

PORTRAYING A BRANDED WORLD

Daniel E. Newman[†]

I. INTRODUCTION

Using trademarks as an actual product in brand merchandise, rather than to signal product origin, is a longstanding commercial practice that caters to the human need to define oneself in public through social signaling.¹ People pay extra for goods bearing a logo because they value the ability to signal who they are via the clothes they wear,² and not just by the products they own. The trademark attains value as a product in and of itself, divorced from any underlying physical good.³

Trademark owners in the last few decades have captured much of the value of a logo as an independent product through the control and promotion of

[†] Associate, Davis Polk & Wardell; J.D., Georgetown University Law Center, 2008; B.A., Sociology, State University of New York at Albany, 1993. The author wishes to thank Professor Jule E. Cohen for her invaluable guidance. The author would also like to thank his wife, Midori, and his daughter, Mana, for their love and support.

1. See ERVING GOFFMAN, *THE PRESENTATION OF SELF IN EVERYDAY LIFE* (1959) (describing how individuals attempt to guide and control the impressions other people form of them); THORSTEIN VEBLEN, *THE THEORY OF THE LEISURE CLASS: AN ECONOMIC STUDY OF INSTITUTIONS* (A.M. Kelly 1975) (1899) (explaining the evolution of social classes through consumption of goods); see also Malla Pollack, *Your Image Is My Image: When Advertising Dedicates Trademarks to the Public Domain – with an Example from the Trademark Counterfeiting Act of 1984*, 14 CARDOZO L. REV. 1391 (1993) (providing a detailed explanation of the psychology of consumer identification with goods and clothing). Pollack traces the trend of social signaling through one's clothes to sumptuary laws that were enforced in classic Rome and medieval England in order to preserve caste distinctions. *Id.* at 1422–27.

2. Perhaps the clothes do make the man. Pollack, *supra* note 1, at 1397.

3. See Barton Beebe, *Search and Persuasion in Trademark Law*, 103 MICH. L. REV. 2020, 2029 (2005) [hereinafter Beebe, *Search and Persuasion*] (explaining how certain trademarks are source distinctive); Robert C. Dencicola, *Institutional Publicity Rights: An Analysis of the Merchandising of Famous Symbols*, 62 N.C. L. REV. 603, 606 (1984) (explaining how consumer confusion can be used in trademark cases); Rochelle Cooper Dreyfuss, *Expressive Genericity: Trademarks as Language in the Pepsi Generation*, 65 NOTRE DAME L. REV. 397, 397 (1990) [hereinafter Dreyfuss, *Expressive Genericity*] (noting how trademarks have become part of popular culture); Rochelle Cooper Dreyfuss, *We Are Symbols and Inhabit Symbols, So Should We Be Paying Rent? Deconstructing the Lanham Act and Rights of Publicity*, 20 COLUM.-VLA J.L. & ARTS 123, 124 (1996) [hereinafter Dreyfuss, *We Are Symbols*] (explaining the symbolic value of images); Justin Hughes, *"Recoding" Intellectual Property and Overlooked Audience Interests*, 77 TEX. L. REV. 923, 941 (1999) (explaining how non-owners of a cultural object rely on an understood meaning); Alex Kozinski, *Trademarks Unplugged*, 68 N.Y.U. L. REV. 960, 961 (1993) (describing the use of the 7-Up logo in the video game as "a separate commodity, totally distinct from its original and traditional function."); Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 YALE L.J. 1687, 1693 (1999) (increasing tendency to view trademarks as assets with their own intrinsic value); Jessica Litman, *Breakfast with Batman: The Public Interest in the Advertising Age*, 108 YALE L.J. 1717, 1726 (1999) (explaining the value of trade symbols lies less with the product and more with perception by consumers).

authorized brand merchandise.⁴ Trademark owners have been successful in doing so because trademark law is susceptible to creeping expansion, due to the fact that consumer expectations, which can change over time, are used in determining infringement.⁵ And these expectations are shaped when trademark owners try to exert control over the market by filing infringement actions against unauthorized sellers of brand merchandise.⁶ Consumers come to expect that brand merchandise must be authorized.⁷ The dual trends of trademark owners expanding the reach of their brands, and the legal protection afforded to their brands have captured the attention of legal writers over the years.⁸

Mass media entertainment portrayal of people wearing brand merchandise is another way in which consumer expectations are shaped in regard to trademark usage. Considering how prevalent brands are in ordinary life, movies are typically, and almost unnaturally, brand- and logo-free, unless a trademark owner has paid for a product placement.⁹ Television shows are also

4. See, e.g., *United States v. Foote*, 413 F.3d 1240 (10th Cir. 2005) (criminal prosecution for trafficking in counterfeit goods); *Hermes Int'l v. Lederer De Paris Fifth Ave., Inc.*, 219 F.3d 104 (2d Cir. 2000) (holding that knockoffs of trademark goods cause harm through post-sale confusion of the public); *Boston Athletic Ass'n v. Sullivan*, 867 F.2d 22 (1st Cir. 1989) (holding that the sale of unlicensed tee-shirts with the Boston Marathon logo infringed the mark by implying false sponsorship of the shirts); *Boston Prof'l Hockey Ass'n v. Dallas Cap & Emblem Mfg.*, 510 F.2d 1004 (5th Cir. 1975) (holding that hockey teams have legal protection against unauthorized copying of their logos).

5. See Lanham Act § 43, 15 U.S.C. § 1125 (2000) (explaining that false designations of origin, false descriptions, and dilution are legally impermissible); Beebe, *Search and Persuasion*, *supra* note 3, at 2066–67 (“The scope of trademark protection is based largely on the law’s assessment of the degree of actual search sophistication among consumers in the marketplace, yet the degree of search sophistication consumers bring to the marketplace depends largely on the scope of trademark protection they expect to find there. The law thus sets the consumer expectations that are purportedly the gauge of the law’s grant.”); Lemley, *supra* note 3, at 1708 (“It is possible that consumers have come to expect that ‘Dallas Cowboys’ caps are licensed by the Cowboys, not because they serve a trademark function, but simply because the law has recently required such a relationship.”).

6. See Stacey L. Dogan & Mark A. Lemley, *The Merchandising Right: Fragile Theory or Fait Accompli?*, 54 EMORY L.J. 461, 469 (2005) (discussing the range of uses of infringement or unfair competition claims).

7. *Id.* at 486.

8. See, e.g., Beebe, *Search and Persuasion*, *supra* note 3 (discussing trademark producer’s need to expand its trademark and the broadening scope of protection given to trademarks); Denicola, *supra* note 3 (using an economic analysis to conclude that a legal expansion of the merchandising value of trade symbols is appropriate); Dogan & Lemley, *supra* note 6 (discussing the expanded reach of trademark law over time and the related expansion of infringement possibilities); Dreyfuss, *Expressive Genericity*, *supra* note 3 (suggesting that trademark protection will continue to increase, and proposing a further expansion of trademarks to protect the expressive dimension of marks); Dreyfuss, *We Are Symbols*, *supra* note 3 (discussing the expansion of both state and federal law in protecting product and personal images); Hughes, *supra* note 3 (discussing the possibility of expanded intellectual property protection for non-owners of such property); Kozinski, *supra* note 3 (suggesting that trademark law should be evaluated and in some cases expanded, to deal with the new realities that were not originally anticipated when the laws were enacted); Lemley, *supra* note 3 (suggesting that the continued expansion of trademark rights are being used to obtain property rights in such trademarks); Litman, *supra* note 3 (discussing the expanded protection courts are giving to trademark owners).

9. See Pratheepan Gulasekaram, *Policing the Border Between Trademarks and Free Speech: Protecting Unauthorized Trademark Use in Expressive Works*, 80 WASH. L. REV. 887, 888–89 (2005) (“In many cases where a trademarked product appears in an expressive work such as a motion picture, artists actively solicit cooperation from trademark owners in the hope that they will agree to such use, pay for the placement, or offer free use of the products in conjunctive advertising.”); *Product Placement: Lights, Camera Brands*, ECONOMIST, Oct. 29, 2005, at 61 (“[Advertising] in films, magazines, videogames and music as well as TV . . . was worth \$3.5 billion in 2004.”).

often free of trademarks, but the growing popularity of reality-television is changing how trademarks are used and viewed on television.¹⁰ Television shows portraying real people often use pixilation in order to blur- or fuzz-out logos on the clothing of people appearing on the show.¹¹ Pixilation avoids providing the trademark owner with free advertisement or the opportunity to pursue an infringement lawsuit.¹² Yet people on the show who are attempting to engage in social signaling through their choice of brand attire are suffering a social harm and losing some of the value of the logo if they are not portrayed in all their branded glory. This intangible social harm to consumers is separate and distinct from the purely economic concerns of a television station, or the brand owner. There is also a subtly pernicious effect, in that pixilation implies that people may need post-sale permission from the trademark owner in order to engage in certain use of merchandise with a logo. Such a shift in consumer expectations would then have to be taken into account when applying trademark law, leading to an unintended expansion of trademark protection to areas not intended when Congress formulated the statutes.¹³

Trademark owners have been less successful in infringement claims against movies that use their logos in an obviously alternate reality.¹⁴ However, this has not precluded complaints against filmmakers creating worlds that incorporate brand merchandise in order to more accurately reflect the real world,¹⁵ or against television producers attempting to depict the real world.¹⁶ Many circuits recognize that people are free to use trademarks for

10. Reality TV is not the only factor. For example, increasing use of hard-disk drive devices that enable the skipping of commercials is also renewing interest in alternative methods of advertising, such as program sponsorship or product placements within the show. *See, e.g.*, Stuart Elliot, *Media Business: Advertising; Looking Back to Carson for New Ad Ideas*, N.Y. TIMES, Jan. 25, 2005, at C10 (discussing the need for a product to become a part of the show as more users utilize products like TiVo to skip traditional commercials); Lorne Manly, *The Future of the 30-Second Spot*, N.Y. TIMES, Mar. 27, 2005, at 31 (describing advances in traditional television commercials, ranging from the ability to target an advertisement using information the cable company has about the household to interactive advertisements).

