctrine would require that the deception be either literally false or material to consumers.\(^\text{124}\) The advertisement was clearly not false, and it was almost certainly immaterial to ordinary consumers whether or not Vanna White had accepted money from Samsung in exchange for having a robot appear in a humorous advertisement for a recording device. So why did a majority of the Ninth Circuit panel endorse White’s claim? I blame the identity daemon.

\(^{118}\) Id.
\(^{119}\) Id.
\(^{120}\) Id.
\(^{121}\) Id.
\(^{122}\) Id.
\(^{123}\) Id.
\(^{124}\) See, e.g., Johnson & Johnson Vision Care, Inc. v. 1–800 Contacts, Inc., 299 F.3d 1242, 1247 (11th Cir. 2002) (establishing the elements of a false advertising claim under the Lanham Act); Nat’l Basketball Ass’n v. Motorola, Inc., 105 F.3d 841, 855 (2d Cir. 1997) (“To establish a false advertising claim under Section 43(a), the plaintiff must demonstrate that the statement in the challenged advertisement is false. . . . [The] requirement is essentially one of materiality . . . .”); Seven-Up Co. v. Coca-Cola Co., 86 F.3d 1379, 1390 (5th Cir. 1996) (explaining that to obtain relief under Section 43(a), a plaintiff must demonstrate that the advertisement is literally false or likely to confuse customers).
In dissent, Judge Alarcon refuted the majority’s claim that consumers could be deceived by the advertisement, noting that White was a human being and not merely a combination of “blond hair and fancy dress.” Judge Alarcon explained: “In this matter, the consumer is confronted with two entities. One is Vanna White. The other is a robot. No one could reasonably confuse the two.” He went on to offer a theory as to why the majority had stretched the Lanham Act to encompass White’s claim: “The attempt to use the Lanham Act to prevent ‘misappropriations’ of which a court does not approve results in the distortion of the law which makes it more difficult to apply the law in appropriate cases. This case is an example of such distortion.”

In the White case, the particular misappropriation involved White’s identity. Yet, as Judge Alarcon’s dissent proves, not all jurists have succumbed to the allure of protecting celebrity identity via trademark law. In the landmark Sixth Circuit case of ETW Corp. v. Jireh Publishing, Inc., for instance, the identity daemon was denied. In ETW, Tiger Woods’s corporate licensing agent brought a right of publicity claim and a Lanham Act claim based on the use of Woods’s image in an artist’s lithographic print. Like White, the licensing agent claimed that the use of Woods's image infringed his trademark rights in his personal identity. The Sixth Circuit rejected the claim:

Here, ETW claims protection under the Lanham Act for any and all images of Tiger Woods. This is an untenable claim. ETW asks us, in effect, to constitute Woods himself as a walking, talking trademark. Images and likenesses of Woods are not protectable as a trademark because they do not perform the trademark function of designation. They do not distinguish and identify the source of goods.

This is quite right. But the fact remains that not all courts are so fastidious about this logic. In White and similar opinions from other jurisdictions, the identity daemon draws courts into the strange world of viewing celebrities as walking, talking trademarks.

The identity daemon does similar work with respect to group identities as well. Trademarks have historically been bound to

125. White, 971 F.2d at 1406 (Alarcon, J., concurring in part and dissenting in part).
126. Id.
127. Id. (citation omitted).
128. ETW Corp. v. Jireh Publ’g, Inc., 332 F.3d 915 (6th Cir. 2003).
129. Id. at 918–19.
130. Id. at 919–21.
131. Id. at 922 (footnote omitted).
certain groups, namely commercial firms. When collective organizations claim trademark infringement, however, most courts properly limit trademark protection to situations where consumer confusion is threatened.\footnote{132}

Yet, the work of the identity daemon ensures that some groups receive a higher level of trademark protection, in much the same way that it ensures that some individuals (celebrities) receive a higher level of trademark protection. In some situations, certain groups have a special value to consumers, similar to the value possessed by celebrities. Consumers might not want to buy only the goods and services of that group, but may also want to buy products that show their enthusiasm for the group. When they buy these products, they may not care much about the actual source of the products used to show their fannish affiliation.\footnote{133}

There are multiple examples of this sort of “fan identity” phenomenon, but the paradigmatic cases involve efforts by professional or collegiate sports teams to control the sale of goods bearing team colors or logos.\footnote{134} In such cases, many courts bend the traditional test to invent consumer confusion where none exists.\footnote{135} Courts are treating teams like celebrities—they believe that these groups should have the exclusive right to reap the popular value associated with their identifying symbols.\footnote{136}

The famous, or perhaps infamous, \textit{Boston Hockey} case is a great example of the identity daemon at work.\footnote{137} In \textit{Boston Hockey}, the defendant sold embroidered patches of the logos of NHL teams. The logos identified the teams, but they did not, according to the district court’s factual findings, serve to identify the source of the products being sold.\footnote{138} Given the stated lack of consumer confusion about the source of the patches, the plaintiff’s infringement claim should have failed.\footnote{139} Nevertheless, the Fifth Circuit explained that the

\begin{itemize}
\item \footnote{132}{Dogan & Lemley, \textit{supra} note 8, at 475 \& n.59.}
\item \footnote{133}{See \textit{id.} at 471–72 (noting that the “mark is the product” in merchandising cases (emphasis in original)).}
\item \footnote{134}{See \textit{id.} at 472–78 (tracing the development of a merchandising right by examining cases brought by college athletic associations and professional sports organizations).}
\item \footnote{135}{\textit{Id.} at 477 (noting how courts in these cases “stretch the facts”).}
\item \footnote{136}{See Dogan & Lemley, \textit{supra} note 95, at 1165 (arguing that right of publicity and merchandising cases similarly reflect a judicial “anti-free-riding” principle).}
\item \footnote{137}{Bos. Prof'l Hockey Ass'n, Inc. v. Dall. Cap & Emblem Mfg., Inc. (\textit{Boston Hockey}), 510 F.2d 1004 (5th Cir. 1975).}
\item \footnote{138}{\textit{Id.} at 1009, 1012.}
\item \footnote{139}{Dogan & Lemley, \textit{supra} note 8, at 473 (citing \textit{Boston Hockey} as a decision that was “simply wrong”).}
\end{itemize}
trademarks had been infringed. It defended its ruling with the following explanation:

The confusion or deceit requirement is met by the fact that the defendant duplicated the protected trademarks and sold them to the public knowing that the public would identify them as being the teams’ trademarks. The certain knowledge of the buyer that the source and origin of the trademark symbols were in plaintiffs satisfies the requirement of the act.

The court noted that “the trademark, originated by the team, is the triggering mechanism for the sale of the emblem.” One could make the same observation about the sale of a painting depicting Tiger Woods—his celebrity at the time of the case was a triggering mechanism for the sale of the defendant’s painting. Yet, if one accepts that the goal of trademark law is to prevent consumer deception, there should be no right for celebrities or sports teams to complain about the use of their identities if no consumers are at risk of deception in the marketplace.

I should stress again that the identity daemon sways courts only because the injustice of exploiting a particular group identity for profit appeals to certain judicial intuitions. According to some commentators, there are good reasons to offer legal protections to individuals and groups who object to the commercialization of their identities. The growth of the right of publicity during the last century suggests that some people believe property-like protections for personal identity are warranted. However, my complaint is not about identity protections generally, but about the effect on trademark law of the identity daemon. Like the creativity daemon, the identity daemon is animated by goals that are fundamentally inconsistent with the guiding spirit of trademark law. As Judge Alarcon noted in White, the work of the identity daemon ultimately distorts trademark law, making it harder to apply and to understand.

---

140. Boston Hockey, 510 F.2d at 1011–12.
141. Id. at 1012.
142. Id.
143. See Dogan & Lemley, supra note 95, at 1180 (“Most of the explanations offered [for the right of publicity] fall into one of three categories: the moral or natural rights story; the exhaustion or allocative-efficiency account; and the incentive-based rationale.”).
144. See id. at 1170 (noting that some courts characterized the right of privacy as a property-like interest). Some scholars question whether the right is, in fact, warranted. See, e.g., id. at 1180–90 (criticizing the proposed justifications for the right to publicity).
145. See supra text accompanying notes 125–27 (discussing Judge Alarcon’s dissent in White).
C. The Efficiency Daemon

My third daemon is somewhat larger than the prior two and perhaps somewhat harder to see clearly, given that it often hides quite effectively in plain view. For some courts and commentators, it is no daemon at all, but a fit usurper poised to capture the throne of trademark law. Still, at least to me, the daemon description seems justified given that courts which use trademark law to pursue reduced search costs, propertization, and status value often do so despite initially swearing allegiance to the traditional principles of trademark law.

The efficiency daemon comes not from an adjacent realm of intellectual property, but from the Midwest. It was born out of the analytical agenda of the so-called Chicago School of law and economics. Despite the fact that trademark law is extraordinarily old and the economic analysis of law is relatively new, it is not uncommon for today's trademark law casebooks and opinions to introduce the theory of trademark by reference to an essay written in 1988 by William Landes and Richard Posner. For some academic commentators, this essay and its progeny have supplemented or even displaced the traditional common law justifications of trademark doctrine.

In *The Economics of Trademark Law*, Landes and Posner introduced their essay by modestly claiming that their writing was intended to be a descriptive account of the law rather than a

---


147. See, e.g., Doellinger, supra note 8, at 833–35 (describing the economic theory of trademarks as “dominant” and “unquestioned”); Ariel Katz, *Beyond Search Costs: The Linguistic and Trust Functions of Trademarks*, 2010 BYU L. REV. 1555, 1558 & n.4 (noting that Landes and Posner were the first to present the search-costs theory of trademark law and their article remains one of the most influential on the topic).
normative call for reform of the doctrine. Nevertheless, immediately after this statement, they offered a new totalizing account of trademark law: “[T]rademark law . . . can best be explained on the hypothesis that the law is trying to promote economic efficiency.” In the context of the essay, this statement was largely toothless, given that Landes and Posner kept to their stated goal of justifying, rather than altering, various existing doctrines in trademark law.

Indeed, using economic accounts, Landes and Posner managed to explain not just the general institution of trademark law but justified many of its subdoctrines: the acquisition of trademark rights through use, the prohibition on transfers in the absence of goodwill, the potentially perpetual duration of trademarks, the spectrum of distinctiveness, genericide, functionality, the likelihood of confusion test, and even the nascent doctrine of trademark dilution. Apparently, even though trademark law had never been justified in terms of efficiency arguments, it turned out that the entire body of law—in the view of Landes and Posner— flowed logically and inexorably from the genius of economic efficiency.

This was how the efficiency daemon performed a sort of bloodless coup in trademark doctrine. If Landes and Posner were right, trademark law could be reformulated into a native law and economics framework without any need for substantive revision. And yet, while this might have lulled some readers into complacency, it was fairly clear from the start that changing trademark law’s guiding mission statement was ultimately a precursor to working substantial changes in the doctrine.

