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## Counterfeits, Copying and Class

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# ARTICLE

## COUNTERFEITS, COPYING AND CLASS

*Ann Bartow\**

### ABSTRACT

Consumers who want to express themselves by wearing contemporary clothing styles should not have to choose between expensive brands and counterfeit products. There should be a clear distinction in trademark law between illegal, counterfeit goods and perfectly legal (at least with respect to trademark law) “knockoffs,” in which aesthetically functional design attributes have been copied but trademarks have not. Toward that end, as a normative matter, the aesthetic features of products should not be registrable or protectable as trademarks or trade dress, regardless of whether they have secondary meaning, just as functional attributes of a utilitarian nature are not eligible for Lanham Act protection. With enough advertising, any product feature can acquire distinctiveness. Only the assertive deployment of functionality bars by courts can prevent the illegitimate and costly construction of trademark-based product monopolies.

The purported trademark-related harms that stem from the production and distribution of noncounterfeit knockoffs are, in reality, the effects of legitimate competition based on attributes such as price, quality, consumer appeal, and retail availability, with which trademark law should not interfere. Repressing or illegalizing knockoffs illegitimately prevents lower income

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\* Professor of Law, Pace University School of Law; Fulbright Scholar, Tongji University Law School, Shanghai, P.R. China, 2011–2012. I wish to thank Paul Janicke, Craig Joyce, and Greg Vetter for organizing the 2011 Institute for Intellectual Property & Information Law Conference in Santa Fe, New Mexico. I also owe thanks to Professors Barton Beebe, Greg Lastowka, Mark McKenna, and Rebecca Tushnet for their helpful comments. This article is dedicated to Casey Bartow-McKenney and Reno Bartow.

people from procuring and enjoying goods with aesthetic attributes that are not properly monopolized through trademark law, and probably perversely increases the demand for counterfeit items.

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## I. INTRODUCTION

Ensuring that trademarks indicate a single source, even if that source is unknown, is supposed to reduce consumers' search costs.<sup>1</sup> But protecting trademarks is not supposed to reduce consumers' options. Any time trademark law constructs are used to keep anything except counterfeit goods out of the marketplace, the Lanham Act is being misused. In the context of design-driven products, this misuse takes the form of enforcing illegitimate trademarks and trade dress rights in artistic elements.

Manufacturers of high-end, aesthetics-driven consumer goods strategically manipulate trademark law to engineer the conceptual conflation of counterfeiting trademarked goods with the copying of

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1. William M. Landes & Richard A. Posner, *Trademark Law: An Economic Perspective*, 30 J.L. & ECON. 265, 269 (1987). But see Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 NOTRE DAME L. REV. 1839, 1848 (2007) (countering that, rather than to reduce search costs, trademarks were originally “designed to promote commercial morality and protect producers from illegitimate attempts to divert their trade”).

design features.<sup>2</sup> This is the trademark part of a two-pronged effort to profoundly discourage and eventually illegalize what is now perfectly legitimate copying. This endeavor is being pursued contemporaneously with an ongoing effort to instantiate copyright protection for certain elite classes of clothing and other high-end consumables.<sup>3</sup> Corporations generally hate competition and will take advantage of any legal regime that allows them monopolies in the marketplace.<sup>4</sup> The Lanham Act should not serve this function.<sup>5</sup>

Copying design elements and counterfeiting are two very different things.<sup>6</sup> Counterfeiting is the act of putting someone else's exact trademark on products that were not produced or authorized by the trademark holder.<sup>7</sup> Consumers can be tricked by counterfeit marks into buying inauthentic, lower quality goods, which causes trademark holders to lose sales and customer goodwill.<sup>8</sup> Counterfeiting is a violation of federal trademark law,<sup>9</sup> and it is also

2. See Glynn S. Lunney, Jr., *Trademark Monopolies*, 48 EMORY L.J. 367, 404–05 (1999) (contending that manufacturers of prestige goods claim imitation of aesthetic features as trademark infringement even though consumers are not likely confused by the imitation).

3. See *A Bill to Provide Protection for Fashion Design: Hearing on H.R. 5055 Before the Subcomm. on Courts, the Internet, and Intellectual Prop. of the H. Comm. on the Judiciary*, 109th Cong. 209–10 (2006) [hereinafter *Hearing*] (prepared statement of the U.S. Copyright Office) (describing one rationale of the proposed legislation as protection of “*haute couture* during the period of time in which such high-end clothing is sold at premium prices”).

4. See Leah Chan Grinvald, *Shaming Trademark Bullies*, 2011 WIS. L. REV. 625, 650–51 (explaining how corporations are using the trademark legal regime in circumvention of antitrust regulations to bully competitors out of the market).

5. The copyright law part of the equation has been addressed elsewhere. See, e.g., Lucille M. Ponte, *Echoes of the Sumptuary Impulse: Considering the Threads of Social Identity, Economic Protectionism, and Public Morality in the Proposed Design Piracy Prohibition Act*, 12 VAND. J. ENT. & TECH. L. 45, 78–80 (2009) (comparing arguments for copyright protection of fashion designs to historical sumptuary laws); Kal Raustiala & Christopher Sprigman, *The Piracy Paradox: Innovation and Intellectual Property in Fashion Design*, 92 VA. L. REV. 1687, 1691 (2006) (arguing that copyright protection for product design does not hurt competition or innovation because “copying is not very harmful to originators”).

6. See Raustiala & Sprigman, *supra* note 5, at 1700–01 (explaining that while counterfeiting “plainly infringe[s] trademarks,” copying design elements under a different trademark is generally legal).

7. 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 25:10, at 25-24 to -25 (4th ed. 2011).

8. David J. Goldstone & Peter J. Toren, *The Criminalization of Trademark Counterfeiting*, 31 CONN. L. REV. 1, 4 (1998) (discussing how “low quality fakes” defraud customers and tarnish the reputation of trademark owners).

9. 15 U.S.C. § 1114(1) (2006). The provision regarding the remedies for infringement states:

(1) Any person who shall, without the consent of the registrant—

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

a crime.<sup>10</sup> Appropriating popular design features, however, does not infringe trademark law.<sup>11</sup>

When correctly construed, trademark law does not pose any legal impediments to copying product features.<sup>12</sup> The aesthetic attributes of consumer goods should never be accorded trademark status as trade dress, either via federal registration or as a matter of federal common law. When misused in this manner, trademark law provides powers commensurate with copyright and patent law, but without the related doctrinal limitations, such as fair use, or concomitant obligations to invent or create anything new.<sup>13</sup> Inhibiting copying through trademark law has negative consequences, including generalized chilling of competition and cultural diffusion,<sup>14</sup> and weighs heavily upon people of modest economic means. Lower income people may find possession of high-end luxury items

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(b) reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive,

shall be liable in a civil action by the registrant for the remedies hereinafter provided. Under subsection (b) hereof, the registrant shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such imitation is intended to be used to cause confusion, or to cause mistake, or to deceive.

*Id.*

10. Trademark Counterfeiting Act of 1984, 18 U.S.C. § 2320(a)(1) (Supp. II 2009).

11. See *Traffix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 29 (2001) (“[T]rade dress protection may not be claimed for product features that are functional.”); *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 213 (2000) (“Consumers should not be deprived of the benefits of competition with regard to the utilitarian and esthetic purposes that product design ordinarily serves . . . .”); *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 238 (1964) (acknowledging the design fixture acquired secondary meaning, but maintaining “if the design is not entitled to a design patent or other federal statutory protection, then it can be copied at will”); *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 232–33 (1964) (“[M]ere inability of the public to tell two identical articles apart is not enough to support an injunction against copying or an award of damages for copying that which the federal patent laws permit to be copied.”).

12. *Traffix Devices*, 532 U.S. at 29.

13. See *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 33–34 (2003).

14. See *Traffix Devices*, 532 U.S. at 29 (explaining that copying has benefits to preserving a competitive economy); *Samara Bros.*, 529 U.S. at 213 (refusing to deprive consumers of the benefits of competition through application of trademark law to utilitarian product design); Lunney, *supra* note 2, at 453 (defining three undesirable effects of prohibiting imitation).

unattainable.<sup>15</sup> If the law does not interfere, the market can at least give them access to comparable styles and fashions, enabling opportunities to make the same choices between unique, personal presentation and stylistic conformity as wealthier individuals.

## II. PRODUCT FEATURES ARE NOT PROPERLY “PROTECTABLE” BY TRADEMARK LAW

Product features can be distinctive and strongly identified with a particular source.<sup>16</sup> Yet unless they are legally monopolizable through copyright or patent precepts, competitors are free to copy them because, when correctly applied, trademark law will not interfere with the kinds of products that can be manufactured or sold, or with the way that goods are configured.<sup>17</sup>

The functional attributes of products can, if qualified, be the subjects of utility patents, but they cannot be protected as trademarks.<sup>18</sup> Product design elements are not appropriately protected by trademarks either. Congress has similarly structured the pertinent intellectual property legislation such that only design patents and copyright law facilitate aesthetic monopolies, and then only in limited contexts.<sup>19</sup> Correctly

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15. See Andrew Jaynes, *Why Intellectual Property Rights Infringement Remains Entrenched in the Philippines*, 21 PACE INT'L L. REV. 55, 102 (2009) (suggesting counterfeiting “mak[es] goods that would otherwise be out of reach affordable”).

16. See *Traffix Devices*, 532 U.S. at 28 (recognizing that some product features may be easily identified with a specific manufacturer).

17. See *id.* at 29 (“[U]nless an intellectual property right such as a patent or copyright protects an item, it will be subject to copying.”); *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 237–38 (1964) (“[I]f the design is not entitled to a design patent or other federal statutory protection, then it can be copied at will.”).

18. *Specialized Seating, Inc. v. Greenwich Indus., L.P.*, 616 F.3d 722, 727 (7th Cir. 2010) (“A novel or distinctive selection of attributes on these many dimensions [of functional designs] can be protected for a time by a utility patent or a design patent, but it cannot be protected forever as one producer’s trade dress.”).

19. *Id.*; see also *Compco Corp.*, 376 U.S. at 237 (“[W]hen an article is unprotected by a patent or a copyright, state law may not forbid others to copy that article.”); *Kohler Co. v. Moen, Inc.*, 12 F.3d 632, 651 (7th Cir. 1993) (Cudahy, J., dissenting) (explaining that monopolies over product design amounts to “protection that is properly only available through the design patent or copyright laws”). Reforming the Copyright Act to illegalize knockoffs in the apparel industry is one approach to monopolizing design features that some manufacturers are pursuing. See Ponte, *supra* note 5, at 79–80. Clothing itself does not usually receive copyright protection under current laws, but specific attributes of clothing, such as a unique print or design element, may. Raustiala & Sprigman, *supra* note 5, at 1699, 1747. Certain players in the garment industry want to expand the scope of copyright protections for items of clothing and accessories. *Id.* at 1715. The debate over whether or not copyright protection should be extended in some form to cover articles of clothing is both academic and actual, as legislation to do so is currently is pending. See Innovative Design Protection and Piracy Prevention Act, H.R. 2511, 112th Cong. (2011) (proposing to amend 17 U.S.C. § 1301 by adding “fashion design” to the list of copyright-protected original designs). Legal scholars such as Chris Sprigman and Kal

interpreting the relevant statutes, the Supreme Court has over many decades held that trademark law does not provide a legal mechanism for securing exclusive rights to product features,<sup>20</sup> though not with complete consistency.<sup>21</sup> In its most recent relevant opinion, *Wal-Mart v. Samara Brothers*, the Court stated: “Consumers should not be deprived of the benefits of competition with regard to the utilitarian and [aesthetic] purposes that product design ordinarily serves by a rule of law that facilitates plausible threats of suit against new entrants based upon alleged inherent distinctiveness.”<sup>22</sup> While the Court was on the right track, the marketplace would have been better served with the establishment of a bright-line rule that more clearly embedded the value of unfettered competition with respect to the functional features of consumer goods.

The precise holding was that “in an action for infringement of unregistered trade dress under § 43(a) of the Lanham Act, a product’s design is distinctive, and therefore [protectable], only upon a showing of secondary meaning.”<sup>23</sup> The case thus instantiated a rule that product features were eligible for trade dress protection only if consumers perceived the particular attributes as source-identifying.<sup>24</sup> The opinion noted that “product design almost invariably serves purposes other than source identification,” and

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Raustiala argue that expanding copyright protections or sui generis copyright-like protections would not stimulate enhanced creativity in the garment industry. See Raustiala & Sprigman, *supra* note 5, at 1743–45 (suggesting that enhanced copyright protection “may chill innovation by empowering larger players to use cease and desist letters to quash competition”). However, advocates such as Susan Scafidi assert the contrary. *Hearing*, *supra* note 3, at 84 (statement of Susan Scafidi, Visiting Professor, Fordham Law School, Associate Professor, Southern Methodist University) (arguing that H.R. 5055 is a “forward-looking measure that lays the groundwork for the future development of a robust, creative American fashion industry”); see also Sara R. Ellis, Comment, *Copyrighting Couture: An Examination of Fashion Design Protection and Why the DPPA and IDPPA Are a Step Towards the Solution to Counterfeit Chic*, 78 TENN. L. REV. 163, 189 (2010) (arguing the swiftness at which knockoffs are created in today’s marketplace stifles not only the famous design houses but emerging designers as well).

20. See, e.g., *Traffix Devices*, 532 U.S. at 29 (refusing trademark protection for functional product features); *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 215 (2000) (declining trademark protection for product design without a demonstration of secondary meaning); *Compco Corp.*, 376 U.S. at 238 (declining to impose liability for copying design features unless the design is protected by a design patent); *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 231–32 (1964) (denying trademark protection for an unpatented article when the article’s design features were copied).

21. *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 171–72 (1995) (allowing color to act as a trademark when it had acquired a distinctive meaning); *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 776 (1992) (declining to require secondary meaning when trade dress is inherently distinctive).

22. *Samara Bros.*, 529 U.S. at 213.

23. *Id.* at 216.