11. *See, e.g.*, Tonya Grant, "Reality" Used Loosely for BET's "Reality" Show, BLACK COLLEGE WIRE, Jan. 31, 2005, http://www.blackcollegewire.org/index.php?option=com_content&task=view&id=4598 ("[C]ast members and their guests were told that they should not wear clothing printed with company or product-brand logos. Students wearing such clothing are ordered to turn the clothing inside out. . . . [T]he other option for avoiding unwanted or unofficial promotions was to blur the brands off the students' clothes."); Ironic Sans, *Idea: Pre-Pixelated Clothes for Reality TV Shows*, Mar. 20, 2006, http://www.ironicsans.com/2006/03/idea_prepixelated_clothes_for_1.html (describing how producers of reality television shows pixelate trademarked images post-production); PostIndustry, *Extreme Post Makeover*, Dec. 21, 2006, http://www.uemedia.net/CPC/postindustry/article_15710.shtml ("We need to make sure that any of the product logos in the show—from the name on a television set to a sign on the truck parked outside—don't detract from potential advertisers. . . . [P]rior to final finishing, our editors spend hours doing blurring for each show.").

12. Litman, *supra* note 3, at 1734 ("It is no wonder that advertisers feel proprietary about our eyeballs. From their viewpoint, those are their eyeballs. They paid for them.").

13. *See* Dogan & Lemley, *supra* note 6, at 485–90 (discussing the idea that consumer expectations may change trademark law).

14. *See* Caterpillar Inc. v. Walt Disney Co., 287 F. Supp. 2d 913 (C.D. Ill. 2003) (denying a temporary restraining order for Caterpillar where Disney clearly used Caterpillar's trademark in a movie).

15. Documentary filmmakers already have to deal with potential complaints about copyright infringement. *See* Ass'n of Indep. Video & Filmmakers et al., *Documentary Filmmakers' Statement of Best Practices in Fair Use*, CENTER FOR SOCIAL MEDIA (Nov. 18, 2005), available at http://www.centerforsocialmedia.org/files/pdf/fair_use_final.pdf (interpreting the fair use exception to copyright infringement as it applies to documentary filmmakers).

16. *See generally* James Gibson, *Risk Aversion and Rights Accretion in Intellectual Property*, 116 YALE

expressive purposes.¹⁷ Yet mass media and intellectual property owners act as if confusion could arise,¹⁸ and their actions deprive consumers of some of the value that they have paid for.

Expanding the reach of trademark law to permit post-sale control over the use of logos will rescind the deal struck between consumers and merchandisers when brand merchandise is bought—the deal that people pay extra for a brand in order to send public social signals to one another. Media must show real people in the context of their branded goods because failure to do so diminishes the value of the brand merchandise to the consumer and could lead to an unintended expansion of the scope of trademark law that would propertize personal space. This is not an argument that television stations should provide free advertising. Rather, this is an argument that courts interpreting trademark law must be cognizant of how brands serve the human need to signal to one another. Courts should realize that trademark law is currently evolving in a direction that stifles this need, even though people are paying for logos precisely so they can signal to one another.

This Article addresses how the legal framework should balance the increased push to monetize the use of trademarks against the public interest in social signaling that occurs when showing images of real life. Part II discusses why people are willing to pay more for brand merchandise. Part III examines the role of the public in building brand value. Part IV discusses and critiques different theories about the relative strength of the trademark owner's and the public's claims to the social value in a brand. Part IV then resolves the competing claims by arguing that not only do consumers purchase the post-sale right to use the social value of a logo when they buy brand merchandise, but that trademark owners are consciously selling that right along with their brand merchandise. Part V concludes by examining how to apply this reasoning in commercial productions that portray real people or the real world. Part V argues that people wearing or using lawfully acquired brand merchandise in a real world context, even if being shown on commercial television or in a commercial film or video, should be shown the way they choose to appear, regardless of the desires of the trademark owner. This Article only makes arguments in relation to legitimate brand merchandise being used by the

L.J. 882 (2007) (discussing complaints against television producers incorporating brand merchandise).

17. See, e.g., *Mattel, Inc. v. MCA Records*, 296 F.3d 894, 900 (9th Cir. 2002) (“Were we to ignore the expressive value that some marks assume, trademark rights would grow to encroach upon the zone protected by the First Amendment.”); *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d 26, 29 (1st Cir. 1987) (“Trademark rights do not entitle the owner to quash an unauthorized use of the mark by another who is communicating ideas or expressing points of view.”).

18. See, e.g., *Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792, 806–07 (9th Cir. 2003) (“Generally, to assess whether a defendant has infringed on a plaintiff’s trademark, we apply a ‘likelihood of confusion’ test that asks whether use of the plaintiff’s trademark by the defendant is ‘likely to cause confusion or to cause mistake, or to deceive as to the affiliation, connection, or association’ of the two products.”); *Hermes Int’l v. Lederer De Paris Fifth Ave., Inc.*, 219 F.3d 104, 107–08 (2d Cir. 2000) (“Trademark laws exist to protect the public from confusion. The creation of confusion in the post-sale context can be harmful in that if there are too many knockoffs in the market, sales of the originals may decline because the public is fearful that what they are purchasing may not be an original.”); cf. *United States v. Giles*, 213 F.3d 1247, 1253 (10th Cir. 2000) (holding that trafficking in counterfeit labels that are unconnected to goods does not violate the criminal trademark infringement statute).

purchaser, and does not address the issue of using fake goods in order to engage in social signaling. For the sake of brevity, this Article also focuses on the social harms to the lawful purchaser of the brand goods, and sets aside the economic relationship between media and advertisers. The questions posed by the potential for free advertising are related to but distinct from the issue of social signaling, and are thus not discussed in this paper.

II. WHY PEOPLE PAY MORE FOR BRAND MERCHANDISE

It is generally accepted that trademark law was first promulgated as consumer protection statutes,¹⁹ but in the modern commercial arena, this explanation is insufficient. Trademark owners create and affix product logos in order to reduce consumer search costs by signaling the product's source of origin.²⁰ But a product does not have to display a trademark to inform consumers as to the source of origin because product packaging can also do so. Therefore, the visibility of a logo often serves functions in addition to designation of origin. A visible logo can serve as an advertisement for the trademark owner, and it can also serve as a social signifier for the consumer.²¹ People often buy brand merchandise in order to engage in social signaling or to fulfill other psychological needs; and luxury brand owners have used the Lanham Act to protect the ability of their mark to convey wealth and social status.²² The multibillion-dollar brand merchandise market²³ owes its existence to the fact that people derive value from owning and displaying logos, above and beyond the mere utilitarian value of the underlying object to which the logo is attached.

Clothing has been used to signify status for centuries,²⁴ but it was not until the nineteenth and twentieth centuries that the phenomenon of social signaling began to receive serious examination by social science academics.²⁵

19. See *Duraco Prods., Inc. v. Joy Plastic Enter., Ltd.*, 40 F.3d 1431, 1446 (3d Cir. 1994) (explaining that the goals of trademark protection also serve customers).

20. See WILLAM M. LANDES & RICHARD A. POSNER, *THE ECONOMIC STRUCTURE OF INTELLECTUAL PROPERTY LAW* 166–209 (2003) (“A trademark conveys information that allows the consumer to say to himself, ‘I need not investigate the attributes of the brand I am about to purchase because the trademark is a shorthand way of telling me that the attributes are the same as that of the brand I enjoyed earlier.’”).

21. Kozinski, *supra* note 3, at 961 (“It’s a pretty good deal all around. The consumer gets a kick out of it, and the manufacturer gets free advertising, solidifying its name recognition and reinforcing brand loyalty.”).

22. See, e.g., *Hermes*, 219 F.3d at 105–06 (finding that manufacturer and retailer of high-quality handbags had rights to its mark, and that a “knockoff” seller may be liable for monetary relief to the manufacturer); *Mastercrafters Clock & Radio Co. v. Vacheron & Constantin–LeCoultre Watches, Inc.*, 221 F.2d 464, 466–67 (2d Cir. 1955) (holding that when manufacturer copies design to attract prospective buyers, unfair competition results if the customer would be confused by the similarities of design); see also Jeffrey L. Harrison, *Trademark Law and Status Signaling: Tattoos for the Privileged*, 59 FLA. L. REV. 195, 196 (2007) (arguing that trademark law is a form of government subsidization for signaling wealth and status).

23. *Product Placement: Lights, Camera, Brands*, *supra* note 9, at 61 (“[T]he [product placement] market was worth \$3.5 billion in 2004.”).

24. See Pollack, *supra* note 1, at 1424 (discussing the use of costumes in the 15th century to mark different positions in the caste system).

25. See VEBLÉN, *supra* note 1, at 68–101 (discussing how people seek to display their social status through conspicuous leisure and consumption of goods). See generally GOFFMAN, *supra* note 1 (exploring similar themes in his treatments of how people construct elaborate social selves, similar to actors inhabiting a role, depending on the situation that one is in).

Thorstein Veblen was one of the first to attach a name to the phenomenon of social signaling through purchases; Veblen used the phrase “conspicuous consumption” to identify purchases people made in order to signal their social status, and not for mere utilitarian concerns.²⁶ Thanks to Veblen’s research, “Veblen goods” is now a catch-phrase used to designate products people use to signal their wealth and status to others.²⁷ A concept similar to, and often overlapping with, the idea of conspicuous consumption is that of the “snob effect,” which is used to indicate the utility a person derives from a product because of the product’s ability to display how one has different, or exclusive, tastes.²⁸ Veblen goods is the conceptually broader category and includes almost any form of purchase where a person pays extra because other people connote high-status or wealth with the product. A product can be relatively common and still be a Veblen good as long as it conveys information about status or wealth. The snob effect value of a product is almost inversely related to its popularity, and can be divorced from price as long as quantities are limited.