Landes and Posner described the primary goal of trademark law as the reduction of “consumer search costs.” Deceptive uses of symbols made consumers less trusting of market speech,

149. Id.
150. Id. at 279–306.
151. Id. at 267; Doellinger, supra note 8, at 833 (noting that Landes and Posner’s economic analysis of trademarks “established a new trademark paradigm that dramatically changed the way the trademark jurisprudence was viewed”).
152. See Doellinger, supra note 8, at 835–36 (describing the economic justification as an improper shift from “is” to “ought”); McKenna, supra note 8, at 1842 (noting that the ostensibly descriptive approach of law and economics has in fact constituted a normative agenda).
153. Landes & Posner, The Economics of Trademark Law, supra note 146, at 272, 277–78. It might be worth noting that Landes and Posner have apparently not changed their views about trademark law to any significant extent in the last twenty years. See William M. Landes, Posner on Beanie Babies, 74 U. CHI. L. REV. 1761, 1763 (2007) (stating that trademark law is primarily designed to reduce consumer search costs).
forcing them to work harder to ascertain the provenance and qualities of goods. Prohibiting the deceptive use of trademarks lowered search costs in the marketplace. The protection of goodwill was similarly restyled; Landes and Posner claimed that private rights in trademarks promoted greater stewardship of those brands, avoided a linguistic “tragedy of the commons,” and led to increased investments in quality products and services.

Although many commentators and jurists now seem to accept the “hypothesis” that trademark law is primarily about promoting economic efficiency, it seems clear that this hypothesis is wrong from a historical perspective. There is certainly nothing wrong, as a matter of legal policy, with avoiding economic inefficiency. Reducing consumer search costs is probably a good thing. Most consumers and businesses would prefer efficient and low-cost transactions in the marketplace, I imagine. However, when we move beyond simplistic models, the intersection of search costs and consumer welfare becomes a more complex puzzle.

For instance, what if trademark law enables excessive product differentiation that creates adverse consequences for consumers? Returning for a second time to Turkmenistan, I recall that my transaction costs at the bazaar were usually low in at least one respect: there were very few brands of milk, bread, coffee, or soap. I was lucky if there was even one brand and I bought whatever was available. Returning to the States, I recall being somewhat overwhelmed by the variety of choices I faced in my local supermarket.

Several of my Turkmen friends have since come to visit me in this country and all have shared their feeling of an overwhelming paralysis during initial shopping expeditions—there are simply too many consumer choices available in our country and no simple way to know which choice is correct. Our system of aggressive product differentiation might make us better off, but it certainly seems to increase our search costs.

155. Id.
156. Id. at 271–73 (describing “The Market in Languages” and the benefits of incentives for “inventing new words” and “maintaining quality” in symbols).
157. Even the Supreme Court has, at least once, recounted the economic justifications of trademark law. See Qualitex Co. v. Jacobson Prods. Co., 514 U.S. 159, 163–64 (1995) (“In principle, trademark law, by preventing others from copying a source-identifying mark, reduce[s] the customer’s costs of shopping and making purchasing decisions . . . .” (alteration in original) (internal quotation marks omitted)).
159. See Graeme B. Dinwoodie & Mark D. Janis, Confusion over Use: Contextualism in Trademark Law, 92 IOWA L. REV. 1597, 1638–41 (2007) (concluding that, in some cases,
In the online context, the search costs debate has bloomed, given that most of us spend much of our time online looking for particular things. Commentators have disagreed about the manner in which trademark law might improve this experience. Professors Deborah Gerhardt and Eric Goldman, for instance, have both argued that, as a matter of public policy, trademark law should allow search engines to provide us with links to a variety of competing businesses when we search for well-known trademarks. On the other hand, Professor Michael Grynberg has argued that online trademark law has gone astray by failing to take account of consumer search costs, focusing instead on protecting the goodwill of brand owners. Professor Landes supports the creation of trademark rights for domain name owners, arguing that a failure to grant brand owners their associated domain names wastes the “time and effort” of consumers. Courts taking the traditional approach to this debate have severed this Gordian knot by focusing on whether specific competitor uses of marks actually mislead consumers as to the source of the services provided.

What much of the search-costs literature reveals is that putting trademark law in the service of efficiency goals inevitably expands the scope of the law. A key example of the risks of departing from the traditional justifications for trademarks is found in dilution doctrine. Dilution protects against the “blurring” and “tarnishment” of “famous” marks. From the standpoint of traditional trademark law, dilution law is much worse than a daemon—it is a doctrinal abomination with no

increased search costs are justified); McKenna, supra note 8, at 1849 (noting that one way of increasing “information clarity” would be to require each individual trademark owner to adopt a unique mark). For a similar point, see Doellinger, supra note 8, at 839, for the argument that strong brands create irrational consumer preferences that are economically inefficient, and see Brown, supra note 45, at 1169, for the suggestion that effective advertising wastes economic resources.


163. Greg Lastowka, Google’s Law, 73 BROOK. L. REV. 1327, 1374 (2008) (noting that infringement liability in most Internet search cases should be unlikely under a traditional approach); cf. Lemley & McKenna, supra note 8, at 151 (criticizing the well-known Brookfield case for its failure to accord with the traditional consumer-confusion test).

164. I have put those three words in scare quotes to emphasize that their meanings are primarily legal terms of art and ambiguous ones at that.
relation to consumer confusion or deception. Yet, dilution has been lurking in the corners of trademark doctrine for some time. State dilution statutes are almost a century old now, and we have had some form of federal dilution statute for almost two decades.

