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# INSTITUTIONAL PUBLICITY RIGHTS: AN ANALYSIS OF THE MERCHANDISING OF FAMOUS TRADE SYMBOLS

ROBERT C. DENICOLA†

*Consumer fascination with products that are decorated with popular institutional logos has prompted those associated with such symbols to attempt to restrict their unauthorized exploitation. Federal law prohibits such exploitation only if consumers may be confused about the relationship between the product and the organization represented by the trademark. State common law recognizes exclusive rights in certain kinds of intangible property and also protects the publicity rights of well-known figures. Applying the analysis from these cases to trade symbols triggers the appropriate questions but fails to provide any clear answers, in part because the notions of personal privacy that underlie the publicity right are not a factor when considering protection for a well-known institutional trademark. Professor Denicola looks beyond these formulas to the economic realities of the conduct in question and suggests factors relevant to a decision either to limit or to prohibit the unauthorized commercial use of trade marks. Specifically, the Article identifies the conflicting interests and policies that are implicated in such a determination and analyzes the degree to which each would be affected. Professor Denicola's analysis leads to the conclusion that there should exist an exclusive right in the merchandising value of trade symbols. In the process, he offers compelling arguments to show that certain economic factors would provide a practical limitation on the impact of such a right.*

At any sporting goods store one can find plain, unadorned shirts, shorts, and jackets in assorted styles and colors. They are usually near the rear. Closer to the front are items apparently similar in all respects except one—they are prominently decorated with a variety of words and symbols. Some bear the names of athletic equipment manufacturers. Others display the names or insignia of professional sports teams, the name and seal of the state university, or the nickname and mascot of the local high school. They frequently cost significantly more than the items in the rear, yet they sell.<sup>1</sup>

The phenomenon is not limited to the sporting scene. The names of musical groups appear on buttons and bumper stickers as well as the familiar range of apparel.<sup>2</sup> Characters from movies and television shows can be found

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1. See generally Grimes & Battersby, *The Protection of Merchandising Properties*, 69 TRADE-MARK REP. 431 (1979).

2. See, e.g., *Bi-Rite Enters. v. Button Master*, 555 F. Supp. 1188 (S.D.N.Y. 1983) (Bi-Rite is a "manufacturer and distributor of posters, buttons, patches, bumper stickers and other novelty

on a limitless variety of otherwise commonplace merchandise.<sup>3</sup> The insignia of fraternal groups hang from wrists and ears.<sup>4</sup> The names of soft drinks and beers are displayed on products ranging from towels and playing cards to lamps and glassware.<sup>5</sup>

The popularity of such items has been linked to the rise of "pop" art in the 1960s,<sup>6</sup> but this surely confuses cause and effect. The merchandise no doubt serves as a means of self-expression, either identifying the owners as part of the group, or setting them apart as special. To the merchant, however, the source of appeal is largely irrelevant. The important fact is that some people, at least some of the time, are willing to pay a higher price for goods thus ornamented.

To a manufacturer convinced that a few cents worth of lettering or graphics will markedly increase demand, the course may seem clear. Yet even a nonlawyer will quickly fasten upon the central legal inquiry. Must the manufacturer obtain the consent of the entity responsible for the popularity of the name or symbol? May the University of Nebraska, the Dallas Cowboys, or the Coca-Cola Company demand a share of the revenue generated by the use of their names and insignia? The inquiry touches a variety of doctrines. When the appropriated material consists of graphic representations, such as cartoon characters, copyright law may require the consent of the proprietor.<sup>7</sup> If the decoration consists of the name or image of a famous personality, the right of publicity may yield a similar result.<sup>8</sup> In the majority of instances, however, the issue will be determined by the law of trademarks and unfair competition, and it is with these cases that this Article is concerned.