Jeffrey L. Harrison recently argued that there is neither economic nor moral justification for using trademark law to protect the status-signaling qualities of Veblen or snob goods.²⁹

The reason for the cross-over of trademark from a method of lowering transaction costs to a legal means of protecting status signaling akin to tattoos and piercings for the relatively well-to-do is not clear. It is a judicially created “right” that seems to serve little more than the vanity of the some at the expense of the many more.³⁰

Harrison pejoratively characterizes trademark law as subsidizing the interests of the wealthy³¹ because he assumes only a small portion of the population can indulge their vanity with Veblen goods. Harrison overlooks the fact that Veblen goods and snob effects are not the exclusive purview of the well-to-do;³² everyone engages in social signaling,³³ with varying degrees of success. To varying extents, everyone seeks to use goods and logos to communicate information about themselves.³⁴ People are always attempting to

26. See generally VEBLEN, *supra* note 1 (discussing the rise of the leisure class and its affect on society, the individual, and the market place).

27. Harrison, *supra* note 22, at 204–05.

28. See generally H. Liebenstein, *Bandwagon, Snob, and Veblen Effects in the Theory of Consumers' Demand*, 64 Q. J. OF ECON. 183, 189 (1950) (analyzing the demand curves for Veblen and snob goods).

29. See Harrison, *supra* note 22, at 227 (discussing economic efficiency and the Lockean labor theory).

30. *Id.*

31. *Id.* at 226.

32. When Veblen wrote, it may have been more likely that only the wealthy could engage in conspicuous consumption, but the prevalence of logos in today’s society makes it easier for people to obtain goods with signaling power.

33. See generally GOFFMAN, *supra* note 1 (discussing the process of establishing one’s social identity).

34. Logos can serve many purposes.

They may, for example, serve to announce that characteristics associated with the product on which they appear as signals, are true of, or endorsed by, the purchaser; they may create an identification between the buyer and the trademark owner, or act as a vehicle for commenting on the product or its manufacturer. The expressive dimension of trademarks may even enhance the prestige and value of the items on which they appear as signals.

Dreyfuss, *Expressive Genericity*, *supra* note 3, at 402. However, this list of uses ignores the value of

inhabit a particular social role,³⁵ and their appearance, or context in relation to their possessions, are vital parts of that effort.

III. THE PUBLIC'S INTEREST IN BRAND VALUE

Brands acquire value both through the economic investment of the trademark owner,³⁶ and through the public's investiture of social meaning to a well-known logo or symbol.³⁷ The trademark owner's contribution is easily quantifiable through advertising costs and other such expenditures; however, the public's contribution to the value of a trademark is more difficult to ascertain. Part of the difficulty in identifying the public's contribution to the power of a brand is the fact that the public places different demands on a trademark: there is social value in the fixation of a brand's meaning,³⁸ there is social value in how people personally relate to a brand,³⁹ and there is social value in how others perceive someone displaying the brand.⁴⁰ Trademarks are designed and selected based on how strongly they are expected to appeal to the general public,⁴¹ or chosen because people need a new vocabulary in order to refer to a new product.⁴² Therefore, it is expected that people will develop an affinity for a well-crafted trademark. Once an affinity is developed, some people will apply their own meaning to a trademark and use the logo in a personal way; others will use the trademark meaning to define themselves.

Justin Hughes argues that the vast majority of Americans derive value from the stable image that brand merchandise offers because it enables them to associate with a widely understood cultural referent.⁴³ In other words, many

trademarks as social signaling tools for passive consumers who value the logos for their fixity of meaning, or for people who value the ease with which the strong associations of a mark can be used to communicate information about themselves. *See infra* notes 44–51 and accompanying text (discussing the various ways individuals identify with brand names).

35. *See generally* GOFFMAN, *supra* note 1 (discussing the process of establishing one's social identity).

36. *See* LANDES & POSNER, *supra* note 20, at 166–68 (describing ways trademark owners contribute to the value of brands).

37. *See* Dreyfuss, *Expressive Genericity*, *supra* note 3, at 402 (explaining ways the public may contribute to a brand's value by identifying with logos); Litman, *supra* note 3, at 1730 (explaining the argument that trade symbols earn value from the public investing in those symbols).

38. *See generally* Hughes, *supra* note 3 (describing ways in which social meaning is created through manipulations of symbols).

39. *See* Kozinski, *supra* note 3, at 962 (“Where trademarks once served only to tell the consumer who made the product, they now often enhance it or become a functional part of it.”); Litman, *supra* note 3, at 1726 (“The worth of . . . valuable trade symbols lies less in their designation of product source than in their power to imbue a product line with desirable atmospherics.”).

40. *See* Harrison, *supra* note 22, at 205 (noting that people who wish to display their wealth will derive more utility from a good as its price increases); *cf.* VEBLEN, *supra* note 1, at 97–98 (describing the “waste” elements of goods, which are designed not for functional utility but to show wealth and status).

41. *Mishiwaka Rubber & Wollen Mfg. v. S.S. Kresge Co.*, 316 U.S. 203, 205 (1942) (“The owner of a mark . . . mak[es] every effort to impregnate the atmosphere of the market with the drawing power of a congenial symbol); Kozinski, *supra* note 3, at 973 (“Trademarks are often selected for their effervescent qualities, and then injected into the stream of communication with the pressure of a firehose by means of mass media campaigns.”).

42. *See* LANDES & POSNER, *supra* note 20, at 168–72 (discussing how trademarks are used to create new words for new products, sometimes making it difficult to prevent the brand name from losing its trademark protection, such as in the case of aspirin).

43. *See* Hughes, *supra* note 3, at 956–57 (“[W]e want to use our possessions to express our sense of

people use, and value, brand merchandise as a way to signal to one another attributes commonly understood to be associated with the logo.⁴⁴ Hughes refers to this segment of the population as “passive listeners who depend on image stability.”⁴⁵ Hughes does not advocate any particular legal outcome, but he does argue that intellectual property laws should take into consideration the fact that the majority of people derive value from relatively fixed meanings in trademarks.⁴⁶ If the majority of the population craves a fixed relationship with their brand merchandise, then disassociating people from their prepared social images imposes harm on society. Permitting trademark owners or media companies to separate people from their desired social context may not represent a great harm in any particular individual circumstance, but the aggregate effect is to inhibit a common form of social interaction and communication in today’s society. Advertising is a way for companies to communicate with individuals, but logos are a way for people to communicate with each other.

People also invest some of their own personality into their favorite brands, leading to preferences in purely personal interactions with a brand.⁴⁷ As Jessica Litman points out, “[i]t isn’t as if anyone has tried to conceal . . . that Advil and Motrin and generic ibuprofen are the exact same stuff At some level, most consumers know that; most of them have nonetheless settled on their own favorite advertised brands.”⁴⁸ In Litman’s conception of trademark, people form personal attachments to a fixed signal, or meaning, of the brand.⁴⁹ Litman illustrates the attachment by noting how there is a qualitative difference to her son between a box of cereal with Batman and on it, and the same cereal without the superhero.⁵⁰ Litman says that “[i]t has nothing to do with the way the cereal tastes. What kids want isn’t a nutritious part of a complete breakfast; they want Batman to have breakfast with them. One box supplies that; the other doesn’t.”⁵¹ The time and effort expended in forming an attachment to a brand, and the qualities associated with the mark, is a form of emotional investiture by the individual in the atmospherics of the

individuality and identity. At the same time there is a yearning to belong, to be able to define yourself as one of a group of a particular kind of people. And it is the definition of these groups that possessions which can express a personality have a role to play.”).

44. *See id.* (noting that many people derive social utility from well-defined cultural objects like designer brands or well-known cars).

45. *Id.* at 984.

46. *See id.* (“People who have lily-white images of Mickey Mouse and Happy Days feelings about The Boogie-Woogie Bugle Boy may suffer disutility when these wholesome cultural objectives are suddenly recorded to express more prurient interests of the society. Each time a court discusses ‘harm’ to an original image, it could be this interest – as well as the copyright owner’s – that is coming into play.”). Rebecca Tushnet makes a similar argument in regard to copyright laws and the fair use doctrine. *See* Rebecca Tushnet, *Copy This Essay: How Fair Use Harms Free Speech and How Copying Serves It*, 114 *YALE L.J.* 535, 566 (2005) (“We tend to divide people into ‘producers’ and ‘consumers’ of copyrighted works and to devalue the act of consumption.”).

47. Litman, *supra* note 3, at 1727.

48. *Id.*

49. *Id.*

50. *Id.*

51. *Id.*

mark.⁵² Litman argues that this emotional investiture gives rise to the individual having a reliance claim to some of the brand value because some of the value now derives from the person and not solely from the efforts of the trademark owner.⁵³

Wendy Gordon has articulated a natural rights view based on Lockean theory to argue that individuals have a right to borrow from a cultural commons if not allowing them to do so would result in harm.⁵⁴ Gordon posits that people can suffer from a form of emotional capture in copyrighted works in which they have strong personal associations.⁵⁵ Further, emotional capture should give people the right to access and use such works in ways that do not diminish the rights of the copyright holder.⁵⁶ Gordon's theory is predicated on the idea that intellectual property is used by individuals in public discourse, and that intellectual property law should not be used to completely remove means of expressiveness from the public commons.⁵⁷ Gordon's theory is advanced mainly for copyright but is equally applicable to trademarks; emotional capture is analogous to Litman's concept of emotional investiture and personal association with trademarks, and both theories are concerned with rights that arise through noncommercial uses of intellectual property.

Rochelle Cooper Dreyfuss was one of the first academics to point out the mismatch between the protections afforded by trademark law, and how individuals use trademarks to communicate with one another.⁵⁸ Dreyfuss predicates her arguments more on free speech concerns than on emotional claims because she believes that "trademarks are the emerging lingua franca: with a sufficient command of these terms, one can make oneself understood the world over, and in the process, enjoy the comforts of home."⁵⁹ Dreyfuss argues that people have a claim to the value of well-known brands because there are strong expressive dimensions to the words and images that become part of the public discourse through trademarks.⁶⁰ Dreyfuss therefore suggests that the law needs to better take into account the expressive concerns of the public.⁶¹

Rosemary J. Coombe would take Gordon's and Dreyfuss's theories even

52. See generally *id.* (giving anecdotal evidence of people preferring one product over another, despite their identical nature outside of the branding).