Dilution was clearly born of some separate agenda, though the nature of that agenda is disputed. Some commentators give substantial consideration to Frank Schechter’s view of the doctrine as it was articulated in the *Harvard Law Review* many years ago. However, even though Schechter’s work is unquestionably the origin of the dilution concept, his theory is largely unhelpful, given that courts applying dilution law were neither required to, nor have they been overly inclined to, accord it much weight. Indeed, some courts and legislatures have seemed to assume that trademark dilution necessarily entails consumer confusion, much to the exasperation of trademark law scholars.

The judicial understanding of dilution is, and always has been, essentially incoherent. Historically, many courts facing dilution claims have found a variety of ways to limit (i.e.,

165. See Federal Trademark Dilution Act of 1995 § 3(a), 15 U.S.C. § 1125(c)(1) (2006) (“The owner of a famous mark . . . shall be entitled to an injunction . . . regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.”).
167. See id. at 736 (noting the impact of Schechter’s article); Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 *Harv. L. Rev.* 813, 824–26, 830–31 (1927) (arguing that trademark law should focus on protecting the uniqueness of a brand rather than preventing actual consumer confusion).
169. The McCarthy treatise, for instance, is clearly exasperated by the prevalence of this viewpoint. See 4 McCarthy, *supra* note 6, § 24:72, at 24-185, 24-191 to -192, 24-195 to -196 (addressing the collapsing of blurring and dilution into one doctrine and emphasizing that such tendency is erroneous); see also Barton Beebe, *The Continuing Debacle of U.S. Antidilution Law: Evidence from the First Year of Trademark Dilution Revision Act Case Law*, 24 *Santa Clara Computer & High Tech. L.J.* 449, 464 (2008) (noting that the “search costs” theory of dilution is conflated with anticonfusion laws given the shared policy objective); McCarthy, *supra* note 7, at 720 (questioning the need for a dilution doctrine given the expansion of the likelihood-of-confusion standard).
170. See Bartholomew, *supra* note 8, at 36–37 (explaining the history of judicial antipathy toward dilution claims and the lines of court decisions that limited and weakened the doctrine); Franklyn, *supra* note 46, at 129–31 (explaining how the dilution doctrine is incredibly vague and conceptually impossible to prove); McCarthy, *supra* note 7, at 727 (noting how courts have struggled to make sense of the doctrine).
eviscerate) the doctrine. The most prominent example of this was the Supreme Court’s 2003 decision in *Moseley v. V Secret Catalogue*, which could have effectively buried the federal dilution law. Yet, shortly thereafter, Congress breathed new life into dilution with the Trademark Dilution Revision Act, which broadened and overhauled the doctrine. Notably, the International Trademark Association was a prominent advocate for a federal dilution law and was significantly involved with the congressional effort to resuscitate the doctrine following the *Moseley* ruling.

In my opinion, dilution law is, on the ground, simply an effort to make trademark rights bigger in order to please trademark owners. The enthusiasm among trademark owners to increase the scope of their legal rights is the core engine of dilution, while “theories” of trademark dilution are largely post hoc efforts to rationalize dilution laws. Accordingly, I do not blame the efficiency daemon for dilution law, because dilution predated law and economics, and it is hardly clear that dilution accomplishes anything efficiently. Yet, the dilution doctrine has regularly been associated with efficiency-based theories, perhaps because it is so explicitly divorced from trademark’s traditional concerns about marketplace deception.

---

171. See Long, *supra* note 8, at 1054–55 (describing how dilution law has evolved in the courts such that dilution claims have become increasingly difficult to win).
175. *Id.; Delflache, Silbert & Hillson, supra* note 173, at 140.
177. Cf. Franklyn, *supra* note 46, at 131–32 (arguing the dilution has never been oriented toward its ostensible purposes, but has been based on an impulse to prevent free riding and misappropriation).
Unfortunately, Landes and Posner contributed to this association. In their influential essay, they offered three economic justifications for the law of dilution.\footnote{180} Many commentators have been influenced by these arguments.\footnote{181}

Landes and Posner’s first efficiency justification was the closest to Schechter’s views. Landes and Posner warned against the dangers of “blurring” famous and distinctive marks.\footnote{182} The harm they identified from blurring, however, was not a harm to the property of the brand owner but to the consumer’s search costs: “[T]here is a potential for confusion: hereafter when the consumer sees the name ‘Rolls-Royce’ he will think about both the auto manufacturer and the peanut vendor, and the connotations of the name will blur.”\footnote{183} In other words, the consumer will be “confused” by the fact that Rolls-Royce will no longer be exclusively linked to luxury automobiles but will also connote “peanut vendor.”

It is notable that Landes and Posner use the word “confusion” in the context of providing a justification for the dilution doctrine. The sort of “dilutive confusion” they describe is, of course, not in any way deceptive. Instead, it refers to the additional mental effort required to distinguish a word used in one context from the same word used in a different context.\footnote{184} We’re all familiar with this: a person might say “duck” to point out a bird to you but also might say “duck” when a flying object (which may or may not be a duck) is barreling toward your head. Surely the “dilutive confusion” of “duck” poses a risk of harm in the latter situation—in the case of a heavy and dense object flying toward one’s head, a split second of extra thinking time may make all the difference. One might assume the former is the case when the intended meaning is the latter and response time is limited.