The licensing of "merchandising properties" has become big business.<sup>9</sup>

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items bearing the marks of popular rock music groups."); *Winterland Concessions Co. v. Sileo*, 528 F. Supp. 1201 (N.D. Ill. 1981) (unauthorized sale of clothing bearing names, likenesses, or trademarks of musical groups enjoined); *Rock Tours, Ltd. v. Various John Does*, 507 F. Supp. 63 (N.D. Ala. 1981) (seeking *ex parte* order enjoining unauthorized sale of merchandise at concert sites); *Joel v. Various John Does*, 499 F. Supp. 791 (E.D. Wis. 1980) (same).

3. See, e.g., *Universal City Studios, Inc. v. Kamar Indus.*, 217 U.S.P.Q. (BNA) 1162 (S.D. Tex. 1982) ("E.T."); *Universal City Studios, Inc. v. J.A.R. Sales, Inc.*, 216 U.S.P.Q. (BNA) 679 (C.D. Cal. 1982) ("E.T."); *Universal City Studios, Inc. v. Montgomery Ward & Co.*, 207 U.S.P.Q. (BNA) 852 (N.D. Ill. 1980) (Jaws); *Mego Corp. v. Mattel, Inc.*, 203 U.S.P.Q. (BNA) 377 (S.D.N.Y. 1978) (Battlestar Galactica); *Ideal Toy Corp. v. Kenner Prods. Div. of Gen. Mills Fun Group, Inc.*, 443 F. Supp. 291 (S.D.N.Y. 1977) (Star Wars); *Wyatt Earp Enters., Inc. v. Sackman, Inc.*, 157 F. Supp. 621 (S.D.N.Y. 1958) (Wyatt Earp); *In re Paramount Pictures Corp.*, 213 U.S.P.Q. (BNA) 1111 (Patent Office Trial & App. Bd. 1982) (Mork & Mindy); *American Broadcasting Co. Merchandising v. Button World Mfg.*, 151 U.S.P.Q. (BNA) 361 (Sup. Ct. N.Y. 1966) (Green Hornet).

4. See *Supreme Assembly, Order of Rainbow for Girls v. J.H. Ray Jewelry Co.*, 676 F.2d 1079 (5th Cir. 1982); *International Order of Job's Daughters v. Lindeburg & Co.*, 633 F.2d 912 (9th Cir. 1980), *cert. denied*, 452 U.S. 941 (1981).

5. See *Coca-Cola Co. v. Gemini Rising, Inc.*, 346 F. Supp. 1183, 1190 n.10 (E.D.N.Y. 1972).

6. 1 J. GILSON, *TRADEMARK PROTECTION AND PRACTICE* § 5.05[10] (1982).

7. See *infra* note 72.

8. See *infra* text accompanying notes 101-39.

9. Retail sales of products marketed under merchandising licenses are measured in the billions of dollars. See Gilson, *Introduction and Overview*, in *UNITED STATES TRADEMARK ASS'N, 1980-81 TRADEMARK LAW HANDBOOK* 137-41 (papers delivered at United States Trademark Ass'n Forum, "Trademarks Beyond the Fringe"); Grimes & Battersby, *supra* note 1, at 434-37. Merchandising revenue frequently exceeds broadcast revenue in the television industry, see, e.g.,

Attempts to delimit the rights of those who create merchandisable names or symbols, however, have produced decidedly mixed results. Yet the surprising fact is not the diversity of opinion, but rather the persistent failure to address the central question—is it sensible to recognize a monopoly in the merchandising value of famous trade names and symbols? Trademark “owners” have sometimes lost<sup>10</sup> and sometimes won such cases,<sup>11</sup> but rarely for reasons remotely relevant to this basic issue.<sup>12</sup> Confrontations have instead been resolved by the invocation of doctrines intended for quite different duty. One result has been inconsistency. More significantly, the judicial pronouncements have contributed little toward an appreciation of the economic consequences of the alternative resolutions.

The protection of trade symbols has been founded chiefly on notions of deception and consumer confusion. After examining the limited utility of this traditional model in the context of modern merchandising, this Article considers other doctrinal perspectives urged by parties supporting or opposing the recognition of an exclusive right in the merchandising value of famous trade symbols. Like the confusion rationale, these alternatives offer few substantive insights. The wisdom of the resolutions they propose will be assessed by investigating the economic implications of an exclusive merchandising right.