53. *Id.*

54. See Wendy J. Gordon, *A Property Right in Self-Expression: Equality and Individualism in the Natural Law of Intellectual Property*, 102 *YALE L.J.* 1533, 1583-91 (1993) (applying Lockean theory to intellectual property controversies that implicate free speech issues).

55. *Id.* at 1570-74.

56. *Id.*

57. See *id.* at 1555-60 (discussing Locke's theory on property in common).

58. See Dreyfuss, *We Are Symbols*, *supra* note 3, at 137-38 (explaining how humans incorporate trademarks into everyday language). See generally Dreyfuss, *Expressive Genericity*, *supra* note 3 (exploring how trademark law lags behind the practice of trademark law).

59. Dreyfuss, *Expressive Genericity*, *supra* note 3, at 397-98.

60. See *id.* at 397 (explaining how trademarks work their way into popular culture); Dreyfuss, *We Are Symbols*, *supra* note 3, at 124 (stating consumers attach value to trademarks).

61. See Dreyfuss, *Expressive Genericity*, *supra* note 3, at 423-24 (arguing that there is a need for more specificity in the law towards communicative significance); Dreyfuss, *We Are Symbols*, *supra* note 3, at 156 (explaining the danger of taking items out of the public domain).

further and argue that the public's right to trademarks, and other forms of intellectual property used in social discourse, should presumptively be superior to the claim of the trademark owner.⁶² Coombe believes that "[i]t is now evident that mass media imagery and commodified cultural texts provide the most important cultural resources for the articulation of identity and community in Western societies"⁶³ Coombe argues that people should be free from the control that private actors seek to exert over common cultural resources.⁶⁴

These theories are based on either a personality-based theory of property rights, or on a Lockean concept of individuals laboring to draw from a cultural commons, which includes trademarks, to define themselves.⁶⁵ The aggregate of these person-centered theories is a public authorship model, where society as a whole has a broad claim to the symbolism attached to trademarks.⁶⁶ The breadth of the claim varies depending on the theoretical framework being used. Litman and Gordon suggest balancing private and public claims, Dreyfuss would likely invest more rights in the public, and Coombe would invest nearly all the rights in the public.

Public authorship theories are based on the concept of an active consumer, and are therefore at odds with the idea advanced by Hughes that people are often passive consumers of symbols presented to them by trademark owners. I believe that there is no reason for the theoretical frameworks to be in tension with one another; they all present different perspectives on the single phenomenon of social signaling through the use of commonly recognized cultural goods.

The insights of sociologist Erving Goffman provide a cohesive framework that encompasses the full range of legal thought on the different types of public interest in brand value and logos. Erving Goffman noted that "[w]hen an individual enters the presence of others, they commonly seek to acquire information about him, or to bring into play information about him already possessed."⁶⁷ People obtain such information by interpreting "sign-vehicles."⁶⁸ What people say and do are important sign-vehicles;⁶⁹ in today's society brand merchandise can serve a similar purpose. "[O]bservers can glean clues from . . . conduct and appearance which allow them to apply their previous experience with individuals roughly similar to one before them."⁷⁰ Stability of a brand image facilitates social signaling between people because

62. See generally Rosemary J. Coombe, *Objects of Property and Subjects of Politics: Intellectual Property Laws and Democratic Dialogue*, 69 TEX. L. REV. 1853 (1991) (emphasizing that expansion of intellectual property protection strips us all of our humanity).

63. *Id.* at 1864.

64. See *id.* (explaining shared control over cultural resources).

65. Steven Wilf, *Who Authors Trademarks?*, 17 CARDOZO ARTS & ENT. L.J. 1, 4 (1999).

66. See *id.* at 4-5 ("It is the collective personality of culture that participates in the authorship of trademarks and the act of collective labor establishes a stake to trademark symbolism contemporaneous with any private claim.")

67. GOFFMAN, *supra* note 1, at 1.

68. *Id.*

69. *Id.*

70. *Id.*

there is little confusion about what message the wearer is attempting to convey.⁷¹ Stability does not necessarily mean immutability in brand meaning; stable meanings can shift over time as personal associations with a brand change.⁷² There can also be multiple meanings associated with a single sign-vehicle. A sign-vehicle may have a fixed physical aspect but the signal given can be completely different depending on the social context; a person using a sports jersey to signify allegiance to a team may be surprised to find that in some social situations she is signifying allegiance to a gang.⁷³

People are always attempting to use products and logos as their own personal Veblen or snob goods because, as Goffman points out, people are always engaged in some form of social role-playing, regardless of the situation.⁷⁴ People need symbols and products with commonly understood meanings in order to convey social information about themselves. Unfortunately, courts do not yet have a framework that properly accounts for this social reality when examining legal claims to the post-sale use of a trademark by a person who purchased a legitimate brand item for her own use.

IV. CLAIMS TO BRAND VALUE

There is a continuum of legal thought as to who should be allowed to claim the value associated with a brand; economics-based approaches would grant the trademark owner full control.⁷⁵ Other approaches would give the public a strong claim,⁷⁶ and there are still others who advocate a middle ground.⁷⁷ But none of these arguments work, and I believe that the lack of an easily articulated ideological framework that accounts for the social-signaling value of a brand has led courts to prefer to vest all the value claims in the

71. Dreyfuss, *Expressive Genericity*, *supra* note 3, at 421 (“[A]cceptance into the fabric of ordinary language would indicate both that a mark possessed an expressive dimension and that the public found this dimension a useful (and, possibly, needed) addition to the vocabulary”); *see also* Coombe, *supra* note 62, at 1864 (noting that mass media imagery plays an important role in signaling identity and community, especially as more traditional ethnic and cultural indicia fade).

72. *See generally* Naomi Mezey, *Law as Culture*, 13 *YALE J.L. & HUMAN.* 35 (2001) (making similar arguments about law and culture).

73. *See* Hughes, *supra* note 3, at 955–61 (discussing this phenomenon in terms of subcultures upsetting the fixity of a brand image that the passive majority craves). A different example of how the meaning of a symbol can change over time based on decisions by the rights holder is that the relative coolness of Batman has shifted over the years, with some incarnations being a mysterious caped avenger, and others a campy superhero. The author believes that Batman now appears to be decidedly cool, due to the success of the “Batman Begins” movie.

74. *See generally* Goffman, *supra* note 1 (explaining that consumers attach meanings to themselves via the use and acquisition of consumer goods).

75. *See* Denicola, *supra* note 3 (arguing for an exclusive right in merchandising value of trade symbols); Landes & Posner, *supra* note 20, at 168 (discussing how trademarks create a positive brand reputation, which in turn results in greater sales and profits for the trademark owner).

76. *See, e.g.*, Beebe, *Search and Persuasion*, *supra* note 3, at 2059 (analyzing how the cultural populist strain in trademark commentary views the commercial affect of trademarks as a creation of the public); Coombe, *supra* note 62, at 1865 (describing how the public can affix their own personal meanings towards trademarks often to the dismay of the trademark owners).

77. *See, e.g.*, Litman, *supra* note 3, at 1728 (arguing that value alone makes it difficult to determine whether a trademark owes that value to the trademark owner or to the public).

readily identifiable trademark owner.⁷⁸ It is likely that if courts better take into account the claims of the end-user of legitimate brand merchandise that trademark law will evolve in a direction different from the one it has taken so far.

As a general matter, support for granting post-sale claims to control the use of trademarks stems from the assumption that the trademark owner should have an exclusive merchandising right in its brand.⁷⁹ Granting exclusive control over ornamental use to the trademark owner lessens the likelihood of trademark dilution.⁸⁰ If there is an exclusive merchandising right, or the assumption that one exists, then consumers are more likely to associate the trademark owner with the use of the logo.⁸¹ A strong association between the brand merchandise and the trademark owner strengthens the tarnishment and dilution claims that a trademark owner can make because it is more likely that unapproved use will reflect poorly on the trademark owner.⁸² Therefore, the economics-based argument apparently regards trademark owners as selling a conditional right to be associated with a particular image.

On the other hand, there is a school of thought that argues that people are authors of themselves, and one way in which they define themselves is in how they interpret and use brand merchandise.⁸³ The public imbues a trademark with social meaning that enables the trademark to become a valuable symbol in its own right.⁸⁴ Therefore, people should be free to use any mark that has been imbued with sufficient public authorship to pass into the public commons.

78. See, e.g., *Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792, 806 (9th Cir. 2003) (“The limited purpose of trademark protections set forth in the Lanham Trade-Mark Act . . . is to ‘avoid confusion in the marketplace’ by allowing a trademark owner to ‘prevent . . . others from duping consumers into buying a product they mistakenly believe is sponsored by the trademark owner.’”); *Hermes Int’l v. Lederer De Paris Fifth Ave., Inc.*, 219 F.3d 104, 110 (2d Cir. 2000) (holding in favor of trademark owner, Hermes, against sellers of “knockoff” handbags’s claim that Hermes abandoned its trademarks since “manufacturer’s designs continued to indicate their source”); *Boston Athletic Ass’n v. Sullivan*, 867 F.2d 22, 27–28 (1st Cir. 1989) (holding that alleged infringer’s use of “Boston Marathon” on tee-shirts prior to registration of service mark did not deprive protection from trademark holder protection because “since 1917, the race has . . . been called Boston Marathon”); *Boston Prof’l Hockey Ass’n v. Dallas Cap & Emblem Mfg.*, 510 F.2d 1004, 1011 (5th Cir. 1975) (holding that the use of an unregistered trademark can still constitute a violation of the Lanham Trade-Mark Act if the use of the marks by another company is used to represent that its goods came from the same source); see also LANDES & POSNER, *supra* note 20, at 188 (stating that courts do not look into the economic effects of a particular mark because “such cases are costly to try” and costly to settle).

79. See Denicola, *supra* note 3, at 638–40 (stating exclusive merchandising rights exist to restrict unauthorized use of popular institutional logos); LANDES & POSNER, *supra* note 20, at 166–67 (concluding that the building of a brand depends on its trademark, therefore, its name cannot be duplicated and must belong to the trademark owner).