24. *Id.* at 212–13.

that consumers are aware that product design is usually not intended to identify the source of a product, but to render it more useful or appealing.<sup>25</sup> But the Court did not go as far as suggesting that product features were presumptively functional.<sup>26</sup>

This left open two possibilities for using Lanham Act powers to obtain enforceable monopolies in product design features. First, obviously, the unregistered product features could be proven nonfunctional,<sup>27</sup> and then shown to have acquired distinctiveness, with secondary meaning linking the features to the source of the good within consumers' consciousness.<sup>28</sup>

Second, if demonstrably qualifying, they could be individually registered as trademarks and imbued with the presumption of validity that registration on the principal registry provides.<sup>29</sup> An alternative determination that the product features were functional would preclude registration, as would a finding that the product features were "merely descriptive."<sup>30</sup>

The availability of these alternatives undermines the foundational rationale of the *Wal-Mart v. Samara Brothers* holding, which was the preservation of "the benefits of competition with regard to the utilitarian and [aesthetic] purposes that product design ordinarily serves."<sup>31</sup> This principle ought to have been articulated more definitively: Consumers should not be deprived of the benefits of competition with regard to utilitarian or aesthetic product design attributes by trademark law, period.

A dozen years ago Glynn Lunney brilliantly explained why trade dress should not be treated like a trademark,<sup>32</sup> writing:

First, the mere possibility that trade dress can serve a trademark function does not mean that a product feature or

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25. *Id.* at 213.

26. Cf. Symposium, *Panel II: The Global Contours of IP Protection for Trade Dress, Industrial Design, Applied Art, and Product Configuration*, 20 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 783, 829–30 (2010) (positing that after the Court's lack of clarity in *Samara Brothers*, Congress stepped in and "creat[ed] a presumption that all product designs . . . are presumptively functional"). But see *Samara Bros.*, 529 U.S. at 214 (noting in dicta that "[i]f it is true, of course, that the person seeking to exclude new entrants would have to establish the nonfunctionality of the design feature").

27. *Samara Bros.*, 529 U.S. at 214.

28. *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 171–72 (1995).

29. Lanham Act § 7(b), 15 U.S.C. § 1057(b) (2006); U.S. PATENT & TRADEMARK OFFICE, TRADEMARK MANUAL OF EXAMINING PROCEDURE § 1202.02 (7th ed. Oct. 2010).

30. 15 U.S.C. § 1052(e) (2006).

31. *Samara Bros.*, 529 U.S. at 213.

32. Glynn S. Lunney, Jr., *The Trade Dress Emperor's New Clothes: Why Trade Dress Does Not Belong on the Principal Register*, 51 HASTINGS L.J. 1131, 1163–67 (2000). See also Lunney, *supra* note 2, at 477–84, which presaged a significant portion of the Supreme Court's analysis in *Samara Brothers*.



design is serving as a trademark in any given case. Yet, the recognition of trade dress as principal register subject matter encourages the assumption that some aspect of a product or its packaging claimed as trade dress is necessarily serving a trademark function. This assumption is unwarranted, particularly when a party claims a product's features or configuration, rather than its packaging, as trade dress. As the Restatement (Third) of Unfair Competition has recognized, consumers seldom perceive and rely on product configuration or product features as a source of information regarding the product, rather than as an aspect of the product itself. To address this, the common law required proof that consumers were relying on the claimed trade dress to identify a product's source and was careful not to transmute evidence that the plaintiff had made a particular product feature, shape, or configuration popular into proof "that the public demand [was] for the plaintiff's product as such." With the recognition of trade dress as a trademark, this care has largely disappeared. Accepting the pretense that trade dress is a trademark, some courts have extended protection to dress based upon popularity alone, without requiring any proof that consumers were relying on the claimed dress to identify the product's source.

Second, even where trade dress serves an informational role, trade dress ordinarily is not the only means for conveying the relevant information. So long as a producer can properly label her goods and receive protection for her word and symbol trademarks, the producer has alternative means to convey source-related information to consumers. Although a second source for the same information has value, because some inattentive consumers may miss the first, the benefits consumers derive from the second source is sharply less than that of the primary source because the second source simply duplicates information already available.

Third, the assumption that trade dress is a trademark encourages a more property-like enforcement regime, where every technical trespass is actionable, rather than a more deception-based regime, where the focus is on consumer deception over the longer term. When trade dress was protected exclusively under the doctrine of unfair competition, courts recognized that a certain amount of initial confusion was inevitable when a competitor began offering a product that had previously been offered exclusively by one company. Despite this initial confusion, they allowed imitation and competitive entry under the assumption that any initial confusion would work itself out as consumers and merchants became accustomed to the

newly competitive market. Unfortunately, as trademark has lost its deception-based focus, courts have increasingly protected trademarks against minor, often trivial infractions, where the likelihood of any long-term confusion is negligible. With the recognition of trade dress as trademarks, some courts have extended such property-based protection to trade dress as well. Yet, the benefits from such protection are slight, given that the confusion would have resolved itself without the law's intervention in any event.<sup>33</sup>

The presumption that anything can be a trademark, articulated by the Supreme Court in *Qualitex Co. v. Jacobson Products Co.*,<sup>34</sup> is a pernicious one when reflexively applied to product features. It can lure fact finders into rewarding the distributors of popular goods with market monopolies crafted from trademark law misapprehensions. Associations between product features and the source of that product, no matter how strong, never legitimize “protecting” functional attributes under the Lanham Act.<sup>35</sup> But not all judges understand this.

Lower court opinions about the protectability of product features in both trademarks and trade dress were wildly inconsistent before the Supreme Court's *Samara Brothers* holding,<sup>36</sup> and continue to be highly unpredictable.<sup>37</sup> This is not

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33. Lunney, *supra* note 32, at 1163–66 (alteration in original) (footnotes omitted) (quoting *Gum, Inc. v. Gumakers of Am., Inc.*, 136 F.2d 957, 960 (3d Cir. 1943)).

34. See *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 162 (1995) (“The language of the Lanham Act describes that universe in the broadest of terms. It says that trademarks ‘includ[e] any word, name, symbol, or device, or any combination thereof.’ Since human beings might use as a ‘symbol’ or ‘device’ almost anything at all that is capable of carrying meaning, this language, read literally, is not restrictive. The courts and the Patent and Trademark Office have authorized for use as a mark a particular shape (of a Coca Cola bottle), a particular sound (of NBC’s three chimes), and even a particular scent (of plumeria blossoms on sewing thread). If a shape, a sound, and a fragrance can act as symbols why, one might ask, can a color not do the same?” (alteration in original) (citations omitted) (quoting 15 U.S.C. § 1127 (1988))).

35. See *Traffix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 34–35 (2001) (“The Lanham Act . . . does not protect trade dress in a functional design simply because an investment has been made to encourage the public to associate a particular functional feature with a single manufacturer or seller.”).

36. See *Abercrombie & Fitch Stores, Inc. v. Am. Eagle Outfitters, Inc.*, 280 F.3d 619, 636–37 (6th Cir. 2002) (discussing the prior circuit split over what role the customer’s perception of the product should play in determining trade dress protectability); Amy B. Cohen, *Following the Direction of Traffix: Trade Dress Law and Functionality Revisited*, 50 IDEA 593, 628–33 (2010) (noting the confusion surrounding the meaning of functionality both within and between various circuits).

37. Compare *Gen. Motors Corp. v. Keystone Auto. Indus., Inc.*, 453 F.3d 351, 356, 358–59 (6th Cir. 2006) (stating that placeholders on car grilles shaped like car manufacturer’s logos could cause post-sale confusion and, thus, violate the manufacturer’s trademark if the placeholders were visible after the manufacturer’s emblem was affixed to the placeholder), *Fiji Water Co. v. Fiji Mineral Water USA, LLC*, 741 F. Supp. 2d 1165, 1174 (C.D. Cal. 2010)

surprising because the courts fail to employ uniform approaches to crucial concepts, such as distinctiveness, functionality, and the likelihood of confusion.<sup>38</sup>

A number of legal scholars in addition to Lunney have offered cogent critiques of the erratic analytical approaches that judges use to divine and enforce the rights of trademark holders.<sup>39</sup> There is a

(allowing a square bottle shape to be protected as an element of trade dress because Fiji sought “to protect the shape of the bottle together with the aesthetic elements such as the font, the raindrop and the hibiscus flower”), and *Maker’s Mark Distillery, Inc. v. Diageo N. Am., Inc.*, 703 F. Supp. 2d 671, 696–97 (W.D. Ky. 2010) (concluding, based on the possibility of consumer confusion, that a red dripping wax seal was a trademark entitled to protection from use by other liquor companies), with *Specialized Seating, Inc. v. Greenwich Indus., L.P.*, 616 F.3d 722, 726–28 (7th Cir. 2010) (denying trade dress protection because the elements of a chair that the company sought to protect were “the x-frame profile with three cross bars and a slanted back support,” which are functional elements and were not “added to produce a distinctive appearance that would help consumers identify the product’s source”), and *Fuji Kogyo Co. v. Pac. Bay Int’l, Inc.*, 461 F.3d 675, 685–86 (6th Cir. 2006) (holding that the district court did not commit error when it gave “more weight to the utility patents and [the producer’s] admissions than to [the producer’s] witnesses” to determine that the producer’s fishing line guides were not protectable as trade dress).

38. See generally Margreth Barrett, *Consolidating the Diffuse Paths to Trade Dress Functionality: Encountering Traffix on the Way to Sears*, 61 WASH. & LEE L. REV. 79, 94–109 (2004) (analyzing how circuits use different standards to determine functionality); Barton Beebe, *An Empirical Study of the Multifactor Tests for Trademark Infringement*, 94 CALIF. L. REV. 1581, 1622–33, 1639–42 (2006) (analyzing how the different “core factors,” such as the similarity of the marks, the defendant’s intent, the proximity of the goods, the strength of the plaintiff’s mark, and evidence of actual confusion, affect trademark protection); Cohen, *supra* note 36, at 639–50, 688–89 (showing how the various circuit courts have interpreted *Traffix* differently, with some courts applying a narrower test than the test articulated in *Traffix*).

39. See, e.g., Katya Assaf, *Brand Fetishism*, 43 CONN. L. REV. 83, 121–23 (2010) (critiquing the courts’ use of post-sale confusion to limit the ability of consumers to purchase knockoff goods); Robert G. Bone, *Hunting Goodwill: A History of the Concept of Goodwill in Trademark Law*, 86 B.U. L. REV. 547, 616–21 (2006) (attacking the moral and economic policy justifications for prohibiting free riding on another’s goodwill); Graeme B. Dinwoodie & Mark D. Janis, *Lessons from the Trademark Use Debate*, 92 IOWA L. REV. 1703, 1713–14 (2007) (critiquing the trademark use doctrine as being ineffective and advocating more established doctrines such as fair use defenses); Graeme B. Dinwoodie, *The Death of Ontology: A Teleological Approach to Trademark Law*, 84 IOWA L. REV. 611, 731–32 (1999) [hereinafter Dinwoodie, *Death of Ontology*] (proposing that a teleological approach is superior to the current method of determining scope of trade dress protection, which “suggest[s] that functionality is presumed to negate distinctiveness”); Graeme B. Dinwoodie, *What Linguistics Can Do for Trademark Law*, in *TRADE MARKS AND BRANDS* 140, 150–56 (Lionel Bently et al. eds., 2008) (analyzing how linguistic concepts can assist jurists in determining the appropriate level of trademark protection); Stacey L. Dogan & Mark A. Lemley, *A Search-Costs Theory of Limiting Doctrines in Trademark Law*, 97 TRADEMARK REP. 1223, 1244–45 (2007) (arguing that the threshold approach to genericide of trademarks should be replaced with a sliding-scale approach); Stacey L. Dogan & Mark A. Lemley, *Grounding Trademark Law Through Trademark Use*, 98 TRADEMARK REP. 1345, 1367–38 (2008) (explaining that the *Playboy* decision’s reasoning “would impede a whole universe of uses that trademark law allows” because the decision limits information competitors can convey); Stacey L. Dogan & Mark A. Lemley, *Trademarks and Consumer Search Costs on the Internet*, 41 HOUS. L. REV. 777, 814–15 (2004) [hereinafter Dogan & Lemley, *Trademarks and Consumer Search Costs*] (stating courts have expanded the initial interest confusion doctrine to trademarks on webpages despite the doctrine’s “elegant rationale . . . not translat[ing] readily into the online context”); Rochelle

rough consensus among most academics that courts are inclined to overprotect trademarks.<sup>40</sup> In consequence, trademark holders can leverage their marks to obtain competitive advantages that trademark law is not doctrinally intended to confer.

### A. *The Conflation of Copying and Counterfeiting*

One explanation for jurisprudential variability, which is specific to Lanham Act-based protection of product configuration, is the tendency toward analytical conflation of copying with counterfeiting. Counterfeiting is clearly illegal, as well as infringing.<sup>41</sup> It entails wholesale copying of trademarks as well as design features.<sup>42</sup> A perusal of judicial opinions in trademark

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Cooper Dreyfuss, *Reconciling Trademark Rights and Expressive Values: How to Stop Worrying and Learn to Love Ambiguity*, in TRADEMARK LAW AND THEORY 261, 290–92 (Graeme B. Dinwoodie & Mark D. Janis eds., 2008) (“[T]rademark law especially needs . . . a better account of the reasonable consumer.”); Jane C. Ginsburg, *The Author’s Name as a Trademark: A Perverse Perspective on the Moral Right of “Paternity”?*, 23 CARDOZO ARTS & ENT. L.J. 379, 386–89 (2005) (observing, in the context of authorship, that it may be necessary to list the creator of a product on the product’s label to avoid false representations); Mark A. Lemley & Mark McKenna, *Irrelevant Confusion*, 62 STAN. L. REV. 413, 443–46 (2010) (addressing the recent expansion in trademark protection and asserting that there should be a materiality requirement for certain trademark claims); Mark A. Lemley & Mark P. McKenna, *Owning Mark(et)s*, 109 MICH. L. REV. 137, 187–89 (2010) [hereinafter Lemley & McKenna, *Owning Mark(et)s*] (proposing that courts should use a “trademark injury” doctrine to help decide trademark infringement (internal quotation marks omitted)); Jessica Litman, *Breakfast with Batman: The Public Interest in the Advertising Age*, 108 YALE L.J. 1717, 1728–31 (1999) (arguing that, even if the atmospherics associated with trademarks have value, these atmospherics do not justify expansive trademark protection); William McGeeveran, *Rethinking Trademark Fair Use*, 94 IOWA L. REV. 49, 66–71 (2008) (listing the disadvantages of the multifactor likelihood of confusion standard); McKenna, *supra* note 1, at 1896 (exposing how recent trademark law has deviated from its traditional focus of “protect[ing] producers from illegitimate diversions of customers they had worked to attract”); Mark P. McKenna, *Trademark Use and the Problem of Source*, 2009 U. ILL. L. REV. 773, 816–19 (declaring that courts should change their analysis on trademark use to focus on whether the consumer understands the use of the trademark to indicate the source of the good); Lisa P. Ramsey, *Descriptive Trademarks and the First Amendment*, 70 TENN. L. REV. 1095, 1159–64 (2003) (advancing an argument that trademark protection for general descriptive terms of a good is unconstitutional); Rebecca Tushnet, *Gone in Sixty Milliseconds: Trademark Law and Cognitive Science*, 86 TEX. L. REV. 507, 528–29, 564–65 (2008) (disapproving of using cognitive science as a basis for justifying trademark dilution protection).