Yet, despite that risk, most of us are fairly complacent with the law’s indifference to the two meanings of “duck.” We probably do not see it as the duty of government to take care of the

\footnotesize

\footnote{180. Landes & Posner, The Economics of Trademark Law, supra note 146, at 304–05.}

\footnote{181. See, e.g., Beebe, supra note 169, at 465 (noting the appeal of economic justifications to those confused about the rationale for the dilution right); Bone, supra note 14, at 559 (“Blurring might force a consumer to reflect a bit longer before buying . . . .”); Dogan & Lemley, supra note 8, at 493 (“[P]roperly understood, dilution is targeted at reducing consumer search costs, just as traditional trademark law is.”); Dogan & Lemley, supra note 95, at 1197 (“[D]ilution properly understood is targeted at reducing consumer search costs.”).}

\footnote{182. Landes & Posner, The Economics of Trademark Law, supra note 146, at 304.}

\footnote{183. Id.}

\footnote{184. Landes, supra note 153, at 1767.}
problem. For the same reason, we probably would not mind allowing a new business to sell “Duck” brand shoes or cola, although this could potentially increase the number of annual head injuries.

For some reason, however, Landes and Posner see the prevention of intra-brand confusion about specific names as an important justification of dilution law. As Judge Posner once summed up the concern: “Consumers will have to think harder—incur as it were a higher imagination cost—to recognize the name . . . .”\textsuperscript{185} The justification seems bizarre, but the academic pedigree and influence of its proponents have led some commentators to spend some time considering it, albeit largely for the purpose of soundly refuting it.\textsuperscript{186}

Landes and Posner’s second efficiency justification hinges on the claimed benefits of propertization generally and the concomitant harms of free riding.\textsuperscript{187} According to Landes and Posner, stronger property rights in brands (i.e., extending licensing to unrelated markets) create incentives for brand owners to invest in “creating prestigious names.”\textsuperscript{188} This is essentially a trademark law version of the work of Harold Demsetz in the arena of real property.\textsuperscript{189} Property is valorized as

\begin{itemize}
\item \textsuperscript{185} Ty Inc. v. Perryman, 306 F.3d 509, 511 (7th Cir. 2002); see also Landes, supra note 153, at 1767 (explaining savings according to the search-costs rationale); Tushnet, supra note 168, at 519–22 (providing an in-depth analysis of Judge Posner’s search-cost rationale and summarizing empirical data supporting his viewpoint).
\item \textsuperscript{186} See, e.g., Austin, supra note 43, at 165–66 (criticizing the attempt to rationalize the dilution doctrine in terms of consumer welfare); Katz, supra note 147, at 1580–83 (arguing that the search-costs theory of the dilution doctrine is flawed because ambiguity frequently occurs in language). Rebecca Tushnet’s analysis is probably the most thorough criticism and is based on empirical evidence about the phenomenon of dilutive confusion. Tushnet, supra note 168, at 527–45.
\item \textsuperscript{187} Landes & Posner, The Economics of Trademark Law, supra note 146, at 304–05; see Doellinger, supra note 8, at 844 (suggesting that Landes and Posner implicitly endorsed the anti-free-riding approach by viewing trademarks as property rights); Long, supra note 8, at 1061 (suggesting that dilution law may be justified primarily by concerns about free riding). Only a few academic commentators today are advocates of using trademark law to prohibit free riding. But see, e.g., Franklyn, supra note 46, at 139–45 (arguing that an anti-free-riding impulse in trademark law is justified when a trademark owner’s investment in the mark outweighs any social benefit to free riding). Almost a century ago, Felix Cohen expressed skepticism of trademark law on this front. Felix S. Cohen, Transcendental Nonsense and the Functional Approach, 35 Colum. L. Rev. 809, 814–17 (1935). Even those adopting an efficiency-based approach to trademark law doubt that dilution does much to promote economic efficiency. See, e.g., Bone, supra note 14, at 619 (illustrating flaws in basing trademark-dilution doctrine solely on economic efficiency).
\item \textsuperscript{188} Landes & Posner, The Economics of Trademark Law, supra note 146, at 304.
\item \textsuperscript{189} See Harold Demsetz, Toward a Theory of Property Rights II: The Competition Between Private and Collective Ownership, 31 J. Legal Stud. 5653, S655–56 (2002) (reviewing Demsetz’s theory that externalities impact private property rights because, as they become “more costly to bear, private rights adjust to reduce [their] seriousness”).
\end{itemize}
a means of promoting stewardship of resources, a means of internalizing externalities.\textsuperscript{190} Notably, Landes and Posner expressed skepticism of this justification because they believed the market for “pure” brand value would not produce significant returns for brand owners.\textsuperscript{191} They opined that Rolls-Royce, Tiffany, and countless other famous brand owners would compete to license their marks to unrelated businesses (e.g., street peanut vendors) and that this willingness to license would drive the market price down so far that the transaction would not be very profitable for the brand owners.\textsuperscript{192}

Their third justification was a variation on this theme: they claimed that dilution created markets for “Veblen goods”—status goods used primarily to signal “refined (or flamboyant) taste or high income.”\textsuperscript{193} In such markets, they argued, any third-party use of the mark would reduce its exclusivity and, therefore, its capacity to signal status.\textsuperscript{194} Essentially, the claim was that this would constitute a misappropriation of prestige.\textsuperscript{195} Unlike some of us, Landes and Posner had no qualms about using trademark law to increase social stratification based on wealth, but they did worry that protecting Veblen goods might impinge on the efficiency of markets for low-status goods (e.g., cheap imitations of famous perfumes).\textsuperscript{196}

While the economic justifications for dilution can be, and should be, attacked based on their shortcomings from the standpoint of economic theory, the very fact that commentators continue to debate the economics of dilution highlights the extent to which an efficiency-oriented approach to trademark law expands the potential scope of trademark rights.