80. Denicola, *supra* note 3, at 639.

81. *Id.*

82. LANDES & POSNER, *supra* note 20, at 202.

83. See Coombe, *supra* note 62, at 1854 (stating that intellectual property laws “stifle dialogic practices” preventing others from using “cultural forms to express identity” and community); Wilf, *supra* note 65, at 10 (“Authorship in trademark can be redefined to include a public act of interpretive association precisely because it lacks the idea of individual authorial/inventive production that lies at the center of other intellectual property regimes.”); cf. Hughes, *supra* note 3, at 927–28 (protecting non-owners’ interest in stable works outweighs owners’ personhood interest).

84. See Coombe, *supra* note 62, at 1878–80 (concluding that society gives cultural significance to trademarks); Wilf, *supra* note 65, at 15 (arguing that consumers invest social or cultural capital into trademarks).

Economic arguments for control of brand value tend to win in court because they provide a better fit with the Lanham Act; the trademark owner can point to its investment in the brand as an indicator of the size of the potential harm.⁸⁵ Public authorship arguments, when raised, tend to fail because the claims cannot easily be expressed in economic terms; even if some form of economic equivalence could be made, it is difficult to intuit how the value of a mark to a single party could prevail over the aggregate investment of the trademark owner.⁸⁶ From a theoretical perspective, however, both arguments are at extremes because they appear to call for all contributions to brand value to be assigned either to the trademark owner or to the general public. If both the trademark owner and the public have claims to a brand's value then it is inequitable to grant one group a monopoly if the law can do better. To date, arguments for a middle ground tend to identify the conflicting claims to trademark value without advocating a resolution, other than calling on the judiciary to more narrowly enforce existing trademark law.⁸⁷ This paper argues for a different analysis in order to better define the middle ground between trademark owners and end users that should exist and be the lens through which trademark law is interpreted.

A. *Economics, the Exclusive Merchandising Right, and Post-Sale Use of Trademarks*

Law and economics approaches to trademark tend to place all of the value in the hands of the trademark owner.⁸⁸ In 1984 Robert Denicola concluded that “[a]nalysis of the economic implications of an exclusive merchandising right provides a surprisingly strong case for the trademark owner.”⁸⁹ Because a trademark has value as brand merchandise, Denicola believes that the value must be claimed by someone—the trademark owner.⁹⁰ Denicola argues that “[t]he merchandising value of the mark is a product of the trademark owner’s efforts. If that value is exploited, the trademark owner has at least a colorable claim to the proceeds.”⁹¹

85. Devin R. Desai & Sandra L. Rierson, *Confronting the Genericism Conundrum*, 28 *Cardozo L. Rev.* 1789, 1797–99 (2007).

86. See, e.g., *College Sav. Bank v. Florida Prepaid Postsecondary Educ. Expense Bd.*, 527 U.S. 666, 673 (1999) (discussing the lack of opinions recognizing a property right in freedom from “a competitor’s false advertising about its own products.”). For a moral perspective on this issue, see Chi-Ru Jou, *The Perils of a Mental Association Standard of Liability: The Case Against the Subliminal Confusion Cause of Action*, 11 *Va. J.L. & TECH.* 2, 66 (2006) (“[T]he idea of ‘public authorship’ does not help us decide when the moral rights of the newcomer outweigh the moral rights of the existing trademark holder.”).

87. See Dogan & Lemley, *supra* note 6, at 465 (arguing that the U.S. Supreme Court would and should deny the existence of merchandising theory, if given the opportunity to do so).

88. See LANDES & POSNER, *supra* note 20, at 8 (“By thus making the infringement worthless to the infringer, the law forces the would-be users of the patent to negotiate with the owner, thus substituting a market transaction for a legal one.”); see also Denicola, *supra* note 3, at 641 (“Analysis of the economic implications of an exclusive merchandising right provides a surprisingly strong case for the trademark owner.”).

89. Denicola, *supra* note 3, at 641.

90. *Id.* at 640.

91. *Id.* But see Glynn S. Lunney, Jr., *Trademark Monopolies*, 48 *EMORY L.J.* 367, 373 (1999) (“Property-based trademark protection . . . risks creating ‘trademark monopolies,’ not merely in the neutral

Mark Lemley and Stacey Dogan espouse a more moderate view within the economic framework and make compelling arguments against the existence of a merchandising right that inheres in the trademark owner.⁹² At the same time, however, they note that “trademark owners, competitors, and perhaps even consumers act as though the merchandising theory is a *fait accompli*.”⁹³ More importantly, Dogan and Lemley note that consumer expectations can shape trademark law; if people assume that branded goods are authorized, then courts may have to include that perception when making determinations of trademark infringement.⁹⁴ Media owners are therefore fostering such misperceptions, and potentially broadening the scope of trademark protection, by blurring out logos. Even though Dogan and Lemley explain that there is minimal foundation for a merchandising right,⁹⁵ they fail to address how a court accepting the concept of a merchandising right can still grant broad post-sale use rights for a mark to consumers. Dogan and Lemley point out the flaws in a merchandising right but fail to provide affirmative arguments alongside their critique. The merchandising right has support among the judiciary, as evidenced by the fact that Lemley has been arguing against the propertization of trademarks for years.⁹⁶

Courts have varied in how far they are willing to adopt Denicola’s framework, but there appears to be judicial sympathy to this view.⁹⁷ As Litman puts it, “if we begin with the assumption that someone must own the symbol, it is easy to focus on the producer as if it were the sole creator of a trade symbol’s goodwill, simply because only the producer is uniquely identifiable.”⁹⁸

Trademark infringement cases related to the social signaling power of a mark can be sorted into three categories: counterfeits of brand goods,⁹⁹ the

economic sense, but in the ordinary and pejorative sense of unjustified and inappropriate market power.”); Peter E. Mims, Note, *Promotional Goods and the Functionality Doctrine: An Economic Model of Trademarks*, 63 TEX. L. REV. 639, 657 (1984) (arguing that junior users of a trademark should be permitted to sell promotional goods in order to prevent monopolies by the trademark owner).

92. See generally Dogan & Lemley, *supra* note 6 (arguing in part that courts have not found a merchandising right in the past and are unlikely to do so in the future because of a lack of justification and circular argumentation).

93. *Id.* at 506.

94. *Id.* at 485–89.

95. *Id.* at 465.

96. Lemley has been arguing against the propertization of trademarks, particularly against the merchandising right, since at least 1999. See Lemley, *supra* note 3, at 1714 (suggesting an analysis the courts could employ to “eradicate[e] the property rationale for trademarks . . .”); see also Dogan & Lemley, *supra* note 6, at 478 (weighing costs and benefits of allowing a merchandising right, and concluding that the right does more harm than good).

97. See, e.g., *Boston Athletic Ass’n v. Sullivan*, 867 F.2d 22, 35 (1st Cir. 1989) (holding that official manufacturer of Boston Marathon shirts could enjoin another manufacturer from printing Boston Marathon on their shirts because consumers could confuse the product); *Boston Prof’l Hockey Ass’n v. Dallas Cap & Emblem Mfg.*, 510 F.2d 1004 (5th Cir. 1975) (recognizing that the commercial value of an emblem was created through the efforts of its creators); cf. *Nat’l Football League Props. v. Wichita Falls Sportswear, Inc.*, 532 F. Supp. 651, 663 (D.C. Wash. 1982) (“Trademarks always grant ‘product monopolies’ in that they allow exclusive use of features which connote origin or sponsorship.”).

98. Litman, *supra* note 3, at 1735.

99. See, e.g., *United States v. Foote*, 413 F.3d 1240 (10th Cir. 2005) (holding that counterfeit goods bearing the Mont Blanc symbol caused post-sale confusion to general public); *United States v. Giles*, 213 F.3d 1247 (10th Cir. 2000) (holding that counterfeit Dooney & Bourke “patch sets” were labels that did not qualify

right to prevent knockoffs that appear similar to the brand merchandise,¹⁰⁰ and the right to control authorized brand merchandise.¹⁰¹ Looking at the holdings, one can see that courts have been willing to recognize the interest of the trademark owner in protecting the status-signaling capabilities of trademarked goods in three categories of suits.

Five of the circuits have held that the Counterfeit Trademark Act is designed to prevent post-sale confusion by the general public when seeing counterfeit goods bearing a logo.¹⁰² In 2005, the Tenth Circuit explicitly held that “the ‘likely to cause confusion, to cause mistake, or to deceive’ test is not limited to direct purchasers of the counterfeit products. Instead, the correct test is whether the defendant’s use of the mark was likely to cause confusion, mistake or deception in the public in general.”¹⁰³

In regard to knockoffs of luxury goods, the Second Circuit in 1955,¹⁰⁴ and again in 2000,¹⁰⁵ held that “a loss occurs when a sophisticated buyer purchases a knockoff and passes it off to the public as the genuine article, thereby confusing the viewing public and achieving the status of owning the genuine article at a knockoff price.”¹⁰⁶ The Second Circuit believes that providing consumers with the ability to fake status through false signaling with knockoff goods creates a cognizable loss and “does harm the public . . . by creating post-sale confusion, not just among high-end consumers, but among the general public, which may believe that the knockoff is actually the genuine article.”¹⁰⁷ Other circuits have also been willing to protect a trademark owner’s ability to confer status on a consumer through ownership of brand merchandise with a distinctive trade dress or appearance.¹⁰⁸

Courts finding a merchandising right have also relied on a likelihood of

as goods).

100. See, e.g., *Hermes Int’l v. Lederer De Paris Fifth Ave., Inc.*, 219 F.3d 104 (2d Cir. 2000) (holding that relief for knockoff Hermes “Kelly” bags was not barred by laches); *Mastercrafters Clock & Radio Co. v. Vacheron & Constantin–LeCoultre Watches, Inc.*, 221 F.2d 464 (2d Cir. 1955) (holding that knockoff of a Swiss clock would attract customers looking for a “luxury design” clock and would thus be unfair competition).

101. See, e.g., *Boston Athletic Ass’n*, 867 F.2d at 22 (involving the unauthorized manufacture and sale of goods showing the name “Boston Marathon” or similar goods); *Boston Prof’l Hockey Ass’n*, 510 F.2d 1004 (involving the unauthorized manufacture and sale of professional hockey emblems representing team motifs).