40. See, e.g., Dogan & Lemley, *Trademarks and Consumer Search Costs*, *supra* note 39, at 802 (arguing that courts have expanded trademark rights by broadening the definition of confusion in the internet context); Lemley & McKenna, *Owning Mark(et)s*, *supra* note 39, at 156 (asserting that the “market preemption and free-riding arguments” employed by courts “have contributed to the expansion of trademark law beyond its traditional conceptual moorings”); McKenna, *supra* note 1, at 1904 (noting the recent shift in trademark protection from requiring that the infringer be in competition with the mark owner to the unpredictable likelihood of confusion factors, which “generally has worked in the mark owner’s favor”).

41. See 15 U.S.C. § 1114(1) (2006) (providing a civil cause of action for trademark infringement when goods or services are counterfeited); 18 U.S.C. § 2320(a)(1) (Supp. II 2009) (criminalizing the use and trafficking of counterfeit goods and services).

42. See 15 U.S.C. § 1127 (2006) (“A counterfeit is a spurious mark which is identical

cases reveals that, conceptually, copying retains a residue of evil, even when it falls far short of counterfeiting.<sup>43</sup>

When acts of copying elicit negative emotional reactions, urges to punish those responsible seem almost instinctive. In the context of advocating for stronger intellectual property protections for the designs of wearable consumer goods, Scott Hemphill and Jeannie Suk concede that knockoffs “disrupt[ed] the ability of the wealthy to distinguish themselves as a group through the signal of fashion.”<sup>44</sup> But Hemphill and Suk appear thoroughly disgusted with this prospect, writing:

At bottom, though, the main reason not to accommodate the lovers of cheap fashion knockoffs is more basic. It is the same reason that we do not have a legal regime that permits people freely to make and sell photocopies of another author’s book and retain the profits. It is the theory of incentives. Obviously, people always want to purchase inexpensive copies of creative works or have them for free. The reason to disallow it is not to deprive them of that benefit but rather to provide creators with an incentive to create. That is no less true in fashion.<sup>45</sup>

“Lovers of cheap fashion knockoffs” are framed by Hemphill and Suk as enemies of creativity who should be consigned to decorating their bodies and lives only with the stylistic palettes they can afford.<sup>46</sup> This view of social justice requires an economic class based aesthetic ordering which regulates the communication of status by commoditizing designs as well as brands. Those who cannot afford elite trademarks must also

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with, or substantially indistinguishable from, a registered mark.” (internal quotation marks omitted)); 18 U.S.C. § 2320(e)(1)(A) (2006) (defining a counterfeit trademark as a mark “that is identical with, or substantially indistinguishable from, a mark registered on the principal register in the United States Patent and Trademark Office and in use”).

43. See, e.g., *Hermès Int’l v. Lederer de Paris Fifth Ave., Inc.*, 219 F.3d 104, 109 (2d Cir. 2000) (“[A] loss occurs when a sophisticated buyer purchases a knockoff and passes it off to the public as the genuine article, thereby confusing the viewing public and achieving the status of owning the genuine article at a knockoff price.”); *Paddington Corp. v. Attiki Imps. & Distribs. Inc.*, 996 F.2d 577, 586–87 (2d Cir. 1993) (acknowledging a finding of bad faith when a company has prior knowledge of another’s trademark and intentionally copies similar trade dress features); *Mastercrafters Clock & Radio Co. v. Vacheron & Constantin-Le Coultre Watches, Inc.*, 221 F.2d 464, 466–67 (2d Cir. 1955) (proclaiming that, when there is a likelihood of confusion, the alleged infringer’s intention to “reap financial benefits from poaching on the reputation” of another becomes relevant in determining whether the copier’s conduct is actionable).

44. C. Scott Hemphill & Jeannie Suk, *The Law, Culture, and Economics of Fashion*, 61 STAN. L. REV. 1147, 1153, 1179 (2009).

45. *Id.* at 1180.

46. See *id.* at 1179 (describing the views of those who want to maintain fashion’s status-signaling effects).

forgo associated styles, cuts, textures, flourishes, and colors.

The basis for the distinction between copying and counterfeiting is partly rooted in the consumer protection goals of trademark law.<sup>47</sup> Protecting consumers from inadvertently purchasing counterfeit goods requires keeping the counterfeit goods out of circulation generally.<sup>48</sup> Keeping counterfeit goods out of distribution channels is understandably seen as a social good.<sup>49</sup> Mark holders can reap the value of their brands, for better or worse, and consumers are able to accurately connect the two.

Preventing competitors from copying the aesthetic attributes of others' products, however, does not benefit most consumers.<sup>50</sup> Rather, barriers to copying impede competition and, therefore, reduce consumer choices.<sup>51</sup> But punishing noncounterfeiting copiers can also be seen as a social good by judges who consider such free riding to be legally wrong.<sup>52</sup>

As a matter of existing trademark law, counterfeiting is actionable; copying unprotectable design features is not, and discerning the difference between the two is straightforward and simple.<sup>53</sup> But the clarity of this important distinction often escapes lower courts. Consumer goods manufacturers convince some jurists that it is unfair for one company to copy the designs of another.<sup>54</sup> In

47. Cf. McKenna, *supra* note 1, at 1860–61, 1896–99 (explaining the shift from traditional trademark principles, which protected producers, to modern trademark principles, which protect consumers by preventing confusion and encouraging “honest competition”).

48. See Steven N. Baker & Matthew Lee Fesak, *Who Cares About the Counterfeiters? How the Fight Against Counterfeiting Has Become an In Rem Process*, 83 ST. JOHN'S L. REV. 735, 762–64 (2009) (“Where counterfeiters are peddling falsely marked goods, the seizure of the counterfeit goods has the effect of immediately stopping this unfair competition. As a consequence, consumers are denied access to illegitimate (and perhaps inferior) sources for the desired product . . .”).

49. See *United States v. Torkington*, 812 F.2d 1347, 1353 n.6 (11th Cir. 1987) (explaining how counterfeit goods may lower the quality of goods produced by the mark owner, which “in turn harms those consumers who wish to purchase higher quality goods”).

50. See *Abercrombie & Fitch, Inc. v. Am. Eagle Outfitters, Inc.*, 280 F.3d 619, 640 (6th Cir. 2002) (endorsing the view that the copying of goods and products “preserves competition, which keeps downward pressure on prices and encourages innovation”).

51. For an impressively comprehensive take on this point, see Lunney, *supra* note 2, at 422–31, where he argues that trademark law accords monopolies to dominant brands, making it economically infeasible for other producers to compete.

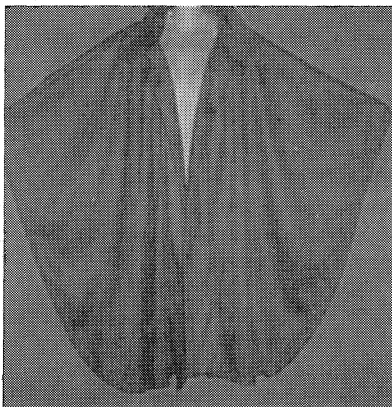
52. See Lemley & McKenna, *Owning Mark(et)s*, *supra* note 39, at 146–52 (asserting that free riding arguments are “actually motivating courts’ decisions in a variety of cases, particularly those at the edges of trademark protection”).

53. See Elizabeth Ferrill & Tina Tanhehco, *Protecting the Material World: The Role of Design Patents in the Fashion Industry*, 12 N.C. J.L. & TECH. 251, 254 (2011) (giving an example of a counterfeit good as “a bag with the exact same design and logo of a high-end designer, like Chanel” and stating that a knockoff is a “close copy . . . using a similar shape, similar print, and similar materials” without the “exact Chanel logo or design”).

54. See, e.g., *Gen. Motors Corp. v. Lanard Toys, Inc.*, 468 F.3d 405, 413–14 (6th Cir. 2006) (determining there was a likelihood of confusion that a toy modeled after a Hummer

response, these judges bowdlerize legitimate copying into an actionable source identification problem<sup>55</sup> and, therefore, doctrinally something that trademark laws can appropriately address.

Any given manufacturer may assert that, because it is the sole or market-dominant source of a particular good, consumers overwhelmingly associate the product with the company, and the purpose of trademark law is to keep this association between the product and its source strong and pure.<sup>56</sup> The claim can seem rather compelling: The manufacturer was the first to have a product on the market, and perhaps spent a significant amount of money advertising and promoting the product to drum up interest from shoppers. For another company to then swoop in with an equivalent product and profitably take advantage of consumer demand that would have never existed without the risk taking and resource investments of the first company seems grossly unfair. Some judges respond to this perceived injustice by declaring the competition's goods to be a trademark or trade dress infringement.<sup>57</sup>



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vehicle was associated with the maker of the actual Hummer vehicle); *Hermès Int'l v. Lederer de Paris Fifth Ave., Inc.*, 219 F.3d 104, 108–09 (2d Cir. 2000) (asserting that knockoffs confuse third parties about the authenticity of the product).

55. See Lunney, *supra* note 2, at 404–08 (arguing that, in the context of trademark protection for knockoff goods, “[t]he proffering of this [point of sale confusion] rationale seems . . . little more than a rote recital, intended to raise the specter of possible confusion and to create some tenuous link to trademark’s deception-based foundations”).

56. See Lemley & McKenna, *Owning Mark(et)s*, *supra* note 39, at 145–46 (criticizing market preemption and free riding bases for finding and punishing trademark infringement).

57. See, e.g., *Bos. Athletic Ass’n v. Sullivan*, 867 F.2d 22, 33–35 (1st Cir. 1989) (creating a rebuttable presumption of the likelihood of confusion when a market entrant intentionally copies an established company’s mark); see also Lemley & McKenna, *Owning Mark(et)s*, *supra* note 39, at 147–48, 148 n.44 (“In spite of the weakness of the confusion arguments, courts in some cases found infringement because they were moved by their belief that the defendants were mere free riders.”).

Here is a fictional illustration of how this can happen: Company A begins selling a large quantity of purple batwing capes, but cannot lawfully monopolize purple batwing capes with copyrights<sup>58</sup> or design patents. When Company B notices the capes' popularity and profitability, it launches its own line of purple batwing capes, using its own distinctive trademarks, which are nothing like the trademarks in use by Company A. The shape and color of the batwing capes, however, are very similar, and Company B's capes are distributed in the same sorts of retail outlets. Company A sees its sales decline, as some prospective customers opt for Company B's offering.

Company A immediately files a request for an injunction under the Lanham Act, asserting that because it has been the dominant (and perhaps only) supplier of purple batwing capes in the marketplace, consumers will incorrectly assume Company A also produced Company B's offering. Company B opposes any restraining order, pointing out that it is using a logo or word mark completely different from the ones deployed by Company A, which is displayed prominently on the labels and hangtags of the capes it produces. Company B explains that it selected the shape and color of its product to be as appealing as possible to consumers. Company B also points out that the shade of purple is commonplace and the shape of the cape was not pioneered by Company A, but rather known and used for decades by a myriad of others.

Company B should prevail. The color and the shape of the purple batwing capes are functional, primarily in an aesthetic sense, endowing the wearer with the quirkily appealing sartorial appearance of an incorrigibly bohemian artist or an extra who has disappeared from the set of a Harry Potter movie. The structure of the cape is useful in a utilitarian manner as well: the wearer's arms are not constricted, and there is plenty of extra fabric to protect a school satchel from the elements or to shelter a pet owl. The correct jurisprudential response to the plaintiff's demand would be to deny the injunction in accordance with the *Sears, Roebuck & Co. v. Stiffel Co.*<sup>59</sup> and *Compco Corp. v. Day-Brite Lighting, Inc.*<sup>60</sup>

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58. See *supra* note 19 and accompanying text (noting that Congress has limited extending copyright protection to nonfunctional product features).

59. See *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 231–33 (1964) (holding that copying may not be enjoined if the product is not patented or copyrighted).

60. See *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 238 (1964) ("But if the design is not entitled to a design patent or other federal statutory protection, then it can be copied at will.").



cases and their more contemporary iterations, *Samara Brothers*<sup>61</sup> and *TraFFix Devices, Inc. v. Marketing Displays, Inc.*<sup>62</sup> This would force Company A to compete with Company B for purple batwing cape customers on factors such as quality and price, or through creative advertising.

Unfortunately, some judges will fail to recognize that cape copying has been conflated instrumentally with cape counterfeiting by the plaintiff. They will be persuaded that Company B's copying could be confusing to consumers, resulting in lost sales, lost market share, or reputational harms, and they will erroneously enjoin the defendant from producing purple batwing capes on Lanham Act grounds. Because Company A was the first, and for a time the only, producer of purple batwing capes, consumers will strongly associate Company A with the product.<sup>63</sup> This is incontrovertible. But trademark law is not supposed to reward initial market entrants with prolonged marketplace exclusivity. It is not supposed to facilitate monopolistic control over goods or services at all.<sup>64</sup> Yet if a judge can be convinced that choosing between two purple batwing cape vendors will likely confuse some reasonably prudent consumers, and the judge does not understand functionality to be a robust limiting principle, she may issue an injunction preventing Company B from "unfairly" entering or remaining in the retail batwing cape market.