\textsuperscript{190} Id.
\textsuperscript{191} Landes & Posner, The Economics of Trademark Law, supra note 146, at 304–05.
\textsuperscript{192} Id. As a side point, I confess to being puzzled by the fundamental premise here: Landes and Posner seem to believe that a society with a greater number of “prestigious names” is a wealthier society. See id. (discussing the economic advantages of firms investing in creating “prestigious names”). If one adopts certain economic models, this may follow from initial definitions, but as a philosophical matter, I doubt that prestigious brands add to aggregate social welfare. See Barton Beebe, Intellectual Property Law and the Sumptuary Code, 123 Harv. L. Rev. 809, 824–30 (2010) (discussing the economics of consumption based on social prestige).
\textsuperscript{193} Landes & Posner, The Economics of Trademark Law, supra note 146, at 305; Dinwoodie & Janis, supra note 159, at 1654 n.252 (defining Veblen goods).
\textsuperscript{194} Landes & Posner, The Economics of Trademark Law, supra note 146, at 305.
\textsuperscript{195} See Landes, supra note 153, at 1769 (stating that tarnishment of marks lowers the value that consumers receive from brands); Lemley & McKenna, supra note 8, at 152 (arguing that post-sale confusion cases are really about free riding on the prestige of brands); see also Bartholomew, supra note 8, at 16–20 (discussing the economics of consumer culture).
\textsuperscript{196} Landes & Posner, The Economics of Trademark Law, supra note 146, at 305–06.
As I said earlier, the efficiency daemon is arguably not a daemon at all, given the recent prominence of efficiency-based arguments in trademark scholarship. Judge Posner's views about the role of search costs have not only shaped academic commentary but have also appeared in the numerous trademark cases that he has decided. It is important to be clear, therefore, about the problem that this mode of analysis presents.

Trademark law is generally consistent with the goal of creating more efficient and wealthier marketplaces. But it is a mistake to think that the promotion of economic efficiency has ever been the primary purpose of trademark law. Trademark law is a limited doctrine designed to serve a narrow purpose. Viewing trademark law as a general tool to promote economic efficiency in markets leads us far afield from the consumer-deception rationale. When efficiency is offered as a justification for trademark rights, the law strays from its path, often in ways that seem primarily attuned to the desires of trademark owners.

D. The Fair-Use Daemon

My last daemon is a small and ghostly thing today, but it has potential to mature. If the other daemons grow in future years, this one stands poised to grow with them, especially given that the Supreme Court has recently encouraged its care and feeding.

“Fair use” has long been a feature of copyright law, but its counterpart in trademark has been a shadow of that doctrine. Courts in trademark cases sometimes make reference to fair use, but they do so in a wide variety of situations. A common form of fair use is a defendant’s use “otherwise than as a mark.”

197. See supra Part II.C (“For some courts and commentators, [the efficiency daemon] is no daemon at all, but a fit usurper posed to capture the throne of trademark law.”).

198. See Peaceable Planet, Inc. v. Ty, Inc., 362 F.3d 986, 989 (7th Cir. 2004) (voicing concern that permitting personal names as trademarks would deprive consumers of useful information); Ty Inc. v. Softbelly’s, Inc., 353 F.3d 528, 531 (7th Cir. 2003) (expressing hesitation to “pitch [a trademark] into the public domain” because to do so would “confuse consumers who continue to associate the trademark with the owner’s brand when they encounter what they thought a brand name on another seller’s brand”); Ty Inc. v. Perryman, 306 F.3d 509, 511 (7th Cir. 2002) (“[T]here is concern that consumer search costs will rise if a trademark becomes associated with a variety of unrelated products.”).

199. See, e.g., W. Publ’g Co. v. Edward Thompson Co., 169 F. 833, 855 (C.C.E.D.N.Y. 1909) (“[F]air use prohibits a use of any part of the previous book ... with an intention to take for the purpose of saving himself labor.” (internal quotation marks omitted)); Soc. Register Ass’n v. Murphy, 128 F. 116, 119–20 (C.C.D.R.I. 1904) (“[C]opyright’s] question of fair use must depend to a considerable extent upon actual conditions and practical business considerations.”).

There are plenty of ways that one party might make a truthful and nondeceptive use of another company’s trademark. For instance, Harrison Ford might be marketed as “Ford” in order to advertise a film, yet this does not infringe the “Ford” trademark for automobiles, because the word “Ford” is not being used in its trademark sense. Likewise, a 2005 Ford Focus can be resold by its owner as such without confusing consumers about the source of the car and, therefore, without risk of deceiving consumers as to the source of the car. Likewise, if an artist painted a picture of a 2005 Ford Focus and sold it at an arts and crafts fair, the use of the word “Ford” to describe the painting would not deceive potential buyers regarding the source of the painting. Instead, it would truthfully describe the subject of the painting. Courts sometimes describe these as fair-use cases, but that is arguably a misnomer. Instead, these are commercial activities where trademark infringement claims fail because there is no significant risk of consumer deception.

What this means is that fair use in the trademark context has historically been very close, if not completely coextensive, with uses that are outside the scope of the trademark owner's essential rights. This is radically different than fair use in the copyright context where the term denotes an exception carved out from the underlying property right. Fair use in the trademark context has been, by and large, just another way of saying that the trademark owner’s claim failed.