102. *Foote*, 413 F.3d at 1246; *United States v. Hon*, 904 F.2d 803, 806 (2d Cir. 1990); *United States v. Yamin*, 868 F.2d 130, 133 (5th Cir. 1989); *United States v. Gantos*, 817 F.2d 41, 43 (8th Cir. 1987); *United States v. Torkington*, 812 F.2d 1347, 1353 (11th Cir. 1987).

103. *Foote*, 413 F.3d at 1246.

104. See *Mastercrafters*, 221 F.2d at 466 (holding that there is an actionable claim if the seller of knockoffs did or “was likely to injure the reputation of the ultimate source . . .”).

105. *Hermes*, 219 F.3d at 109.

106. *Id.*

107. *Id.* at 108–09.

108. See, e.g., *Insty*Bit, Inc. v. PolyTech Indus., Inc.*, 95 F.3d 663, 672 (8th Cir. 1996) (holding that the likelihood of confusion to post-sale consumers may be considered in trade dress infringement actions); *Payless Shoesource, Inc. v. Reebok Int’l Ltd.*, 998 F.2d 985, 989 (Fed. Cir. 1993) (holding that district court abused its discretion by failing to consider post-sale confusion to consumers); *Esercizio v. Roberts*, 944 F.2d 1235, 1243 (6th Cir. 1991) (rejecting defendant’s arguments that for purposes of the Lanham Act, “the requisite likelihood of confusion must be confusion at the point of sale . . .”); *Polo Fashions, Inc. v. Craftex, Inc.*, 816 F.2d 145, 148 (4th Cir. 1987) (holding that a plaintiff suffers damages under trademark infringement law when a rival adopts a similar symbol that misleads “prospective purchasers and the public as to the identity of the goods.”).

confusion theory, which posits that a consumer will incorrectly believe that the trademark owner has authorized the use of the logo on a product, typically a product bearing a sports logo.¹⁰⁹ The logical extension of a policy protecting consumers from falsely believing that a trademark owner has authorized brand merchandise is to confer upon the trademark owner a right to authorize merchandise bearing the mark.

In all three case categories, the courts focused on the potential for post-sale consumer confusion to adversely affect the trademark owner by diverting profit to alternative producers, and thereby affecting pre-sale investments by the trademark owner into brand merchandise.¹¹⁰ None of the categories addresses the rights of consumers after they have purchased authorized brand merchandise. My purpose in this Article is not to challenge the cases,¹¹¹ but rather to address the separate category of post-sale use of legitimate brand merchandise. If courts are willing to protect social signaling on behalf of a trademark owner, then consumers attempting to accurately provide social signals through the use of legitimate logos that they have paid for should have an equally strong, or stronger, claim for protection against actions that prevent them from doing so.

The economic profit-diversion rationale advanced in the cases to prevent post-sale consumer confusion cannot be extended to encompass post-sale use of legitimate brand merchandise, even in media portrayals of real life. Arguments of unjust enrichment have been accepted by the courts in cases against sellers of knockoff goods,¹¹² but the post-sale use of legitimately purchased brand merchandise should be immune to claims of unjust enrichment because the trademark owner has been fully compensated for the alienated use of the logo. Post-sale consumer use by purchasers of legitimate

109. See, e.g., *Nike, Inc. v. "Just Did It" Enters.*, 6 F.3d 1225 (7th Cir. 1993) (holding that a jury may find that an intended parody of the Nike trademarks caused a likelihood of confusion); *Boston Athletic Ass'n v. Sullivan*, 867 F.2d 22 (1st Cir. 1989) (holding that there is a general duty to avoid likelihood of confusion); *Boston Prof'l Hockey Ass'n v. Dallas Cap & Emblem Mfg., Inc.*, 510 F.2d 1004 (5th Cir. 1975) (holding that likelihood of confusion is an element of infringement); see also *Nat'l Football League Props. v. Wichita Falls Sportswear, Inc.*, 532 F. Supp. 651 (D.C. Wash. 1982) (holding that the test of infringement is the likelihood of confusion).

110. See, e.g., *United States v. Foote*, 413 F.3d 1240 (10th Cir. 2005) (holding that the harm to trademark holders is just as serious when potential customers encounter counterfeit goods in a post-sale context); *United States v. Giles*, 213 F.3d 1247 (10th Cir. 2000) (noting that trademark law only prohibits a "spurious mark" from being used "on or in connection with goods or services for which the genuine mark is actually registered . . . and in use."); *Hermes*, 219 F.3d at 108 ("The creation of confusion in the post-sale context can be harmful in that if there are too many knockoffs in the market, sales of the originals may decline because the public is fearful that what they are purchasing may not be an original."); *Boston Athletic Ass'n v. Sullivan*, 867 F.2d 22, 35 (1st Cir. 1989) ("[W]hen a manufacturer intentionally uses another's mark as a means of establishing a link in consumers' minds with the other's enterprise, and directly profits from that link, there is an unmistakable aura of deception. Such a use is, by its very nature, likely to cause confusion, or to cause mistake, or to deceive."); *Boston Prof'l Hockey Ass'n*, 510 F.2d at 1012 ("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."); *Mastercrafters Clock & Radio Co. v. Vacheron & Constantin-LeCoultre Watches, Inc.*, 221 F.2d 464 (2d Cir. 1955) (holding that actionable claims exist if the conduct "did or was likely to injure the reputation" of the trademark holder).

111. I do not agree with the outcome of all the cases but will not address them here because they are outside the scope of this article.

112. *Fendi Adele S.R.L. v. Burlington Coat Factory Warehouse Corp.*, No. 06-0085, 2007 WL 2982295, at *5 (S.D.N.Y. Oct. 10, 2007).

brand merchandise is different from pre-sale appropriation of the logo by unlicensed merchandisers, the typical scenario under which unjust enrichment-based claims are brought.¹¹³

Ubiquity of a trademark as a product in and of itself—as brand merchandise—leads to a surplus return for the trademark owner on investments in the original underlying product to which the logo was previously attached. This is because the law views a trademark as being valuable because of its ability to signal a product’s origin to the purchaser.¹¹⁴ Trademark law is thus not intended to promote the creation of trademarks in and of themselves.¹¹⁵ Trademarks are prohibited from being sold in gross in order to prevent a complete disassociation of the trademark from an underlying product.¹¹⁶ Merchandizing divorces the trademark from any underlying product and turns the logo into a separate, intangible product for which the trademark owner reaps surplus profit upon sale.¹¹⁷ “Consumers have come to attach enormous value to trade symbols, and it is no longer uncommon to see the symbols valued far in excess of the worth of the underlying products they identify.”¹¹⁸

Trademark, as a distinct product, no longer acts as an origin-signifier; because the trademark is an indicator of intangible social characteristics the price can be set independent of the physical qualities of the underlying product. “The trademark’s goodwill is commodified and sold as its own product.”¹¹⁹ Moreover, a trademark does not impose a positive duty on the trademark owner to ensure that the good to which it is attached meets a certain level of quality.¹²⁰ A trademark owner therefore makes a wholly discretionary decision when it chooses to engage in the sale of brand merchandise. The trademark owner is never under an obligation to sell the logo as a logo because under the Lanham Act a trademark is initially granted for a product or service with which

113. See, e.g., *Giles*, 213 F.3d 1247 (examining whether it was a violation of the federal criminal trademark statute to traffic in trademarks that are not attached to goods); *Nike*, 6 F.3d 1225 (examining whether a parody of a trademark constituted infringement); *Boston Athletic Ass’n*, 867 F.2d 22 (examining whether unauthorized use of the BAA’s service marks on a tee-shirt constituted trademark infringement).

114. See LANDES & POSNER, *supra* note 20, at 167 (providing background on the purpose of trademark law).

115. *Id.* Courts have held that trademark law is intended to serve only as a source designator; see also *General Elec. Co. v. Speicher*, 877 F.2d 531, 534 (7th Cir. 1989) (“The more fundamental point is that the purpose of trademark law is not to guarantee genuine trademarks but to guarantee that every item sold under a trademark is the genuine trademarked product . . .”). This is in contrast to copyright law, which is ostensibly designed to promote the creation and dissemination of creative works. See generally LANDES & POSNER, *supra* note 20, at 37 (noting the importance of the creation and distribution of creative works to copyright law).

116. See Litman, *supra* note 3, at 1720 (noting that trademarks do not have a value apart from their connection to the product).

117. See Dreyfuss, *Expressive Genericity*, *supra* note 3, at 402. While there are production costs involved in creating and selling brand merchandise, detaching the trademark from an underlying product transforms the trademark into an intangible good for which the initial investment may be high but marginal production costs are low, similar to software or a book.

118. Litman, *supra* note 3, at 1728.

119. Barton Beebe, *The Semiotic Analysis of Trademark Law*, 51 UCLA L. REV. 621, 658 (2004) [hereinafter Beebe, *Semiotic Analysis*].

120. See Lemley, *supra* note 3, at 1706 (“There is no reason to think that the Dallas Cowboys (or their licensee, who may not be identified at all) manufacture particularly high-quality hats, or even hats of constant quality.”).

it can be associated.¹²¹ The trademark owner decides to monetize some of the social goodwill¹²² and then chooses the potential market for its brand merchandise when it decides on the price, or premium, to charge for use of the mark. Barton Beebe says that the logos then “invest the products to which they are affixed with pure unarticulated distinctiveness. . . . Their sign value is the source of their economic value.”¹²³

A trademark owner is relatively unconstrained in setting a price for the use of the sign value of its logo as an independent product. The lower bound on the price for a piece of brand merchandise is the price of the underlying good, for example, a tee-shirt, and even that boundary is not fixed because the trademark owner may value the potential for free advertising enough to subsidize the purchase price for the tee-shirt so the shirt can be sold below cost. There is almost no upper limit to the price that may be charged, specifically because the logo is divorced from any particular product.¹²⁴ The demand curve is subsumed into the price for Veblen or for snob goods because the degree of exclusivity communicated is often directly tied to the price for the brand good.¹²⁵ Therefore, a higher price for brand merchandise with powerful social signaling ability can actually increase the return for the brand owner by boosting demand for certain logos that can be used to signal a relatively exclusive status.¹²⁶ The premium for the brand merchandise—meaning the price charged above what the tee-shirt would cost—is a tool for segmenting the market.¹²⁷ If a tee-shirt that would normally sell for \$10 based on its physical quality is being sold for \$34 with a logo on it, then the trademark owner has decided that it was willing to alienate the logo for \$24; that \$24 was sufficient compensation for selling the intangibles associated with the brand. The \$34 price enforces this decision by the trademark owner because it places the shirt out of reach of anyone unwilling to pay \$24 for use of that logo for social signaling. The trademark owner could just as easily choose to sell the tee-shirt for \$100 in order to increase the perceived exclusivity of the logo. Or the trademark owner could choose to devalue the social power of the brand because there is no obligation to maintain the social value of the logo.¹²⁸ The trademark owner has therefore chosen to obtain what it deems the full price for its logo as an independent good. The consumer has

121. 15 U.S.C. § 1051 (2000).