Now, consider the same basic hypothetical with a garment substitution. Instead of purple batwing capes, the articles of clothing at issue are white cotton t-shirts. There are many different sources for white cotton t-shirts, so the judge hypothesized above might assume that prospective purchasers more readily check packaging, or labels printed or sewn into shirts, to discern information about the manufacturer and are, therefore, less likely to make erroneous assumptions about source. Confusion would be considered unlikely, and this would mean that trademarks for white cotton t-shirts got less protection than trademarks for purple batwing capes, even though the marks might be far more widely

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61. See *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 208, 216 (2000) (affirming an award for damages together with injunctive relief).

62. See *TraFFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 29, 34–35 (2001) (considering functionality in the context of trade dress claims).

63. See Dinwoodie, *Death of Ontology*, *supra* note 39, at 657, 682 (describing the assimilationist philosophy as an assumption that new designs are regarded as inherently distinctive and source-identifying based on the uniqueness of the product).

64. See *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 164–65 (1995).

advertised and recognizable to consumers.

Doctrinally, it does not make any sense to protect one trademark more than another simply because it is associated with a less commonplace product. Nor should the application of trademark law precepts carve out a trademark-rooted monopoly for any type or style of garment, ever. But when it appears as though something unfair and copying-related is happening that copyright law cannot be stretched to address,<sup>65</sup> trademark law can unfortunately present itself as an instrument of rough justice.

To move from the fictional to the actual, it is important to note that since the decision in *Samara Brothers*, actual product features that have been accorded trademark or trade dress protection, or at least survived summary judgment on a trademark or trade dress claim, include: “the exterior appearance and styling of [a] vehicle design which includes the grille, slanted and raised hood, split windshield, rectangular doors, squared edges, etc.”;<sup>66</sup> engagement and wedding ring designs;<sup>67</sup> and “the overall mottled look” of pressboard.<sup>68</sup>

In *Louis Vuitton Malletier v. Dooney & Bourke, Inc.*, Louis Vuitton claimed an unregistered trademark denoted as “Multicolore,” which consisted of a design plus color and entwined LV initials, displayed in thirty-three colors and printed on a white or black background.<sup>69</sup>

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65. See Jenna Sauers, *How Forever 21 Keeps Getting Away with Designer Knockoffs*, JEZEBEL (Aug. 25, 2011), <http://jezebel.com/5822762/how-forever-21-keeps-getting-away-with-designer-knockoffs> (“Forever 21 continues to copy because copying a dress design—even copying a dress design clearly made first by someone else, even copying a dress with stitch-by-stitch exactness— isn’t in and of itself illegal in the U.S. ‘Because the law has been so reluctant to focus on fashion specifically as an appropriate subject for protection, has been so reluctant to acknowledge fashion as a creative medium, we—and by “we” I mean the legal profession—have been called on to pull and stretch other areas of intellectual property to cover bits of fashion,’ Scafidi explained. ‘So trademark can be stretched to cover the label. Trade dress, a subset of trademark, stretched a little further to cover very iconic designs. Copyright pulled in to cover jewelry and to cover fabric prints, jewelry because it is like a little mini sculpture and not merely a useful article. Occasionally, patent pulled in to protect functional elements, like Velcro, or a zipper. . . . So intellectual property sort of stretches these bits to cover parts of fashion, leaving most of fashion naked and exposed.’”).

66. *Gen. Motors Corp. v. Lanard Toys, Inc.*, 468 F.3d 405, 415 (6th Cir. 2006) (internal quotation marks omitted).

67. *Tacori Enters. v. Rego Mfg.*, No. 1:05cv2241, 2008 WL 4426343, at \*1, \*15–18 (N.D. Ohio Sept. 25, 2008).

68. *Fibermark, Inc. v. Merrimac Paper Co.*, No. 01-CV-11159-DPW, 2003 U.S. Dist. LEXIS 26866, at \*1, \*39–41 (D. Mass. Mar. 11, 2003).

69. *Louis Vuitton Malletier v. Dooney & Bourke, Inc.*, 454 F.3d 108, 112 (2d Cir. 2006).



Louis Vuitton maintained that the polychromatic display itself was an essential part of its trademarked design, and that other handbag manufacturers were barred from creating handbags using Louis Vuitton's synergistic combination of color and defined design.<sup>70</sup> Dooney & Bourke ultimately prevailed, after extended litigation, on the bases that neither a likelihood of confusion nor dilution had been established.<sup>71</sup> That an arguably mundane combination of color and design was found protectable is the unfortunate part of the dispute's trademark law legacy. Although the outcome was correct, a better holding would have been that while Louis Vuitton's trademarks were protectable, the configuration of the marks was aesthetically functional. A symmetrical pattern of brightly colored roman letters is a design feature, not a mark in and of itself.

In *Abercrombie & Fitch Stores, Inc. v. American Eagle Outfitters, Inc.*,<sup>72</sup> plaintiff Abercrombie & Fitch attempted to convince the Sixth Circuit that "1) the designs of the goods themselves, 2) the design of the catalog created to sell its

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70. *Id.* at 115.

71. *Louis Vuitton Malletier v. Dooney & Bourke, Inc.*, 561 F. Supp. 2d 368, 375–77, 389–90, 392–93 (S.D.N.Y. 2008).

72. *Abercrombie & Fitch Stores, Inc. v. Am. Eagle Outfitters, Inc.*, 280 F.3d 619, 635 (6th Cir. 2002) ("In sum, the three things Abercrombie seeks to protect constitute trade dress." (internal quotation marks omitted)).

products by, among other things, cultivating an image it wants consumers to associate with its products, and 3) features of its in-store presentation associated with the sale of its products” all constituted protectable trade dress.<sup>73</sup> Ultimately the court correctly concluded that Abercrombie & Fitch’s clothing designs were not protectable because they were functional, despite their acquired distinctiveness, writing:

Abercrombie’s complaint itself identifies the functions of the design elements it selected: use of the word *performance* convey[s] the image of an active line of . . . clothing; use of the words *authentic*, *genuine brand*, *trademark*, and *since 1892* convey the reliability of the . . . brand; and so on. Use of these elements in combination with one another and with Abercrombie’s trademarks on clothing bearing primary color combinations . . . in connection with solid, plaid and stripe designs and made from all natural cotton, wool and twill fabrics creates reliable rugged and/or athletic casual clothing drawn from a consistent texture, design, and color palette. Were the law to grant Abercrombie protection of these features, the paucity of comparable alternative features that competitors could use to compete in the market for casual clothing would leave competitors at a significant non-reputational competitive disadvantage and would, therefore, prevent effective competition in the market.<sup>74</sup>

When it decided to compete head-to-head with Abercrombie & Fitch, American Eagle Outfitters took a risk that consumers would not find their products equally appealing. As trademark scholars across the philosophical spectrum have noted, the commercial appeal of otherwise identical products can vary greatly depending on the trademarks they carry.<sup>75</sup> American Eagle Outfitters gambled that consumers were interested in certain styles of clothing regardless of the source, and won.

The company’s success at luring customers to buy equivalent products that carried trademarks of lesser prestige obviously hurt Abercrombie & Fitch, but not in a way that is legally compensable.<sup>76</sup> The fact that people were happy to pay less for

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73. *Id.* at 633.

74. *Id.* at 642–43 (alteration in original) (internal quotation marks omitted).

75. *See, e.g.*, Landes & Posner, *supra* note 1, at 274 (noting that trademark protection enables name-brand manufacturers to command higher prices than identical generic goods); Litman, *supra* note 39, at 1725–28 (suggesting consumers trick themselves into buying a more costly product, even if a cheaper product is available, when the trademark they value is attached to the higher priced product).

76. *Abercrombie & Fitch*, 280 F.3d. at 624 (“[T]he clothing designs A & F seeks a monopoly on are functional as a matter of law, and therefore not protectable as trade

certain styles of clothing, even though this meant forgoing Abercrombie & Fitch labels, is not a Lanham Act problem. Yet, American Eagle Outfitters had to endure plausible threats of injunctions and infringement liability.<sup>77</sup> A less financially secure competitor might have folded under the pressure. The outcome of this dispute was ultimately correctly decided, but the analysis would have been faster and the correct outcome more certain if there was a well-understood, consistently applied bright-line rule against protecting product features with trademark law.

### III. TRADEMARKS ARE NOT APPROPRIATELY VESTED WITH SUPER COPYRIGHT OR DESIGN PATENT POWERS

Judges are not the only legal actors who incorrectly attribute trademark powers to product features. In some cases, in an effort to preemptively prevent competition, manufacturers persuade the Patent & Trademark Office to register product features as trademarks.<sup>78</sup> The test for determining whether a product design is functional for purposes of registration is less robust than what a mark holder is required to prove in the context of a trade dress infringement suit.<sup>79</sup> Courts that comprehend this will hold inadvisably registered marks in product features invalid. But given their presumption of validity, these registrations position ignorant judges to erroneously treat trademark law as a super proxy for design patents or copyright law: “proxy” in the sense that it is deployed to monopolize creative attributes despite a lack of constitutional grounding,<sup>80</sup> and “super” in the sense that it potentially has far more power and longevity than either design patents or copyrights would afford. According trademark power to decorative product attributes provides design patent- like protection to aesthetic features of useful objects,<sup>81</sup> and does so

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dress; the A & F Quarterly constitutes non-functional distinctive trade dress, but the American Eagle catalog is not confusingly similar to it, as a matter of law.”).

77. *Id.* at 626, 635.

78. See Lee B. Burgunder, *Trademark Protection of Live Animals: The Bleat Goes On*, 10 J. MARSHALL REV. INTELL. PROP. L. 715, 729 (2011) (emphasizing that in order to required trademark protection for trade dress, the Patent and Trademark Office “must be convinced that protectable elements remain after generic and functional attributes are conceptually removed from the design”).

79. See Cohen, *supra* note 36, at 613–15, 637–39 (providing an example of a court ordering a trademark registration to be cancelled).

80. Congress’s copyright and patent powers come from the Intellectual Property Clause of the U.S. Constitution, while its trademark powers are derived from the Commerce Clause. Bone, *supra* note 39, at 578 n.162.

81. *Design Patent Application Guide*, U.S. PAT. & TRADEMARK OFF., <http://www.uspto.gov/patents/resources/types/designapp.jsp#differ> (last modified Feb. 11, 2011); see Burgunder, *supra* note 78, at 725–26 (warning of the potential for trademark

much faster and far more inexpensively than actually obtaining a design patent would. Trademarks can be registered more cheaply and predictably than design patents can be prosecuted.<sup>82</sup> Unlike a design patent, which expires after fourteen years, a trademark registration potentially lasts forever.<sup>83</sup>

*Unique Sports Products, Inc. v. Ferrari Importing Co.*<sup>84</sup> demonstrates the ongoing folly of allowing registration of color-alone trademarks, contrary to *Qualitex*.<sup>85</sup> Color is a product feature, and color-alone trademarks hamper competition.<sup>86</sup> Unique Sports Products has a trademark-contrived, legally enforceable monopoly in light blue tennis racket grip tape.<sup>87</sup> Light blue is a popular color with consumers.<sup>88</sup> Unique's registered mark in the color means that competitors are unable to compete for consumers with this color preference.<sup>89</sup> So consumers have fewer

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law to interfere with the monopolistic goals of design patents when trademarks protect "unpatented useful attributes").

82. See David S. Welkowitz, *Trade Dress and Patent—The Dilemma of Confusion*, 30 RUTGERS L.J. 289, 294–95 (1999) (recognizing that submission of design patent applications requires considerable expense, time, and expertise).

83. Compare 15 U.S.C. § 1058(a) (2006) (providing that trademark registration lasts for a period of ten years), and 15 U.S.C. § 1059(a) (2006) (permitting trademark registration renewal at the end of each successive ten-year registration period), with 35 U.S.C. § 173 (2006) (limiting design patent protection to fourteen years).

84. *Unique Sports Prods., Inc. v. Ferrari Importing Co.*, No. 1:09-CV-660-TWT, 2011 WL 284442, at \*5 (N.D. Ga. Jan. 24, 2011). In this color-alone trademark infringement case, the district court found some evidence that the light blue overwrap grip for tennis rackets was distinctive of "Tournia Grip" overwrap grip sold by Unique Sports Products, Inc. However, the court held that Ferrari Importing Co. did not violate the final order enjoining it from selling light blue overwrap grip with speckles and chamois texture because Ferrari sold light blue overwrap grip *without* speckles and chamois texture. *Id.* at \*7–8.

85. See *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 158, 162–63 (1995) ("[A] product's color is unlike fanciful, arbitrary, or suggestive words or designs, which almost automatically tell a customer that they refer to a brand." (internal quotation marks omitted)); Ann Bartow, *The True Colors of Trademark Law: Greenlighting a Red Tide of Anti Competition Blues*, 97 KY. L.J. 263, 266–67 (2008–2009) (opining that the majority of people do not view colors alone as "independent source identifiers" and color-alone marks are "simply unable to perform as inherently distinctive trademarks").

86. See Paul R. Morico, *Protecting Color Per Se in the Wake of Qualitex v. Jacobson*, 77 J. PAT. & TRADEMARK OFF. SOC'Y 571, 580 (1995) ("The biggest barrier to acquiring trademark rights in a color mark . . . may be the perceived existence of a competitive need for the color.").

87. See *Unique Sports Prods.*, 2011 WL 284442, at \*1 (noting that Unique Sports Products received a federal trademark for the light blue color featured on the Tournia Grip products in 2001 and later negotiated a settlement that resulted in a consented court order enjoining Ferrari Importing Co. from using the specified shade of light blue color).

88. *Id.* at \*3.

89. *Id.* at \*1, \*6 (discussing the inability of competitors to use the light blue color for overwrap grip because such use violated Unique Sports Products, Inc.'s registered trademark); see 15 U.S.C. § 1114(1) (2006) (providing that any person who copies a registered mark without the permission of the registrant is subject to liability in a civil action).

choices. They may have to forgo tape that works better, or tape that is cheaper, to obtain the aesthetic statement they prefer. Or vice versa. Because Unique is the only company that can manufacture and distribute racket grip tape in that color, there is a strong association between light blue racket grip tape and the company. But that association is not properly protected by trademark law.

Copying is most meaningful as a copyright law construct. Making identical copies is literal copying, while copying portions of someone else's creation may result in a second work that is substantially similar to the first. But some unauthorized copying may be noninfringing because it is insubstantial, it is fair use, or the attributes being copied are not susceptible to copyright protection.<sup>90</sup>

Copyright protections vest automatically and last a very long time,<sup>91</sup> but are not always available for functional items,<sup>92</sup> and even when they are, the protections may be very thin.<sup>93</sup> Convincing a court that two similar items are likely to cause confusion to consumers is probably a lot easier than establishing copyright infringement rooted in a claim of substantial similarity.<sup>94</sup> The uncopyrightability of acts and ideas creates a lot of latitude for creative overlapping.