That said, there have been doctrines in trademark law permitting some risk of consumer deception when supervening policy goals, such as the promotion of free expression and free competition, might be endangered by enforcing trademarks. For instance, the policy goal of preventing consumer deception gives way to artistic interests in free expression cases when courts follow

---

201. See id. at 1215–16 (listing recognized defenses to trademark infringement).
202. See, e.g., Zatarains, Inc. v. Oak Grove Smokehouse, Inc., 698 F.2d 786, 796 (5th Cir. 1983), abrogated by KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc., 543 U.S. 111 (2004) (“Zatarain’s has no legal claim to an exclusive right in the original, descriptive sense of the term; therefore, [defendants] are still free to use the words . . . in their ordinary, descriptive sense, so long as such use will not tend to confuse customers as to the source of the goods.”); New Kids on the Block v. News Am. Pub’l’g, Inc., 971 F.2d 302, 306 (9th Cir. 1992) (“[T]rademark law recognizes a defense where the mark is used only ‘to describe the goods or services of [a] party, or their geographic origin.’” (second alteration in original) (quoting 15 U.S.C. § 1115(b)(4) (1988))).
203. See Maxtone–Graham v. Burtchaell, 803 F.2d 1253, 1255 (2d Cir. 1986) (“The purpose of fair use [in copyright law] is to create a limited exception to the individual’s private property rights in his expression . . . .”).
204. See McGeveran, supra note 200, at 1215–17 (discussing the lack of clarity in the doctrine); McGeveran, supra note 146, at 51–52 (explaining that fair use is sometimes just a “clumsy alternate means” of assessing the likelihood of consumer confusion).
the balancing test set forth by the Second Circuit in Rogers v. Grimaldi. The Rogers test gives artistic breathing room for “titles” of creative works, even in cases where consumer confusion might result from the defendant’s use. Likewise, in cases where a claimed trade dress is found to be functional or a particular word claimed as a mark is found to be generic, the goal of preventing deception gives way to the goal of encouraging market competition. So, while the prevention of consumer deception is a core goal of trademark, particular doctrines in the law prevent trademark enforcement in situations where other important considerations (artistic expression or free competition) take precedence. These situations are not usually described as a form of trademark fair use, although they certainly resemble it to some degree.

Until recently, trademark law did not have a true fair-use doctrine and did not seem to have need of it. However, the notion of fair use in trademark law became more prominent when Judge Alex Kozinski invented the notion of “nominative fair use” in the 1992 New Kids on the Block v. News American Publishing, Inc. case. In that case, two newspapers solicited readers to call 1-900 numbers, which charge a fee to callers, in order to vote for their favorite member of the New Kids boy band. Rather than simply find that this was a situation where callers were not at risk of being deceived about the source of the voting service, Judge Kozinski chose to coin a new “nominative fair use” defense:

To be sure, this is not the classic fair use case where the defendant has used the plaintiff’s mark to describe the defendant’s own product. Here, the New Kids trademark is used to refer to the New Kids themselves. . . . But, where the defendant uses a trademark to describe the plaintiff’s product, rather than its own, we hold that a commercial user is entitled to a nominative fair use defense provided he meets the following three requirements: 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; and third, the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.

207. New Kids on the Block, 971 F.2d at 308.
208. Id. at 304.
209. Id. at 308 (second emphasis added) (footnote omitted).
I have emphasized the final element above because it was the strangest, and, I would argue, carried the whiff of a daemonic influence. It placed on the defendant what seemed to be a legal requirement to prove an “unlikelihood of confusion” in order to prevail against an infringement claim. So this “nominative fair use” seemed to carry with it an implicit presumption of infringement when a defendant used the plaintiff’s mark to describe the defendant’s own product or service.

In the years following the New Kids decision, the Ninth Circuit doctrine on this point solidified: indeed, when a defendant had used a plaintiff’s trademark to refer to the plaintiff’s product or service in commercial speech, the plaintiff no longer bore the burden of establishing that this usage created a likelihood of confusion. Instead, the defendant was now required to prove that the use did not “suggest sponsorship or endorsement” and to demonstrate that the first two prongs (i.e., lack of acceptable substitute terms and minimal use of the marks) were met as well. Thus, the so-called nominative fair-use defense turned out to be, in practice, an infringement presumption that favored the trademark owner.

Ultimately, the U.S. Supreme Court returned the burden of proving infringement to the plaintiff. In 2004, it reviewed the Ninth Circuit decision in KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc. The Court declined to specifically discuss nominative fair use as a concept, but Justice Souter pointed out that the Lanham Act required the plaintiff to prove that the defendant’s use was likely to cause consumer confusion. By requiring the defendant to disprove consumer confusion, the Ninth Circuit’s decision was in conflict with the federal statute: “[I]t would make no sense to give the defendant a defense of showing affirmatively that the plaintiff cannot succeed in proving some element (like confusion); all the defendant needs to do is to leave the fact finder unpersuaded that the plaintiff has carried its own burden on that point.”

However, the Supreme Court’s decision did not rule out future forms of lower court experimentation with new forms of trademark fair use. It invited lower courts to consider situations

211. Id. at 908.
213. Id. at 115 n.3, 121. Technically, the case concerned whether a challenge to an incontestable mark based on descriptive fair use under 15 U.S.C. § 1115(b)(4) was preempted by a finding that the use created a likelihood of consumer confusion. Id. at 116, 123–24. Because this was resolved in the negative, the question of nominative fair use was not directly presented to the court. Id. at 123.
214. Id. at 120.
where fair use might protect defendants even in the presence of some degree of confusion:

Since the burden of proving likelihood of confusion rests with the plaintiff, and the fair use defendant has no free-standing need to show confusion unlikely, it follows (contrary to the Court of Appeals’s view) that some possibility of consumer confusion must be compatible with fair use, and so it is.\(^{215}\)

Notably, although the Supreme Court did not delineate the contours of fair use, it found that consumer confusion could be relevant to the defendant’s fair-use defense, thus leaving defendants asserting “fair use” with the potential burden of proving some “unlikelihood of confusion,” while leaving the plaintiff with the primary burden on the confusion front.\(^{216}\) Judge Kozinski recently declined that invitation for the Ninth Circuit by ruling that in “nominative fair use” cases, the plaintiff bears the burden of disproving that the defendant’s use qualifies as a nominative fair use.\(^{217}\) In the Ninth Circuit, this means that the plaintiff need not only prove a likelihood of confusion, but should also carry the burden on the first and second factors of what used to be the nominative fair-use defense.