122. Beebe, *Semiotic Analysis*, *supra* note 119, at 658.

123. *Id.* at 665.

124. *See* Liebenstein, *supra* note 28, at 200–01 (explaining the relationship between the snob effect and price of goods).

125. *See* Harrison, *supra* note 22, at 215 (describing the snob effect as signaling that one is superior to others based on the price they are willing to pay for the good); Liebenstein, *supra* note 28, at 201 (concluding that the snob effect is never greater than the price effect).

126. *See* Harrison, *supra* note 22, at 214 (discussing wealth signaling as a personalized statement of demand); Liebenstein, *supra* note 28, at 204–05 (explaining the Veblen effect and stating that an increase in price will result in positive changes in the Veblen and snob effects).

127. *See* Liebenstein, *supra* note 28, at 205–06 (discussing different market demand curves that the price effect and snob or Veblen effect will produce).

128. *See* *El Greco Leather Prods. Co. v. Shoe World, Inc.*, 806 F.2d 392 (2d Cir. 1986) (holding that the trademark owner is incentivized to maintain product quality in order to preserve its investment in creating the trademark, even though the trademark owner has no legal obligation to maintain the quality of the trademark).

paid the full value for the social benefit that she anticipates will accrue from the logo, or else she will have not made the purchase.¹²⁹ Allowing the trademark owner to claim a right to any of the post-sale use or value would be to deprive the consumer of the benefit of the bargain.

The trademark owner does have what can best be termed a pre-sale interest in maintaining the value of the brand. Courts in all three categories of cases were concerned that the existence of unauthorized brand merchandise, knockoffs, or counterfeits, would divert profit from the trademark owner and thereby affect decisions on pre-sale investments in a brand. There is no profit diversion when legitimate brand merchandise is lawfully purchased because the trademark owner has received compensation for the use of the logo. There is also no possibility of post-sale confusion because the consumer is using the actual brand merchandise, and not a knockoff or imitation. Post-sale public display of legitimately purchased brand merchandise, even in mass media like reality television or documentaries, is the reason why the consumer bought the brand merchandise, and paid a premium to do so. The trademark owner and the consumer engaged in a completed deal when the consumer bought a social signaling device at the price demanded by the trademark owner for the logo as a distinct product.

The price charged for brand merchandise fully incorporates the premium that the trademark owner requires for future social-signaling use of the mark; if not then it would be inefficient to sell brand merchandise. The trademark owner is not forced to sell brand merchandise, the trademark owner has latitude in setting the price for the logo, and it is difficult to imagine that the constant monitoring of post-sale use, and litigation of contested uses, is cheaper and more efficient than factoring the fee for social signaling usage into the initial price. People pay up to their utility value for a good when making a purchase—people will not pay in excess of value because they will generate a loss on the exchange. The trademark owner has charged a price that compensates for the use of the logo as a social signifier. Therefore, at the time of purchase the trademark owner is compensated for subsequent use by the purchaser.

B. *Public Authorship*¹³⁰

Concern for the role of personal or public authorship in trademarks stems from the evolution of logos from source signifiers into social signifiers,¹³¹ and

129. Rochelle Cooper Dreyfuss refers to this as “surplus value.” Dreyfuss, *Expressive Genericity*, *supra* note 3, at 402 (“[T]he only reason to choose a ‘Barbie’ shirt over a red one, or a ‘Betty Boop’ one, is because the word makes a difference to the buyer. I call this usage a ‘surplus value’ case because the existence of such a tee shirt means that someone attaches value to the word ‘Barbie’ on the shirt, and that value is in excess to, or a surplus over, its function as a signal about toys.”).

130. For simplicity’s sake, the phrase “public authorship” is being used as a catch-phrase that also encompasses the personality- and individual-based theories discussed in Part III.

131. Dreyfuss, *Expressive Genericity*, *supra* note 3, at 397 (“[I]deograms that once functioned solely as signals denoting the source, origin, and quality of goods, have become products in their own right, valued as indicators of the status, preferences, and aspirations of those who use them.”).

means of communication.¹³² Rochelle Cooper Dreyfuss regards this as an “issue of allocating rights: who should reap the benefit of images, those who introduce them into the popular culture or those in the culture who imbue them with enduring meaning?”¹³³

Public authorship exerts a moral claim on the value of a popular trademark because the public has imbued a logo with broad cultural meaning that is commonly understood.¹³⁴ Steven Wilf argues that “[i]t is the collective personality of culture that participates in the authorship of trademarks and that act of collective labor establishes a stake to trademark symbolism contemporaneous with any private claims.”¹³⁵ Therefore, granting control over a common cultural property has the effect of ceding control over public discourse to private entities.¹³⁶ Wilf argues that the public is of equal power to the trademark owner in both creating, and destroying a trademark, and so the public has equal claim to the use of a trademark.¹³⁷ The public helps create a trademark through the act of associating the logo with a product, and, by extension, particular qualities.¹³⁸ The public can destroy a trademark by broadening the meaning of a mark so that it becomes a generic designation for a class of products.¹³⁹

Judge Alex Kozinski has considered the public’s claim to trademarks, and found it difficult to know how to draw a line between acceptable and unacceptable use of a logo.¹⁴⁰ When does a trademark sufficiently become part of the commons to create a presumption of legitimacy for individuals seeking to use the logo in their own way, free from the threat of a costly lawsuit? How much public authorship is enough? Judge Kozinski notes that the public’s moral claims to a trademark do “not imply a total loss of control [by the trademark owner], however, only that the public’s right to make use of the word or image must be considered in the balance as we decide what rights the owner is entitled to assert.”¹⁴¹ A public authorship regime would lead to fact-intensive judicial determinations based on a procession of linguistic and semiotic experts that would fail to set precedents delivering per se protection to broad classes of behavior, such as post-sale use of brand merchandise in television shows with real people in real situations.

Arguments put forth by advocates of public authorship fail to provide judicial certainty, and are calling for judicial inquiry into areas of extreme

132. *Id.* (“Some trademarks have worked their way into the English language; others provide bases for vibrant, evocative metaphors.”).

133. Dreyfuss, *We Are Symbols*, *supra* note 3, at 124.

134. Kozinski, *supra* note 3, at 976; *see also* Wilf, *supra* note 65, at 4 (explaining the concept of public authorship).

135. Wilf, *supra* note 65, at 4–5.

136. *See* Coombe, *supra* note 62, at 1873 (“By controlling the sign, trademark holders are able to control its connotations and potentially curtail many forms of social commentary.”).

137. Wilf, *supra* note 65, at 33.

138. *Id.*

139. *Id.* at 39–40.

140. *See generally* Kozinski, *supra* note 3 (discussing how unauthorized use of a trademark may be both detrimental and beneficial to the original trademark holder).

141. *Id.* at 975.

subjectivity, such as semiotics, relative degrees of cultural import, and secondary authorship, in order to determine the social import of a mark to an individual or group as a means of communication or personal expression.¹⁴² Even if the baseline for assessing trademark infringement is changed, the results might stay the same if the process calls for a high level of subjectivity. On this side, current dissatisfaction with trademark law stems in part from judges strongly adhering to property rights arguments¹⁴³—but swinging too far in the other direction could also lead to undesirable outcomes; for example, one potential harm would be to the passive consumers who crave fixity of meaning, as described by Hughes.¹⁴⁴ Enabling the destruction of any fixity of a mark by giving the public an overriding claim would run counter to portions of the trademark system and case law that seek to provide consumers with valid signals of origin.

Another reason why public authorship arguments lead to judicial uncertainty is that the asserted claim to the brand tends to be proportional to the strength of the claim of the brand owner.¹⁴⁵ Under a public authorship system, generally, the public has stronger claims to stronger brands, due to the assumption that the fame of a brand depends on how willing the public is to invest the brand with social significance.¹⁴⁶ But trademark law affords stronger protection to stronger marks,¹⁴⁷ and the trademark owner can also point to its high investments in brand-building to balance or overcome the public's claim.¹⁴⁸ Public authorship advocates point out that giving the trademark owner control over the full social value of a mark leads to a vicious cycle where a trademark owner has a right to all of the subsequent post-sale uses of the logo because use is equated to value directly attributable to the trademark, and, by extension, to the trademark owner.¹⁴⁹ Yet this vicious cycle of ever-increasing claims is also found in public authorship arguments that equate the strength of the public's claim to the popularity of a mark. In both cases, equating post-sale use with value ignores how price functions in the

142. See, e.g., Beebe, *Semiotic Analysis*, *supra* note 119, at 621 (proposing a semiotic analysis of trademark law); Coombe, *supra* note 62, at 1878–79 (explaining how the “sheer semioticity” of human existence is at odds with the continuous expansion of intellectual property protections).

143. See, e.g., Dogan & Lemley, *supra* note 6, at 483 (“[T]he structural limits on the scope of trademark and dilution law are intellectually harder to maintain if the law simultaneously treats the same marks as pure property rights in the merchandising context.”); Wilf, *supra* note 65, at 1 (stating that arguments used to legitimize tangible property are inappropriate for intellectual property, especially trademarks).