In addition, the scope of trademark law's fair use doctrine is much more circumscribed than that of copyright law, making

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90. 17 U.S.C. §§ 102(b), 107 (2006) (providing that fair use of a copyrighted work is not infringement and that copyright protection does not extend to "any idea, procedure, process, system, method of operation, concept, principle, or discovery"); see also William F. Patry & Shira Perlmutter, *Fair Use Misconstrued: Profit, Presumptions, and Parody*, 11 CARDOZO ARTS & ENT. L.J. 667, 698 (1993) ("There is no infringement if the copying involves only [unprotectable] elements, such as ideas, processes or facts, or if only insubstantial similarities exist between the expression of the two works." (footnote omitted)).

91. See 17 U.S.C. § 302(a) (2006) (providing that a copyright in a work subsists from its creation and endures for the "life of the author and 70 years after the author's death").

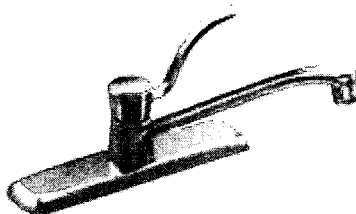
92. See, e.g., *Brandir Int'l, Inc. v. Cascade Pac. Lumber Co.*, 834 F.2d 1142, 1146–48 (2d Cir. 1987) (holding that the "Ribbon" rack was not copyrightable because its form and function were "inextricably intertwined" and its "ultimate design [was] as much the result of utilitarian pressures as aesthetic choices"); *Carol Barnhart Inc. v. Econ. Cover Corp.*, 773 F.2d 411, 418 (2d Cir. 1985) (holding that the Barnhart forms were not copyrightable since the artistic features were inseparable from the forms' use as utilitarian articles).

93. See *Express, LLC v. Fetish Grp., Inc.*, 424 F. Supp. 2d 1211, 1226–27 (C.D. Cal. 2006) (providing for thin copyright protection for "virtually identical copying" when a minimum amount of creativity exists beyond the simple combination of elements).

94. *Compare* *Dall. Cowboys Football Club, Ltd. v. Am.'s Team Props., Inc.*, 616 F. Supp. 2d 622, 632 (N.D. Tex. 2009) (describing the likelihood of confusion test, which allows the court to consider any relevant factor to determine whether there is "more than a mere possibility of confusion"), *with* *Express*, 424 F. Supp. 2d at 1228 (describing the test for determining substantial similarity as a two-part test consisting of both an extrinsic test and an intrinsic test).

enjoining unauthorized uses simpler and more powerful.<sup>95</sup> Though both trademark and copyright law tolerate secondhand sales,<sup>96</sup> it is hard to think of trademark law homologues to activities such as time shifting or making a backup copy.

For an example of a case in which trademark law functioned quite transparently as a super copyright and/or design patent power, consider *Kohler Co. v. Moen Inc.*<sup>97</sup> Moen manufactures kitchen faucets and has obtained federal trademark registrations on several of them, including the one below, which it calls part of its “Legend” series.<sup>98</sup>



Another plumbing fixture company, Kohler, likely noticed that this shape was popular with consumers and wanted to market a competing faucet that made a very similar aesthetic impression.<sup>99</sup> So Kohler opposed Moen’s application to trademark the shape of the faucet but was unsuccessful.<sup>100</sup> The case was decided before *Samara Brothers* and *TrafFix Devices*, but the arguments that allowed Moen to prevail are still made, and sometimes prevail, even today.<sup>101</sup> The court explicitly endorsed

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95. See McGeveran, *supra* note 39, at 79, 120–21 (noting that trademark fair use facilitates expressive uses of trademarks but not competitive commercial uses likely to cause confusion).

96. See David W. Barnes, *Free-Riders and Trademark Law’s First Sale Rule*, 27 SANTA CLARA COMPUTER & HIGH TECH. L.J. 457, 461 (2011) (discussing the application of the first sale doctrine to trademarks, copyrights, and patents).

97. *Kohler Co. v. Moen Inc.*, 12 F.3d 632, 633 (7th Cir. 1993) (considering whether the definition of trademark excludes trademark protection of product configurations).

98. *Id.*

99. See *id.* (conveying that a study of licensed plumbers found that 82% identified the faucet and 83% identified the handle as a Moen product); Brief for Petitioner–Appellant at 5–6, *Kohler*, 12 F.3d 632 (No. 92-2350), 1992 WL 12124137 at \*5–6 (arguing that allowing copying would serve the public interest as long as the competitor’s product was marked with a distinguishing trademark).

100. *Kohler*, 12 F.3d at 633.

101. See Complaint at 19–20, *Sport Helmets, Inc. v. New Balance Athletic Shoe, Inc.*, No. 1:10-CV-10179-RGS (D. Mass. Feb. 5, 2010) (arguing that the Cascade lacrosse helmet design configuration is distinctive and the consuming public associates the design with Cascade). Another example of a design configuration trademark infringement claim



the view that “protecting” the faucet design benefitted consumers, stating: “Innovation in product design and marketing for the purpose of enhancing producer identity reduces the costs to consumers of informing themselves about the product source so that they can either continue purchasing the products from particular producers or avoid the products from those producers altogether.”<sup>102</sup> In other words, the court stated that because Moen was first on the market with that particular faucet configuration, consumers associate the product with Moen, and trademark law appropriately preserves that connection by fencing out the confusingly similar faucets of competitors like Kohler. That Kohler plumbing fixtures might be cheaper, better made, or preferable to consumers on any other basis did not give Kohler the right to make faucets in the same style as Moen’s Legend, or give consumers the ability to buy them.

The court also wrote that “trademark protection is relatively weak because it precludes competitors only from using marks that are likely to confuse or deceive the public.”<sup>103</sup> This relative weakness probably came as a surprise to Kohler. Because the faucet itself is a registered mark, Kohler cannot even today use the design without infringing the mark. While copyright protection for this faucet as a sculptural work is thin, if it exists at all, and as an award of a design patent would have expired years ago, Moen’s trademark is potentially perpetual.

#### A. *Noncounterfeit Knockoffs*

When popular aesthetic features are replicated by a competitor, these copies are often called knockoffs,<sup>104</sup> but

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was brought by Gibson Guitar Corp. and involved a registered trademark on a signature “Les Paul” single cutaway guitar body design. *Gibson Guitar Corp. v. Paul Reed Smith Guitars, LP*, 325 F. Supp. 2d 841, 843 (M.D. Tenn. 2004), *rev’d in part, vacated in part*, 423 F.3d 539 (6th Cir. 2005). The district court held that Paul Reed Smith Guitar’s PRS Singlecut version was in violation of Gibson’s trademark and enjoined Paul Reed from manufacturing, selling, or distributing the PRS Singlecut guitar. *Id.* at 852, 855. However, on appeal, the Sixth Circuit held that there was “no basis on which Gibson can show [consumer] confusion that would demonstrate trademark infringement in violation of the Lanham Act” and vacated the injunction against Paul Reed. *Gibson Guitar Corp. v. Paul Reed Smith Guitars, LP*, 423 F.3d 539, 553 (6th Cir. 2005). In his dissent, Justice Kennedy stated that if it were found that the shape of Gibson’s guitar was source-identifying under the circumstances, then Gibson should be entitled to show evidence that the competitor’s mark causes consumer confusion. *Id.* at 555–56 (Kennedy, J., concurring in part and dissenting in part).

102. *Kohler*, 12 F.3d at 643–44.

103. *Id.* at 637.

104. See, e.g., Ferrill & Tanhehco, *supra* note 53, at 254 (noting that knockoff manufacturers mimic elements of original designs, including the shape, print, or materials).

sometimes the term is used synonymously with counterfeit,<sup>105</sup> which muddies important distinctions between the two. Some of this blurring seems intentional and instrumental. The term “knockoff” as used in this Article means a good in which functional product features have been copied but legitimately protectable trademarks have not.<sup>106</sup> If Kohler had copied the Moen design, but unambiguously marketed its Legend-like faucet as a Kohler good, the fixture could have been described as a knockoff under this definition.

Knockoffs that do not sport counterfeit labels are not aimed at deceiving consumers.<sup>107</sup> They are intended to provide a particular design or aesthetic at an affordable price to meet consumer demand for a specific style, rather than for a precise brand.<sup>108</sup> Knockoffs bearing authentic, source-identifying labels are not counterfeit goods.<sup>109</sup> Their production and distribution are not acts of trademark infringement either, unless the design elements copied also constitute trademarks, or serve as protectable aspects of trade dress because they are nonfunctional and source identifying.<sup>110</sup> Yet knockoffs are still sometimes deemed, incorrectly, to run afoul of trademark laws. This hurts the penurious and the poor by reducing competition, and therefore, consumer choices.

Humans have a powerful need to define and express themselves with their possessions.<sup>111</sup> Hemphill and Suk have persuasively argued that many consumers have a profound drive

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105. *Id.*

106. *See* Gen. Motors Corp. v. Phat Cat Carts, Inc., 504 F. Supp. 2d 1278, 1285 (M.D. Fla. 2007) (defining a functional feature of a product as one that is “essential to the use of purpose of the article” or one that “affects the cost or quality of the article,” and providing that a claimant must prove that a product’s design features are primarily nonfunctional for an actionable trade dress infringement claim).

107. *See* Ferrill & Tanhehco, *supra* note 53, at 254 (noting that knockoffs, unlike counterfeits, are not sold in an attempt to pass as the original).

108. *See id.* at 267 (discussing how knockoff fashion products can be presented as cheaper alternatives to high-end original designs).

109. *See* Louis Vuitton Malletier v. Dooney & Bourke, Inc., 561 F. Supp. 2d 368, 384–85 (S.D.N.Y. 2008) (holding that the defendant’s prominent “DB” label would not be confused with Louis Vuitton’s “LV” label and did not constitute trademark infringement).

110. 15 U.S.C. § 1114(1) (2006) (prohibiting the placement in commerce of any goods in which a registered trademark has been copied without the consent of the registrant); *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 162 (1995) (providing that trademark law gives producers the exclusive right to use their trademark); *Louis Vuitton Malletier*, 561 F. Supp. 2d at 378 (providing that reproduction of a registered trademark constitutes trademark infringement under the Lanham Act).

111. *See* Barton Beebe, *Intellectual Property Law and the Sumptuary Code*, 123 HARV. L. REV. 809, 819–20 (2010) (discussing the sumptuary code and the fashion process).

to follow trends and be “in fashion.”<sup>112</sup> Some people attach importance to the trademarks of the goods they own.<sup>113</sup> Others, however, are more interested in substance than source.<sup>114</sup> They want to make purchases based on aesthetic appearance, within constraints such as affordability and availability. Allowing trademark law to possess super copyright and design patent powers reduces their options. And inhibiting the availability of affordable knockoff versions of attractive consumer goods makes obtaining counterfeit goods the only way to satiate lusty aesthetic desires on a budget.

1. *Post-Sale Confusion.* While knockoffs do not deceive consumers, they may sometimes confuse or fool third-party observers who either do not have access to the tags, labels, and other marks that are embedded in a product, or do not recognize the marks they are seeing. Jeremy Sheff has described and aptly derided this as “bystander confusion.”<sup>115</sup> The least doctrinally coherent judicial opinions arise when the knockoff goods at issue look like more expensive products in form and appearance but bear unambiguously dissimilar trademarks. Courts will often concede that consumers are not confused about what they are purchasing, but instead express concern that the lesser merchandise enables those in possession to “confuse” observers into thinking they have spent money (or have the money to spend) on expensive goods.<sup>116</sup> Judges who consider these claims actionable generally frame this rationale as post-sale confusion.<sup>117</sup>

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112. Hemphill & Suk, *supra* note 44, at 1158.

113. *Id.* at 1177–78 (noting that some consumers value brand image and authenticity of the original).

114. See Ariel Kaminer, *A Hat So In, It's Got to Be Out*, N.Y. TIMES, July 25, 2010, at NJ1 (discussing the growing popularity of knockoff fedoras); Ruth La Ferla, *Fakes Now Dangle on Arms that Once Sported Brand Names*, N.Y. TIMES, July 9, 2000, at ST3 (noting that some consumers do not care whether their purchases are knockoffs or originals).

115. Jeremy N. Sheff, *Veblen Brands*, MINN. L. REV. (forthcoming 2011) (manuscript at 12), available at [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1798867](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1798867).

116. See, e.g., *Hermès Int'l v. Lederer de Paris Fifth Ave., Inc.*, 219 F.3d 104, 108–09 (2d Cir. 2000) (noting an effect on the public when a buyer passes off a knockoff as the authentic item); *Mastercrafters Clock & Radio Co. v. Vacheron & Constantin-Le Coultre Watches, Inc.*, 221 F.2d 464, 466 (2d Cir. 1955) (concluding that a visitor's likelihood of confusion between a luxury item and a knockoff rendered the trademark infringement claim actionable); Sheff, *supra* note 115 (manuscript at 23–25) (discussing these cases and the post-sale confusion doctrine).

117. See, e.g., *Adidas-Am., Inc. v. Payless Shoesource, Inc.*, 546 F. Supp. 2d 1029, 1057–58 (D. Or. 2008) (declaring that post-sale confusion occurs when someone other than the purchaser confuses the source of the product); *Hermès*, 219 F.3d at 108–09 (identifying post-sale confusion as the possibility that a third party may believe a knockoff to be the genuine article).