At this time, very few courts have done very much with trademark fair use, and perhaps there is little reason to worry that they will. Still, I worry. My concern is not that trademark fair use might trump the goal of preventing consumer deception—as noted previously, trademark law has never done a perfect job on that front, and there is a growing desire among commentators for reforms that rein back the expansion of trademark law.\(^{218}\) But fair use is currently undefined and seems oddly allied with the expansionist agendas of the aforementioned daemons.\(^{219}\)

Nominative fair use is a case in point. It is no coincidence that nominative fair use arrived on the scene at the end of the twentieth century in a case decided by Judge Kozinski one year

\(^{215}\) \textit{Id.} at 121–23.

\(^{216}\) \textit{See id.} at 119 (noting that likelihood of confusion may be considered as a factor in the fair-use analysis).

\(^{217}\) Toyota Motor Sales, U.S.A., Inc. v. Tabari, 610 F.3d 1171, 1182–83 (9th Cir. 2010).

\(^{218}\) \textit{Cf.} Mark A. Lemley, \textit{The Modern Lanham Act and the Death of Common Sense}, 108 \textit{Yale L.J.} 1687, 1706–08 (1999) (criticizing the expansion of trademark law in merchandising cases); \textit{see supra} note 17 and accompanying text (discussing the “significant shortcomings” of entrusting “self-interested businesses” with consumer protections, and agreeing with Professor McKenna’s contention that “trademark law historically fail[s] to embody a consumer protection focus”).

\(^{219}\) \textit{See McGeveran, supra} note 200, at 1218 (describing fair use as a “squishy” hodgepodge of doctrines); McGeveran, \textit{supra} note 146, at 59 (noting the connection between trademark expansions and a variety of fair-use defenses).
before his dissent in White.\textsuperscript{220} The notion that trademark needed a new form of fair use arrived at the same time that courts were increasingly looking to protect creativity (in the absence of confusion), identity (in the absence of confusion), and efficiency (in the absence of confusion). Nominative fair use, although praised by some commentators as a shield for defendants, turned the absence of confusion into a defense rather than an element of the plaintiff's prima facie case.\textsuperscript{221}

I fear that the Supreme Court's invitation in \textit{KP Permanent} to clarify and expand the doctrine of trademark fair use may ultimately wind up backfiring, by taking us further away from the roots of trademark law and further into a conception of trademark law as a broad property right limited only by a range of narrow defenses. Fair use may be the reductivist good cop opposed to the expansionist bad cops that are trademark's other daemons, but I suspect all four daemons are working together. The further courts move away from consumer deception in favor of furthering other goals, the further trademark law will grow to resemble a copyright law applied to symbols.\textsuperscript{222}

Rather than carve out new fair-use exceptions, we should simply stay true to the traditional goals of trademark law. The daemon of fair use is a will-o'-the-wisp. It is an appealing and mesmerizing concept, yet chasing after it will not bring us home; it will only lead us further astray.

\section*{III. Conclusion}

Trademark law can make sense. It should make sense. Given our economic system, it is beneficial to all of us when the marketplace is organized to prevent the deceptive use of brands and trade names. With few exceptions, the history of trademark law is a history of jurists interpreting trademark law as a unique private right designed to serve the public interest.

Yet, some courts have used trademark law's multifactored test to serve other ends: the protection of artistic creativity, individual identity, and the goals of propertization and efficiency.

\begin{itemize}
  \item \textsuperscript{220} White v. Samsung Elecs. Am., Inc., 989 F.2d 1512 (9th Cir. 1993) (Kozinski, J., dissenting); see New Kids on the Block v. News Am. Publ'g, Inc., 971 F.2d 302, 308 (9th Cir. 1992) (announcing the nominative-use doctrine).
  \item \textsuperscript{221} See Gerhardt, \textit{supra} note 9, at 496–97 ("First Amendment principles and the nominative fair use defense could provide sufficient shields to those using marks for [certain] purposes."); McGeveran, \textit{supra} note 146, at 51 (noting the recent dramatic expansions of trademark law).
  \item \textsuperscript{222} But see McGeveran, \textit{supra} note 200, at 1226–27 (taking a more optimistic view of the prospect of categorical carve-outs for certain forms of trademark-related speech).
\end{itemize}
This sort of mischief seems to be on the rise. When courts heed these daemons, they stray from the guiding spirit of the law. The daemons are not evil—they often serve laudable goals—but they are a pig in the parlor of trademark law. Attempting to insert them into the doctrine of trademark law distorts the doctrine horribly. It results in a law that is unraveled and pulled out of coherence by courts pursuing unspoken motives.

The answer to this problem is simple: courts and legislatures should cast out trademark’s daemons. Creativity should be protected by copyright and other doctrines oriented toward that purpose. In jurisdictions where the law does not protect against the commercial use of celebrity identity, courts should not strain trademark law to provide for such protection. And courts with concerns about efficiency and search costs should realize that these concerns are not native to trademark law and that improved public welfare does not always result from the broadening of trademark rights.