144. Hughes, *supra* note 3, at 926.

145. Wilf, *supra* note 65, at 33.

146. See *id.* (describing how distinctive marks depend on whether the public associates a once independent word with the mark); see also Coombe, *supra* note 62, at 1863 (explaining how trademarks are a social construct, people engage in “meaning-making”).

147. See Lanham Act § 43(c), 15 U.S.C. § 1125(c) (2000) (indicating that the extent of advertising and publicity of a mark, as well as the extent of actual recognition, are factors in determining whether a mark possesses the requisite degree of recognition for the purposes of the statute).

148. “[S]ection 43(c) has been used most often to reward wealthy trademark owners for achieving trademark fame. Satisfying the distinctiveness half of the protectibility equation has proved to be no more onerous than it is in infringement cases – but with fewer demands on the liability side of the equation.” Sara Stadler Nelson, *The Wages of Ubiquity in Trademark Law*, 88 IOWA L. REV. 731, 775 (2003).

149. See Litman, *supra* note 3, at 1722 (explaining how marks are protected from confusion even after the point of sale). Litman is not exactly a public authorship advocate but she makes the point best.

market for brand merchandise, is inefficient, and ignores the distinction between pre-sale misappropriation and post-sale legitimate use.

An alternate argument offered by Sara Stadler Nelson offers support for the rights of the trademark consumer.¹⁵⁰ Nelson points out that many trademark owners are engaging in self-dilution, or “genericide,”¹⁵¹ by engaging in excessive brand- and lifestyle-merchandising of their logos that destroys the ability to associate a brand with any particular product.¹⁵² Nelson argues that trademarks obtain power through relatively unique product associations because the identity of the logo with a product makes it easy to associate specific traits with a mark.¹⁵³ Reducing a brand to “a general indicator of source, mean[s] nothing at all in product terms.”¹⁵⁴ Nelson says that a logo cannot be diluted once a trademark is unable to simultaneously indicate a source and product association, though the mark may still be infringed.¹⁵⁵ And Nelson points out that trademark owners are engaging in dilutive actions by deliberately destroying the uniqueness of their marks through ubiquitous branding practices.¹⁵⁶

Nelson’s theory would support relatively unconstrained use of branded goods by the ultimate consumer because the self-created ubiquity of a logo weakens the ability of a trademark owner to bring a dilution claim, or another trademark-based action.¹⁵⁷ Nelson’s theory fits well with the idea that the public has stronger claims to well-known marks. Yet Nelson unnecessarily concedes that promotional goods are immune to self-dilution because promotional goods “only strengthen the association between a trademark and the product for which it has become known”¹⁵⁸ In fact, Nelson’s arguments for genericide through ubiquity are equally applicable to promotional merchandise. For example, it is difficult to imagine how a tee-shirt or baseball cap bearing a Ford logo strengthens the association between the trademark and an automobile. Promotional merchandise is simply another way in which trademark owners are engaged in self-dilution. Moreover, the category of promotional merchandise is easily open to manipulation because there is no set definition of what can or cannot be considered a promotional good. A trademark owner could easily argue that almost any object bearing its logo should be considered promotional merchandise because of the potential advertising effect. Even when sold as a stand-alone product, a logo is a form of advertisement,¹⁵⁹ and the trademark owner could attempt to reduce a public

150. Nelson, *supra* note 148, at 790.

151. *Id.*

152. *Id.* at 790–91.

153. *See generally id.* (describing how a product loses its uniqueness with a trademark that can be associated with a variety of products).

154. *Id.* at 782.

155. *Id.* at 787.

156. *Id.* at 789.

157. *Id.*

158. *Id.* at 781.

159. The trademark owner is advertising attributes about its products; the person wearing the brand merchandise is advertising qualities she wants to be associated with. *See Kozinski, supra* note 3, at 961 (describing how consumers choose to wear trademarks and the benefits for the trademark holder).

authorship argument to a claim that emotional attachment to an advertisement should be sufficient to overcome ownership rights in the advertisement.

The subjective analyses mandated by a public authorship regime can be obviated by relying on Goffman and the economic approach set out in this Article. Public authorship claims are really claims about being able to use brand merchandise as a social signaling device. People purchase and use logos according to the social significance that the mark holds. Trademark owners meet the demand for social signifiers by selling brand merchandise, and the value of the social signaling function is incorporated into the price. Judicial recognition of the economic exchange—that the trademark owner is compensated for use of the logo as a social signifier at the time of sale—creates a bright line between the pre-sale interests of the owner and the post-sale interests of the consumer.

The mere act of purchasing brand merchandise provides an affirmative argument in favor of granting the public an economic right to the social signaling value in a logo. The price has incorporated as much of the added social value that the market will bear. Any use of the brand merchandise by the consumer should be fully and accurately reflected in order to prevent the consumer from getting less than what she paid for. Litman comes closest to advocating the concept that the purchase of brand merchandise provides the trademark owner with sufficient compensation for any further use. Litman argues that “[t]he value of the ‘Bugs Bunny’ mark reflects my participation (and that of millions of other consumers) as well as Warner Brothers’s. The building of a brand that becomes its own product is a collaborative undertaking; the investment of both dollars and imagination flows both ways.”¹⁶⁰ The consumer should receive the benefit of dollars sent to the trademark owner. The relationship between the trademark owner and the purchaser of legitimate brand merchandise need not, and should not, be a one-way street.

Beebe made the same point, in a different way, when he pointed out that “[t]rademark law only protects signs, the economic value of which is exhausted once the thing is found, while the protection of things themselves is left to patent or perhaps copyright law.”¹⁶¹ To the extent that a logo serves as a signifier—of origin or as a social referent—the logo has fulfilled its purpose to the trademark owner once the product or brand merchandise has been purchased.

V. CONCLUSION

I have advocated for the reexamination of the economic transaction that takes place when brand merchandise is sold, and argued that trademark owners are adequately compensated for their loss of post-sale control by the premium prices that they charge for branded merchandise. Trademark owners normally do not have post-sale control over the physical goods that bear their logos; for

160. Litman, *supra* note 3, at 1734.

161. Beebe, *Semiotic Analysis*, *supra* note 119, at 656.

example, people are free to draw their opinions about the quality of a particular brand of a television or stereo, regardless of the situation, and regardless of how the trademark owner would prefer the product be used. If someone wants to be seen in public within the context of brand merchandise that they have paid for then there should be no reason not to do so. The trademark owner charges higher prices for brand goods because the consumer expects to derive public social benefit from the purchase. Public authorship arguments are correct that a failure to recognize the public's demands on a brand takes away value from the public. But the same public authorship arguments go too far by seeking to presumptively place brands into a purely public domain because they ignore that individual bargains have been struck whereby people have paid the trademark owner in order to become social authors of themselves.¹⁶²

*Caterpillar Inc. v. Walt Disney Co.*¹⁶³ is a useful starting point for examining trademark law and how the policy choice of granting the consumer broad use rights to post-sale trademark goods would result in a better solution. Caterpillar sued Walt Disney for showing the villains in a live-action film using Caterpillar brand equipment to attempt to bulldoze the hero's home.¹⁶⁴ Caterpillar alleged trademark infringement and dilution by casting the products in an unsavory light in a DVD that was expected to sell 2.2 million copies.¹⁶⁵ The court ruled in favor of Walt Disney in part because the film presented an obvious fantasy world to the viewer.¹⁶⁶

That leaves open the question of how the court would have ruled if the movie was set in the real world? Or how a court would rule if Caterpillar brought a trademark infringement action against someone showing a film of the real world? It is permissible for people to buy Caterpillar brand bulldozers to clear forests, so should it be impermissible for those people to distribute a video of themselves doing so on a social sharing Web site like YouTube, where amateur videos can generate over 1,000,000 views? Or would Caterpillar then have a case for trademark dilution? Should Nike be able to sue if the bulldozer driver in the video is wearing a Nike brand shirt with the well-known swoosh, and "Just Do It" phrase? The trademark owner could demand that the Web site take down the video, arguing trademark dilution because the video is being used for the commercial purpose of increasing Web site traffic.¹⁶⁷ If it was a documentary, the trademark owner might threaten legal action for dilution if the logo is not pixilated in an objectionable scene.

The Caterpillar court had a more intellectually rigorous option available that would have also granted protection to the broad class of post-sale use of

162. Litman does not ignore the bargain in the exchange, but she argues that the sale gives rise to collective ownership of the mark. Litman, *supra* note 3, at 1734–35.

163. *Caterpillar Inc. v. Walt Disney Co.*, 287 F. Supp. 2d 913 (C.D. Ill. 2003).

164. *Id.* at 915.

165. *Id.* at 915, 917.

166. *Id.* at 922.

167. Alleging tarnishment or dilution is a cause of action under the Federal Trademark Dilution Act. Lanham Act §§ 43(c)(1), 45, 15 U.S.C.A. §§ 1125(c), 1127 (2000); *cf.* *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 433–34 (2003) (holding that the plaintiff trademark owner must show economic harm in order to sustain a statutory dilution claim).

legitimately purchased logos. The court could have told Caterpillar that we live in a brand-saturated world, that Walt Disney needed to use someone's bulldozer, and that if Walt Disney had paid for the bulldozers, then Caterpillar would have had no claim against the post-sale actions of Walt Disney. Rather than have to make decisions on a case-by-case basis, it would be far easier to permit people to use what they have bought.

Trademark law should not easily acquiesce to an expansion of trademark rights that comes via the appropriation of paid-for value from consumers of brands. The actions of media groups are therefore pernicious because they deprive people of the full value of their purchases, and because they shift the legal norms to permit their behavior. The Second Circuit has protected manufacturers of luxury merchandise from post-sale consumer confusion about the status conferred by brand goods.¹⁶⁸ The same reasoning is equally compelling when applied to directly protect the purchaser of any status-signaling good.

168. See *Hermes Int'l v. Lederer De Paris Fifth Ave., Inc.*, 219 F.3d 104 (2d Cir. 2000) (holding that because the sellers' intentional infringement could give rise to post-sale confusion, they were barred from claiming laches as a defense to trademark infringement claims).