This doctrine is used to curtail the aesthetic range of products that can be distributed by discount manufacturers.<sup>118</sup> The confusion abjured in these cases is not consumer confusion about the source of the product at the point of purchase. Instead, a judge will wield trademark law as a weapon to reduce confusion among third parties about the wealth or spending inclinations of consumers with whom they interact.<sup>119</sup>

Back in 1955, the seeds of the modern post-sale confusion doctrine germinated within a fertile judicial abhorrence of illegitimately obtained prestige.<sup>120</sup> A manufacturer of expensive clocks brought a series of trademark actions in state court against a competitor that copied what the manufacturer claimed was a unique and original design.<sup>121</sup> The competitor deployed its own trademark on the faces of the clocks it produced and in advertisements and argued, in a declaratory judgment action in federal court, that the differences between the two products were significant enough to make consumer confusion unlikely.<sup>122</sup> Repulsed by the unabashed copying, the Second Circuit concluded that trademark law dictated that consumers who wanted an expensive looking clock should have to pay for the privilege, holding:

[S]ome customers would buy [the competitor's] cheaper clock for the purpose of acquiring the prestige gained by displaying what many visitors at the customers' homes would regard as a prestigious article. [The competitor's] wrong thus consisted of the fact that such a visitor would be likely to assume that the clock was [the more expensive] clock.<sup>123</sup>

Contemporary courts employing the post-sale confusion doctrine to justify trademark-based action against noncounterfeit knockoffs will usually concede that consumers are not confused about what they are purchasing.<sup>124</sup> Instead, these judges will express concern that knockoff merchandise enables those in possession of knockoffs to “confuse” observers into thinking they

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118. See Sheff, *supra* note 115 (manuscript at 23) (noting that post-sale confusion is used “to prevent the sale of knock-off luxury goods”).

119. For a much richer account, see Sheff, *supra* note 115 (manuscript at 35).

120. See *Mastercrafters*, 221 F.2d at 466–67.

121. *Id.* at 465.

122. See *Mastercrafters Clock & Radio Co. v. Vacheron & Constantin-Le Coultre Watches, Inc.*, 119 F. Supp. 209, 210–12, 215–16 (seeking a declaratory judgment that it was not unfairly competing), *rev'd*, 221 F.2d 466.

123. *Mastercrafters*, 221 F.2d at 466.

124. See, e.g., *Hermès Int'l v. Lederer de Paris Fifth Ave., Inc.*, 219 F.3d 104, 108 (2d Cir. 2000) (acknowledging the lack of evidence for point-of-sale confusion).

have spent money (or have the money to spend) on expensive goods.<sup>125</sup> For example, concerns about post-sale confusion led to a finding of trademark infringement in *Hermès International v. Lederer de Paris Fifth Avenue, Inc.*,<sup>126</sup> even though the defendants did not use the name “Hermès” on their products and openly acknowledged to customers that their products were copies of Hermès designs.<sup>127</sup> The court premised liability on the fact that the defendants had still “attempt[ed] to encourage consumer confusion in the post-sale context” and were therefore incorrectly deemed guilty of trademark infringement.<sup>128</sup>

There is nothing in the Lanham Act, or its legislative history, that expressly accords trademark law the obligation or right to “protect” unwary observers from mistakenly assuming, based on a cursory design inspection, that a handbag carried by another person was manufactured by Hermès if she was actually toting a less expensive knockoff pocketbook. But judicial revulsion at the prospect that third-party observers might incorrectly believe some cheap or lower income person owned an actual Hermès item was enough to vest Hermès designs with super copyright protections channeled through trademark law.

The court asserted in its ruling: “[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.”<sup>129</sup> Precisely what the viewing public loses, if anything, goes unstated. Hermès may have lost sales to a competitor who made a product that some consumers found more attractive in terms of price, quality, or value, but because the purchased bag was neither counterfeit nor the subject of consumer confusion, it is not a compensable wrong under trademark law.

It is not only manufacturers of über-expensive luxury goods who leverage the post-sale confusion doctrine to attain and defend monopolies over aesthetic features. The athletic shoe company Adidas, which uses three diagonal side stripes as a trademark on its footwear, successfully used trademark law to

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125. *Id.* at 109.

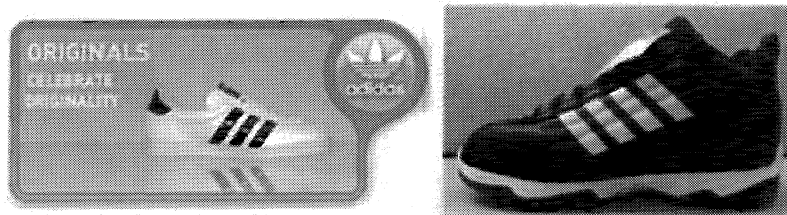
126. *Id.* at 107–08, 110–11 (reversing the district court’s judgment for injunctive relief in favor of the defendant Lederer and remanding the case for further proceedings).

127. *Id.* at 107.

128. *Id.* at 107–09 (alteration in original) (quoting *Hermès Int’l v. Lederer de Paris Fifth Ave.*, 50 F. Supp. 2d 212, 225 (S.D.N.Y. 1999), *aff’d in part, rev’d in part*, 219 F.3d 104).

129. *Id.* at 109.

prevent Payless from selling competing shoes bearing two or four similarly situated stripes.<sup>130</sup> Three stripes is a registered Adidas trademark. Two and four stripes were adopted as decorative attributes by Payless.<sup>131</sup> The Payless shoes did not bear a single Adidas trademark, nor anything that could be even arguably confused with the Adidas word mark.



Nobody who bought their sneakers at Payless thought they were purchasing Adidas athletic shoes. Children who wore the Payless trainers to school knew they were not wearing Adidas, and so did the other students, who might well have pointed this out less than tactfully. But based on the possibility third-party observers might accidentally assume that Payless customers were actually in possession of Adidas products because they did not stop and count the number of side stripes, Payless had to stop using stripes as a design feature.<sup>132</sup>

Adidas secured the right to monopolize three stripes as a source indicator when the company registered three stripes as a trademark.<sup>133</sup> But Adidas should have to tolerate the aesthetic use of other stripe configurations by competitors. Stripes are a long-standing and culturally pervasive design element. When a company chooses to adopt one particular manifestation of a commonplace pre-existing aesthetic feature as a trademark, it assumes the risk that competitors will continue to deploy the decorative feature in alternative configurations.

Payless copied the style of Adidas athletic shoes, gambling that its customers wanted sneakers with stripes on the side even

130. *Adidas-Am., Inc. v. Payless Shoesource, Inc.*, 546 F. Supp. 2d 1029, 1053–54 (D. Or. 2008).

131. *Id.* at 1042.

132. *See id.* at 1057–59 (applying the doctrine of post-sale confusion in Payless's motion for summary judgment); Susan Scafidi, *Adidas v. Payless: 3 Stripes, You're Out*, COUNTERFEIT CHIC (May 8, 2008, 8:44 PM), [http://www.counterfeitchic.com/2008/05/adidas\\_v\\_payless\\_3\\_stripes\\_you.php](http://www.counterfeitchic.com/2008/05/adidas_v_payless_3_stripes_you.php) (reporting a jury finding of infringement against Payless); Dan Slater, *Adidas v. Payless: \$100 Million for Every Stripe*, WALL ST. J. L. BLOG (May 7, 2008, 12:41 PM), <http://blogs.wsj.com/law/2008/05/07/adidas-v-payless-100-million-for-every-stripe-payless-could-pay-more/> (noting a jury award of \$305 million in damages to Adidas as compensation for Payless's infringement).

133. ADIDAS THE MARK WITH THE 3 STRIPES, Registration No. 641,906.

if there were two or four stripes, and the items obviously had not been manufactured by Adidas. The functionality doctrine should have served Payless as well as it did American Eagle Outfitters.<sup>134</sup> But it did not, and the associated judicial opinion is pervaded by an almost visceral contempt for consumers who purchase and wear Payless footwear.<sup>135</sup>

Consider the following marks, which are used by five large athletic shoe companies:



The word marks are very different, but the symbols are somewhat similarly swoosh-esque. All five symbols make comparable stylistic statements when they are sewn onto the sides of athletic shoes, intended to make the products that bear them visually appealing as well as commercially distinctive. In the context of fashion design, Hemphill and Suk describe a related phenomenon they call “flocking,” whereby the producers of goods follow the same trends because consumers like to stay in step with each other.<sup>136</sup> If Payless had adopted two or four stripes as a mark as well as a design feature, its deployment of stripes might have been more favorably viewed as falling within the

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134. See *supra* notes 72–75 and accompanying text.

135. See *Adidas*, 546 F. Supp. 2d at 1060 (“Relatively unsophisticated value-conscious customers are more likely to be attracted to, and confused by imitations of [A]ldidas’ Three-Stripe Mark.”).

136. Hemphill & Suk, *supra* note 44, at 1152.

norms and customs of the athletic shoe industry.<sup>137</sup> The company's strictly aesthetic use of stripes is far less problematic from a likelihood of confusion standpoint,<sup>138</sup> and it absolutely should have been permissible.

The post-sale confusion doctrine facilitates trademark actions against goods that "offer[ ] consumers a cheap knockoff copy of the original manufacturer's more expensive product, thus allowing a buyer to acquire the prestige of owning what appears [based upon design features] to be the more expensive product."<sup>139</sup> It is in obvious conflict with the holdings in the *Sears* and *Compco* cases, which clearly stand for the proposition that product design regulation is the provenance of other intellectual property laws and cannot be monopolized via trademark law.<sup>140</sup>

Judicial deployment of a post-sale confusion doctrine, which makes copying design elements actionable under trademark law when they are uncoupled from consumer confusion, reflects pitched resistance to the idea that copying product design can constitute fair competition. It also indicates an underlying and incontrovertibly incorrect assumption that promoting the exclusivity of the nontrademarkable aesthetic attributes of a

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137. See *Brooks Shoe Mfg. Co. v. Suave Shoe Corp.*, 716 F.2d 854, 858 & n.10 (noting that the Trademark Trials and Appeals Board has repeatedly concluded that shoe manufacturers frequently employ stripe designs on the sides of their athletic shoes).

138. See *In re The Lucky Co.*, 209 U.S.P.Q. (BNA) 422, 423 (T.T.A.B. 1980) (proclaiming that the abundance of similar stripe and bar trademarks in the athletic shoe industry results in marks that "are extremely weak and certainly entitled to only a very narrow and limited scope of protection"); Ann Bartow, *Likelihood of Confusion*, 41 SAN DIEGO L. REV. 721, 760-64 (2004).

139. *Hermès Int'l v. Lederer de Paris Fifth Ave., Inc.*, 219 F.3d 104, 108 (2d Cir. 2000) (defining post-sale confusion); see Anne M. McCarthy, Note, *The Post-Sale Confusion Doctrine: Why the General Public Should Be Included in the Likelihood of Confusion Inquiry*, 67 FORDHAM L. REV. 3337, 3338 (1999) ("[I]n light of the dual aim of trademark law to protect the interests of both the public and the trademark owner, the use of a trademark likely to cause confusion among the general public in a post-sale context should be actionable under federal trademark law."); Ginia Bellafante, A 'Satire' of a Classic Fails to Amuse the August House of Hermès, N.Y. TIMES, Aug. 12, 2003, at B8 ("The action . . . represents newly vigorous steps taken by Hermès in the United States to impede the sale and distribution of not only counterfeit Birkin and Kelly bags (those falsely marked with the Hermès insignia) but also others . . . marketed openly as knockoffs.").

140. See *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 237-38 (1964) (holding that design features that are not otherwise entitled to patent or copyright protection are in the public domain and may be copied at will); *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 230-31 (1964) (explaining that product design monopolies do not extend beyond the expiration of patent protection); Barrett, *supra* note 38, at 143-44 (contending that the *Sears* and *Compco* cases stand for the proposition that trademark and trade dress protection do not extend to unpatented product features that would otherwise be protected by a utility or design patent).



luxury good is an appropriate objective of trademark law.<sup>141</sup> It further suggests a high level of contempt for shoppers whose purchases are driven by the style and design of an object rather than by its brand name. Owning something attractive and stylish that does not bear an elite trademark is derogated via the post-sale confusion doctrine as a disreputable effort to reap from society the perception of good taste based upon the aesthetic appearance of a material possession, rather than based on its trademark, from which social status assessments are more properly made.

Owning items bearing elite trademarks may signal affluence and good taste, but it is not at all apparent that the Lanham Act countenances using trademark rights to “protect” exclusivity in conspicuous consumption, or that trademark law is even necessary to perform this role.<sup>142</sup> One suspects that people who actually care how much someone else paid for a wristwatch easily discern the difference between a Timex and a Rolex, regardless of any similarity in design. The vertical market diffusion of aesthetically pleasing designs should not be cabined by distorted applications of the Lanham Act. Trademark law was never intended to interfere with aesthetic self-expression.<sup>143</sup>

#### IV. RETAILING COUNTERFEIT CONSUMER GOODS SHOULD NOT BE A CRIME

Copyright law scholars have done a good job explaining why copyright infringement should not be criminalized.<sup>144</sup> For similar

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141. See Lunney, *supra* note 2, at 407–08 (advancing the idea that protection of prestige goods represents a “radical shift from trademark’s deception-based foundations”).

142. See *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 767–68 (1992) (“The Lanham Act was intended to make ‘actionable the deceptive and misleading use of marks’ and ‘to protect persons engaged in . . . commerce against unfair competition.’” (quoting 15 U.S.C. § 1127 (2006))); McKenna, *supra* note 1, at 1907–09 (noting that a concern for the prestige value of products represents a marked shift from traditional trademark law); Sheff, *supra* note 115 (manuscript at 25) (questioning whether trademark law should protect “past purchasers of genuine luxury goods who must now abide a lower degree of exclusivity”).

143. See generally Sheff, *supra* note 115 (manuscript at 44–45) (contending that the post-sale confusion doctrine burdens the social expressions of poor consumers who seek to express messages through consumption of knockoff goods).

144. See, e.g., Horace E. Anderson, Jr., “*Criminal Minded?*”: *Mixtape DJs, The Piracy Paradox, and Lessons for the Recording Industry*, 76 TENN. L. REV. 111, 145–52 (2008) (advancing that copyright owners should forgo enforcement of rights against mixtape DJs because of their value-enhancing effects to copyrighted works); Eric Goldman, *A Road to No Ware: The No Electronic Theft Act and Criminal Copyright Infringement*, 82 OR. L. REV. 369, 414–26 (2003) (criticizing the broad scope of the No Electronic Theft Act and its potential to criminalize minor, common, and socially beneficial file-sharing activities); Lydia Pallas Loren, *Digitization, Commodification, Criminalization: The Evolution of*

reasons, the same is true for selling counterfeit products: the economic losses caused by counterfeits are exaggerated,<sup>145</sup> the people who are arrested have not typically benefitted greatly from the counterfeiting,<sup>146</sup> and the deterrent effect of criminalization is highly questionable.<sup>147</sup>

Counterfeiting is an important trademark law issue. It is the act of putting someone else's exact trademark on products that were not produced or authorized by the trademark holder.<sup>148</sup> Courts do not demand evidence of actual confusion in counterfeiting cases.<sup>149</sup> Customers are assumed to have been deceived, even when they are paying below market prices in extremely dodgy circumstances.<sup>150</sup> It is unlikely that someone who purchases a watch marked "Rolex" for ten dollars at a flea market thinks she has procured an actual Rolex if she knows

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*Criminal Copyright Infringement and the Importance of the Willfulness Requirement*, 77 WASH. U. L.Q. 835, 861–64 (1999) (questioning the expansive scope of activities subject to criminal copyright under the No Electronic Theft Act); Geraldine Szott Moohr, *Defining Overcriminalization Through Cost-Benefit Analysis: The Example of Criminal Copyright Laws*, 54 AM. U. L. REV. 783, 801–07 (2005) (discussing the nonmonetary costs associated with the criminalization of copyright laws); Geraldine Szott Moohr, *The Crime of Copyright Infringement: An Inquiry Based on Morality, Harm, and Criminal Theory*, 83 B.U. L. REV. 731, 778–83 (2003) (demonstrating that criminal theory fails to support treating noncommercial copyright infringement as a crime); Jessica Litman, *Sharing and Stealing*, 27 HASTINGS COMM. & ENT. L.J. 1, 17–23 (2004) (discussing the practical problems that have resulted from a narrowed public domain); Alfred C. Yen, *What Federal Gun Control Can Teach Us About the DMCA's Anti-Trafficking Provisions*, 2003 WIS. L. REV. 649, 672–79 (examining the effect of criminal sanctions under the Digital Millennium Copyright Act as a solution to digital copyright infringement).

145. See Daniel Chow, *Counterfeiting as an Externality Imposed by Multinational Companies on Developing Countries*, 51 VA. J. INT'L L. 785, 793–97 (2011) (critiquing the statistics and assumptions multinational companies use to calculate economic losses).

146. See, e.g., *United States v. Yi*, 460 F.3d 623, 627–29 (5th Cir. 2006) (charging illegal immigrants for selling counterfeit goods, items ranging from "sixty-five cents to \$1.25 each"); *Scarborough v. Myles*, 245 F.3d 1299, 1301 (11th Cir. 2001) (per curiam) (finding sufficient probable cause to arrest a street vendor who sold pendants and "cheaply priced goods bearing unauthorized trademarks").

147. See Jonathan M. Barnett, *Shopping for Gucci on Canal Street: Reflections on Status Consumption, Intellectual Property, and the Incentive Thesis*, 91 VA. L. REV. 1381, 1393–95 (2005) (suggesting that the legal means to deter counterfeiting are ineffective due to the difficulty of bringing trade dress claims and the limited expectation of property rights in fashion design).

148. 15 U.S.C. §§ 1114(1), 1127 (2006); 18 U.S.C. § 2320(e)(1) (2006).

149. See *A & H Sportswear Inc. v. Victoria's Secret Stores, Inc.*, 166 F.3d 197, 202–03 (3d Cir. 1999) (explaining that the Lanham Act does not require a finding of actual confusion, but rather a likelihood of confusion); *United States v. Yamin*, 868 F.2d 130, 133 (5th Cir. 1989) (explaining that the Lanham Act only requires a likelihood of confusion).

150. See *United States v. Hon*, 904 F.2d 803, 806–08 (2d Cir. 1990) (concluding it was unnecessary to show actual confusion in a criminal counterfeiting case); *Yamin*, 868 F.2d at 133 (concluding that despite testimony from consumers that they were not deceived as to the authenticity of the goods, the evidence was sufficient to find a "potential to deceive or to cause confusion or mistake").

anything about the reputation of that brand. A consumer purchasing luxury goods from street vendors at astonishing discounts is unlikely to be confused, mistaken, or deceived about whether the goods are counterfeit or legitimate in the trademark sense, but may be unsure about whether the luxury goods are illegitimate in the chain of acquisition context, which is to say, stolen.

But courts do not care if the consumer has been deceived or not. Trademark holders have the legal right to prevent a person from appearing to be wearing an expensive watch such as a Rolex, if she has not purchased, borrowed, inherited, or stolen an actual expensive watch.<sup>151</sup> Courts will always provide a mark holder a cause of action against abject counterfeiters, as the unauthorized use of identical marks on identical goods is the prototypical act of infringement the Lanham Act was enacted to protect against.<sup>152</sup> Adorning goods with a confusingly similar (but nonidentical) mark will also constitute actionable trademark infringement,<sup>153</sup> and uses of such infringing marks are, in most respects, treated like acts of counterfeiting, with the exception that no one goes to jail.<sup>154</sup>

Counterfeiting is a problem for consumers who are defrauded by it, and it can pose serious dangers if counterfeit goods are unfit for whatever purpose the authentic version is

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151. See *Yamin*, 868 F.2d at 132–33 (explaining that section 2320(a) of the Trademark Infringement Act of 1984 protects trademark holders from the “cheapening and dilution” of genuine products by counterfeit goods in the post-sale context).

152. See, e.g., *Levi Strauss & Co. v. Shilon*, 121 F.3d 1309, 1311 n.2, 1311–14 (9th Cir. 1997) (holding a counterfeiter liable under section 1114 of the Lanham Act based on the counterfeiter’s offer to sell Levi Strauss labels to affix to non-Levi Strauss jeans); *Hard Rock Cafe Licensing Corp. v. Concession Servs., Inc.*, 955 F.2d 1143, 1152 n.6 (7th Cir. 1992) (allowing a cause of action to proceed on the basis of contributory liability when a company sold counterfeit shirts at a flea market).

153. See, e.g., *E. & J. Gallo Winery v. Gallo Cattle Co.*, 967 F.2d 1280, 1285–86, 1290 (9th Cir. 1992) (upholding a claim of trademark infringement when one brother named his cheese business “Joseph Gallo” after the family’s wine business registered eleven different “Gallo” trademarks); *SquirtCo v. Seven-Up Co.*, 628 F.2d 1086, 1090–91 (8th Cir. 1980) (affirming the district court’s holding that use of the mark “Quirst” infringed on the established mark “Squirt”).

154. See 15 U.S.C. § 1114(1) (2006) (providing that any person who copies a registered mark without the permission of the registrant is subject to civil liability); 18 U.S.C. § 2320(a) (Supp. II 2009) (providing criminal sanctions for the counterfeiting of goods); *United States v. Foote*, 413 F.3d 1240, 1245–46 (10th Cir. 2005) (adopting the view that the post-sale confusion doctrine also applies to the Trademark Counterfeiting Act); *United States v. Torkington*, 812 F.2d 1347, 1351–52 (11th Cir. 1987) (“In our view, Congress thereby manifested its intent that section 2320(d)(1)(A)(iii) be given the same interpretation as is given the identical language in section 1114(a) of the Lanham Act.”).

intended to perform.<sup>155</sup> But counterfeiting is a boon to consumers who would like to purchase what appear to be authentic goods at deeply discounted prices.<sup>156</sup> Trademark laws are solicitous of the first group, those victimized by counterfeiting, and contemptuous of the second, those benefitting from it.<sup>157</sup> The comparative size of these factions would be interesting to know. My guess is that most people know whether they are purchasing something authentic or counterfeit. Whether this is true for goods purchased via online auctions is a bit murkier.

The legal framework set up to prevent and punish counterfeiting is somewhat severe. Anyone directly associated with a counterfeiting enterprise can be jailed and fined as a matter of criminal law, if convicted.<sup>158</sup> Anyone involved in a fairly removed way with the production or distribution of counterfeits can be held contributorily or vicariously liable for acts of counterfeiting as a matter of civil law.<sup>159</sup> The various burdens of these draconian approaches to discouraging and policing counterfeiting fall disproportionately on poor people.<sup>160</sup>

For a vendor, having a product stolen results in concrete and easily calculable economic losses, and imposes the cost of manufacturing a replacement. Having a product counterfeited may mean a lost sale, and possibly a consumer who is disappointed in the quality of a particular line of goods if she was

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155. See Chow, *supra* note 145, at 800 (noting that consumers who unknowingly purchase counterfeit products are often harmed by substandard products).

156. *Id.* at 796–97.

157. See *United States v. Hon*, 904 F.2d 803, 805–06 (2d Cir. 1990) (explaining that the post-sale confusion doctrine is an appropriate consideration under the Trademark Counterfeiting Act because a trademark owner has a right to control his trademark's reputation); Goldstone & Toren, *supra* note 8, at 12–13 (explaining that in enacting the Trademark Counterfeiting Act, Congress sought to protect “innocent purchasers, ‘who pay for brand-name quality and take home only a fake’” (quoting S. REP. NO. 98-526, at 4 (1984), reprinted in 1984 U.S.C.C.A.N. 3627, 3630)).

158. See 18 U.S.C. § 2320(a) (Supp. II 2009) (providing that any person who intentionally traffics in goods or services and knowingly uses a counterfeit mark is subject to two million dollars in criminal penalties and ten years of imprisonment).

159. See 15 U.S.C. § 1114(1) (2006) (providing that any person who uses a counterfeit trademark in connection with the sale of goods or services is subject to liability in a civil action); *Hard Rock Cafe Licensing Corp. v. Concession Servs., Inc.*, 955 F.2d 1143, 1148–50 (7th Cir. 1992) (describing contributory negligence and vicarious liability theories in the context of trademark infringement).

160. See *United States v. Foote*, 413 F.3d 1240, 1246–47 (10th Cir. 2005) (upholding a lower court's conviction of an individual vendor selling counterfeit merchandise out of his home and, later, his store in a strip mall); U.N. OFFICE ON DRUGS & CRIME, THE GLOBALIZATION OF CRIME: A TRANSNATIONAL ORGANIZED CRIME THREAT, at 179–80, U.N. Sales No. E.10.IV.6 (2010) (“[T]he most common conduit for counterfeit goods are illegal immigrants, working in informal markets . . . [who] often bear the brunt of [counterfeiting] enforcement efforts . . .”).

unaware that she purchased a counterfeit.<sup>161</sup> However, if the consumer intentionally opted for a counterfeit item, she did not actually want to purchase the authentic item, so no one lost a sale, and she knows not to blame the legitimate mark holder for any quality deficiencies.<sup>162</sup> But the mark holder is still unequivocally deemed, by well-established trademark principles, to have been harmed or damaged by such counterfeiting.<sup>163</sup> In this way, trademark law tries to ensure that no one can legally possess the status of a brand they cannot afford.

If someone merely copies the aesthetic style of a bicycle, but not the trademark, this is a copyright or design patent matter only, as explained above. Even when deploying trademark law in error, many judges stop at deeming aesthetic copying a trademark infringement a civil law matter. However, in the context of aesthetically driven consumer goods especially, some courts emphatically do not like to see consumers get a bargain.<sup>164</sup> In consequence, they illegitimately and far too readily treat copying as if it was actual counterfeiting.

Whether counterfeit goods truly harm the market for the authorized goods probably varies greatly from product to product. Sales are obviously lost if a customer incorrectly believes she is purchasing an authentic item. But consumers who cannot afford expensive goods or do not want to pay for them choose counterfeit items knowingly. They procure them from stores, swap meets,

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161. See Goldstone & Toren, *supra* note 8, at 4 (“Selling items bearing counterfeit marks defrauds customers who pay for brand-name merchandise but bring home low quality fakes. It cheats trademark owners out of legitimate sales and tarnishes their reputation when they are blamed for the poor quality of the counterfeit merchandise. It also injures legitimate retailers who must provide refunds to customers who discover that their brand-name goods are in fact counterfeit.”).

162. See Chow, *supra* note 145, at 796–97 (contending that not every sale of a counterfeit good results in a loss to multinational corporations because “most consumers who purchase counterfeits make a knowing and rational choice to do so and are not deceived”).

163. See *United States v. Yamin*, 868 F.2d 130, 132–33 (5th Cir. 1989) (“Section 2320(a) is ‘not just designed for the protection of consumers. [It is] likewise fashioned for the protection of trademarks themselves and for the prevention of the cheapening and dilution of the genuine product.’” (alteration in original) (quoting *United States v. Gantos*, 817 F.2d 41, 43 (8th Cir. 1987))).

164. See *Hermès Int’l v. Lederer de Paris Fifth Ave., Inc.*, 219 F.3d 104, 108–09 (2d Cir. 2000) (stating that cheap knockoff copies of original, more expensive products harm the general public who may believe they are purchasing the genuine article); *Mastercrafters Clock & Radio Co. v. Vacheron & Constantin-Le Coultre Watches, Inc.*, 221 F.2d 464, 466 (2d Cir. 1955) (holding actionable the copying of a clock design because consumers would buy the cheaper knockoff to give the appearance they owned the more prestigious clock); Lunney, *supra* note 2, at 407–08 (asserting that courts preserve the status of “prestige goods” to allow manufacturers to maintain the “artificial scarcity” of those goods).

flea markets, sidewalk vendors, and online auctions. It can be difficult to understand why, beyond an impulse to rote conformity. Counterfeit luxury items are unlikely to be mistaken for the originals by anyone who pays attention to trademarks. One observer snidely noted with respect to imitation Louis Vuitton bags:

We know some people appreciate the “status” of owning a designer bag and flaunting that designer’s name. It’s all about showing how much money you have and how you can buy something so exclusive. So explain to us what you’re gaining when you go and buy a cheap imitation of the bag that’s supposed to give you “status.” You’re carrying something that isn’t authentic, doesn’t impress anyone, and is freely advertising a designer who didn’t even make the bag. You paid \$20 at your local Chinatown and everyone knows it.<sup>165</sup>

Some purchasers must believe that a counterfeit object will fool some people some of the time. But what percentage of purchasers that represents is difficult to ascertain. If a counterfeit item is unlikely to be mistaken for an authentic item, maybe it is purchased simply because the object’s aesthetics are pleasing to the buyer. Unless the trademark was intrinsic to the aesthetics, consumer demand could have been noninfringingly met with a knockoff. Knockoffs are less risky for vendors or anyone associated with the vendors, but they can still be treated as illegal if they are deemed to infringe copyrights by being too similar to a copyrighted item, or to infringe trademarks by being likely to confuse consumers. If acts of infringement are deemed willful, the economic punishments can be severe, but criminal prosecution is unlikely if the copying of copyrighted attributes is not literal, and/or if the defendant trademark is not “identical to or substantially indistinguishable” from the one it is accused of infringing.<sup>166</sup>

#### A. *The Intersection of Counterfeiting and Class*

When poor people can own products with the same design features employed in expensive goods, those goods may become

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165. Mass e-mail from [luv2shop@thebudgetfashionista.com](mailto:luv2shop@thebudgetfashionista.com) to author (excerpt from an e-mail with the subject, “Greetings! Five Things To Throw Out Of Your Closet Right Now”) (on file with author).

166. See Carol Noonan & Jeffery Raskin, *Intellectual Property Crimes*, 38 AM. CRIM. L. REV. 971, 987–88, 993–94 (2001) (noting that proof of identical or substantially similar copying is the “threshold requirement” for criminal sanctions).

tainted by this association in the minds of some observers.<sup>167</sup> Trademarks are a mechanism that can be used to signal status when the exclusivity of aesthetics alone cannot be relied upon. Counterfeiting is punished not only because it can defraud consumers and divert income from trademark holders, but also because it allows poor people to possess and display trademarks intended to be the exclusive purview of the wealthy.<sup>168</sup>

Retail outlets that facilitate peer-to-peer merchandise exchanges may intentionally or unintentionally facilitate the distribution of counterfeit goods. They have been burdened with heavy policing costs by case law endorsing a broad construction of secondary liability for trademark infringement.<sup>169</sup> Vicarious liability and contributory liability are the legal doctrines through which entities are held civilly responsible for acts of trademark infringement carried out by others.<sup>170</sup> These forms of liability have been imposed when an entity profits in some way from the sale of counterfeit goods that it supposedly knows or should know is occurring.<sup>171</sup>

Shopping at flea markets is unlike browsing department stores. It is harder to predict what merchandise will be available on any given day at a flea market, or where it will be located. The provenance of the goods at a flea market may be exceptionally murky, and if your purchase disappoints you in some way, you are unlikely to be able to return it for a full refund. But, at flea markets, there may be a diverse range of objects unavailable at other shopping venues, and the prices are apt to be lower than one might find elsewhere and sometimes negotiable. Flea markets are often staffed and frequented by poor people.

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167. See Hemphill & Suk, *supra* note 44, at 1176 (relating the possibility of the “snob” effect” lowering the demand for luxury goods because of the dilution of the brand (quoting H. Leibenstein, *Bandwagon, Snob, and Veblen Effects in the Theory of Consumers’ Demand*, 64 Q.J. ECON. 183, 189 (1950))).

168. See Goldstone & Toren, *supra* note 8, at 16; Hemphill & Suk, *supra* note 44, at 1175–76.

169. See Dogan & Lemley, *Trademarks and Consumer Search Costs*, *supra* note 39, at 832–34 (arguing against imposing the contributory infringement doctrine on intermediaries).

170. See *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 853–54 (1982) (establishing a contributory liability theory of trademark infringement for third parties who induce or supply products the manufacturer knows or should know infringe another’s trademark); *Hard Rock Cafe Licensing Corp. v. Concession Servs., Inc.*, 955 F.2d 1143, 1150 (7th Cir. 1992) (recognizing the Seventh Circuit’s adoption of a vicarious liability theory of trademark infringement); Ian C. Ballon, *Pinning the Blame in Cyberspace: Towards a Coherent Theory for Imposing Vicarious Copyright, Trademark and Tort Liability for Conduct Occurring over the Internet*, 18 HASTINGS COMM. & ENT. L.J. 729, 752–53 (1996) (summarizing theories of indirect trademark liability).

171. See *Inwood Labs.*, 456 U.S. at 853–54.

Well-attended flea markets incentivize both positive and negative behaviors. They are a mechanism to channel objects that are no longer wanted by some people into the hands of consumers who desire them. This is environmentally and culturally beneficial. Industrious flea market vendors may frequent yard sales to procure merchandise, deriving profits from things that otherwise might be relegated to landfills.

Flea markets typically feature merchandise that is outside more conventional commercial channels because it is used, flawed, or sometimes, counterfeit. Given their decentralized structure, flea markets also may incentivize theft, as they provide a commercial outlet for stolen goods. Both counterfeiting and theft are illegal activities, but the harms they inflict are different.<sup>172</sup>

Criminalizing counterfeiting was supposed to deter counterfeiting by increasing the risks and costs of doing business substantially.<sup>173</sup> In practice, it has meant that minimum and subminimum wage workers weather the risks and absorb the associative costs on behalf of people actually producing and distributing counterfeit goods.<sup>174</sup> It has also given venues like flea markets the ethos of criminal enterprises. People staffing booths at which counterfeit items are for sale can be arrested, handcuffed, and taken to jail.<sup>175</sup> Probable cause for such arrests can include low prices and the presence of counterfeit merchandise

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172. See Goldstone & Toren, *supra* note 8, at 16–17 (contrasting the ability of a property owner to take steps to decrease the risk of theft against the fact that a trademark owner can be victimized without their knowledge from an unforeseeable source).

173. See *id.* at 10–13 (discussing criminal penalties as deterrence for counterfeiters who regarded civil penalties under the Lanham Act as merely the “cost of doing business”).

174. See U.N. OFFICE ON DRUGS & CRIME, *supra* note 160, at 180.

175. Consider, for example, the facts from the *Scarborough* case:

On April 6, 1997, Myles and Hall, wearing plain clothes, went to the Mobile Flea Market accompanied by Jim Holder, a trademark infringement investigator and independent contractor who represents various corporations in sting operations with local police departments. Hall purchased two Nike pendants, one from each of the plaintiffs-appellees Tammy D. Scarborough and Carol C. Davis, employees of Marion Douglas, who owned the booth.

Hall showed the pendants to Holder, who verified that they bore unauthorized trademarks. Hall later averred that he determined that this verification by Holder, in conjunction with Scarborough and Davis’s sale of cheaply priced goods bearing unauthorized trademarks, which were in proximity to other booths selling goods with unauthorized trademarks, was sufficient probable cause for their arrests. Hall subsequently returned to the booth, arrested Scarborough and Davis, and handcuffed them together while he arrested other sellers of counterfeit goods. Scarborough, Davis, and the other arrestees were transported to Mobile Police Headquarters and then to Mobile Metro Jail. Their employer, Douglas, posted bond, and they were released that night.

*Scarborough v. Myles*, 245 F.3d 1299, 1301 (11th Cir. 2001) (per curiam).



at nearby booths.<sup>176</sup> There is no requirement that any particular victim prove any sort of loss beforehand.<sup>177</sup> If convicted, ten-year prison terms can be imposed upon first time offenders, and fines of up to two million dollars.<sup>178</sup> Second convictions are punishable by up to twenty years in prison and five million dollars in fines.<sup>179</sup>

In addition to flea markets, storefront and online retail businesses may facilitate the sale of counterfeit goods, but also vend noncounterfeit merchandise that is used, scratched, dented, or otherwise flawed and, therefore, deeply discounted. Though manufacturers may be happy to take advantage of these outlets when they need to liquidate flawed merchandise or overruns, mark holders may be less enthusiastic about the circulation of technically authentic merchandise that undercuts brand-based pricing regimes.<sup>180</sup>

While policing counterfeiting protects consumers as well as mark holders in some circumstances, the benefits to customers of harsh secondary liability paradigms are arguably outweighed by the disadvantages. Preventing fraud against consumers may be a worthwhile goal, but the expansive vicarious and contributory liability cases like *Fonovisa Inc. v. Cherry Auction, Inc.*<sup>181</sup> indicate

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176. *E.g., id.* at 1302–03 (“Prior to consulting with Holder, Hall determined that he had probable cause to arrest Scarbrough and Davis based on three factors: (1) each had sold him an unlawful Nike pendant, (2) in his opinion, the price of the pendants was below what he would have expected a similar, legitimate item to cost, and (3) numerous other sellers were engaged in selling trademark-infringing items near Scarbrough and Davis.” (footnote omitted)). “Hall purchased a Nike pendant from Scarbrough for \$3 and a gold Nike pendant from Davis for \$11.” *Id.* at 1302 n.5.

177. Goldstone & Toren, *supra* note 8, at 21.

It is also worthwhile to note what the statute does not require. In particular, there is no requirement of loss by any particular victim. The government is not required to prove that the rightful owner of the mark would have made additional sales but for the sales by the counterfeiter, or that the value of its mark was diminished. In the legislative history, Congress noted that the bill was intended to reach all counterfeiting that affects interstate commerce, specifically including “trafficking that is discovered in its incipency, such as before counterfeit merchandise has left the factory.” Thus, the government need not show any unjust enrichment by the counterfeiter, who may actually have lost money on the counterfeiting operations. Nor is it necessary to prove that the product received under the counterfeit mark was somehow faulty and caused any consequential loss or harm to the recipient. Indeed, it is not even necessary to demonstrate that the product received is of lesser quality than the genuine product.

*Id.* at 21 (footnote omitted) (quoting 130 CONG. REC. 31,677 (1984) (Joint Statement on Trademark Counterfeiting Legislation)).

178. 18 U.S.C. § 2320(a)(1) (Supp. II 2009).

179. *Id.*; Goldstone & Toren, *supra* note 8, at 71.

180. See Goldstone & Toren, *supra* note 8, at 16.

181. *Fonovisa, Inc. v. Cherry Auction, Inc.*, 76 F.3d 259, 264–65 (9th Cir. 1996) (discussing contributory liability in the trademark context and vicarious liability in the copyright context).

contempt for poor, working-class people who acquire inexpensive or used goods at flea markets and swap meets. “Indirect” vendors such as online auction platforms cannot ascertain whether an item is authentic or counterfeit because they are never in its physical presence.<sup>182</sup> Rational risk avoidance will motivate them to avoid certain trademarks altogether, out of fear of inaccurately assessing the authenticity of a marked item. In this way, the Lanham Act impedes the ability of people of limited economic means to legitimately acquire expensive, high-status merchandise at reduced prices.

## V. LIBERATING KNOCKOFFS FROM THE LANHAM ACT

The trademark law reasoning for depriving poor and penny-pinching people of noncounterfeit knockoffs is oppressively grounded in flawed and unpersuasive justifications for giving trademark and trade dress protection to product features and configurations. Adopting and enforcing a bright-line rule that aesthetically driven, unregistered design attributes are not monopolizable through trademark law, regardless of whether they have secondary meaning, would liberate knockoffs from the tyranny of Lanham Act misuses. This could be achieved through an amendment to the statute itself: sections 2 and 43(a) of the Lanham Act could be amended to make it clear that aesthetic, as well as utilitarian, functionality precludes both federal registration and common law protection of product features as trademarks or trade dress, regardless of secondary meaning.

Alternatively, the legality of knockoffs under trademark law could be clarified and concretized even without changes to the statute, through robust judicial deployment of a functionality doctrine that explicitly embraces aesthetic functionality as a complete bar to Lanham Act protection regardless of distinctiveness. The multifactored test used by many courts in determining whether a product feature is functional inquires into:

- (1) the existence of a utility patent, expired or unexpired, that involves or describes the functionality of an item’s design element;
- (2) the utilitarian properties of the [item]’s unpatented design elements;
- (3) advertising of the item that touts the utilitarian advantages of the item’s design elements;
- (4) the dearth of, or difficulty in creating,

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182. See, e.g., *Tiffany (NJ) Inc. v. eBay Inc.*, 600 F.3d 93, 98 (2d Cir. 2010) (indicating that eBay cannot physically inspect the goods it sells to determine their authenticity).

alternative designs for the item's purpose; and (5) the effect of the design feature on an item's quality or cost.<sup>183</sup>

This is not well adapted to aesthetic properties when the emphasis is on a product's appearance for its own sake, whether or not the design has some connection to a particular source, due to market domination or saturation advertising.

A better test would analyze each product attribute and categorize it as primarily a mark, or primarily aesthetic in nature, based on how it is integrated into the product. A fact finder, be it judge or jury, would make this determination based on how a reasonable person would interpret the feature's primary nature. Attributes deemed primarily aesthetic would be categorized as functional, and thus available to competitors.

Secondary meaning would be entirely removed from the initial deliberations, and would come into play only after a finding that a particular attribute was primarily functioning as a mark. Design features that were deemed to function primarily as marks would be protectable only upon a showing of secondary meaning, and even then, some marks would receive narrow protection to prevent interference with use of similar designs.

## VI. CONCLUSION

People who purchase discount brand items because that is all they have the money to afford may find it slightly less humiliating to wear or use goods that at least look like more socially acceptable brands. Companies like Wal-Mart and Payless meet the needs of folks who want to follow contemporary styles but cannot afford to worry about trademarks. Trademark law as currently constituted puts this option in constant jeopardy, reducing the choices available to people of limited economic means, and also to people who simply prefer to limit their spending on aesthetically driven consumer goods.

People across economic classes value the ability to own consumer goods that reflect their personal aesthetics. For some, elite trademarks are important parts of the images they want to portray. As Christopher Sprigman and Kal Raustiala have noted, "some consumers appear to treat labels as almost an end in themselves" and are eager to acquire whatever goods a particular designer produces.<sup>184</sup> They may relish exclusivity and the status that they feel owning expensive luxury goods confers. They may

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183. *Specialized Seating, Inc. v. Greenwich Indus., L.P.*, 472 F. Supp. 2d 999, 1011 (N.D. Ill. 2007), *aff'd*, 616 F.3d 722 (7th Cir. 2010).

184. Raustiala & Sprigman, *supra* note 5, at 1215.

also be highly predisposed to intentionally purchasing counterfeit items that are authentic looking. But just as knockoffs are not of interest to these consumers, neither are they a threat, because they do not compromise the trademark value of authentic designer goods to like-minded consumers in either the legal or colloquial sense of the term.

For others, making a visual statement with their clothing and other personal possessions is what is most important. Secondary concerns about price and quality make trademarks important but not critical to their purchasing decisions. They care more about overall appearance, as an aesthetic matter, than about what the labels that possessions carry communicate about economic status. When affordable knockoffs are available, consumers who covet the designs of luxury items do not need to purchase counterfeit items to possess them. In consequence, liberating knockoffs from the Lanham Act actually reduces demand for counterfeits, at least from this second cohort of consumers.

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