## I. TRADITIONAL ANALYSIS: THE LIKELIHOOD OF CONFUSION

Organizations intent on controlling the exploitation of their names and

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Warner Bros. v. Gay Toys, Inc., 513 F. Supp. 1066, 1067 (S.D.N.Y.), *rev'd*, 658 F.2d 76 (2d Cir. 1981), and licensing arrangements often are concluded before the release of motion pictures and television series, *see, e.g.*, Mego Corp. v. Mattel, Inc., 203 U.S.P.Q. (BNA) 377, 379 (S.D.N.Y. 1978); Grimes & Battersby, *supra* note 1, at 437.

10. *See, e.g.*, Supreme Assembly, Order of Rainbow for Girls v. J.H. Ray Jewelry Co., 676 F.2d 1079 (5th Cir. 1982) (court rejected allegations of trademark infringement, false designation of origin, and unfair competition); International Order of Job's Daughters v. Lindeburg & Co., 633 F.2d 912 (9th Cir. 1980) (court reversed district court's finding of trademark infringement), *cert. denied*, 452 U.S. 941 (1981); University of Pittsburgh v. Champion Prods., Inc., 566 F. Supp. 711 (W.D. Pa. 1983) (denial of plaintiff's trademark and unfair competition claims); Universal City Studios, Inc. v. Ideal Publishing Corp., 195 U.S.P.Q. (BNA) 761 (S.D.N.Y. 1977) (motion for temporary restraining order and preliminary injunction denied); Girl Scouts of the United States v. Personality Posters Mfg. Co., 304 F. Supp. 1228 (S.D.N.Y. 1969) (denying preliminary injunction). *Cf.* Bi-Rite Enterprises, Inc. v. Button Master, 555 F. Supp. 1188 (S.D.N.Y. 1983) (issuing injunction on other grounds).

11. *See, e.g.*, WSM, Inc. v. Tennessee Sales Co., 709 F.2d 1084 (6th Cir. 1983) (WSM granted plaintiff summary judgment and awarded defendant's profits from use of “Opryland” trademark); Processed Plastic Co. v. Warner Communications, 675 F.2d 852 (7th Cir. 1982) (preliminary injunction); Warner Bros. v. Gay Toys, Inc., 658 F.2d 76 (2d Cir. 1981) (reversing denial of preliminary injunction) (see same case at 724 F.2d 327 (2d Cir. 1983) (affirming permanent injunction)); Boston Professional Hockey Ass'n v. Dallas Cap & Emblem Mfg., Inc., 510 F.2d 1004 (5th Cir. 1975) (permanent injunction), *cert. denied*, 423 U.S. 868, *reh'g denied*, 423 U.S. 991 (1975); National Football League Properties, Inc. v. Wichita Falls Sportswear, Inc., 532 F. Supp. 651 (W.D. Wash. 1982) (plaintiffs entitled to full injunctive relief); Universal City Studios, Inc. v. Montgomery Ward & Co., 207 U.S.P.Q. (BNA) 852 (N.D. Ill. 1980) (granting preliminary injunction); Coca-Cola Co. v. Gemini Rising, Inc., 346 F. Supp. 1183 (E.D.N.Y. 1972) (same).

12. “Subsequent decisions have similarly granted relief against distributors which, without authorization, placed the marks of rock groups on T-shirts . . . . These decisions dispense even with the pretense of an analytic effort to extend trademark relief.” Bi-Rite Enters. v. Button Master, 555 F. Supp. 1188, 1194 (S.D.N.Y. 1983).

symbols have often invoked traditional principles of trademark and unfair competition law. Both trace their history to the common-law action of deceit,<sup>13</sup> and were originally intended to afford relief to a merchant whose trade had been diverted by another's fraudulent use of some identifying mark. If the symbol was sufficiently distinctive, an action for trademark infringement would lie.<sup>14</sup> For other symbols, the common-law action of unfair competition required a showing that purchasers had come to associate the appropriated symbol with the plaintiff.<sup>15</sup> The technical distinctions between the two actions have generally been abandoned,<sup>16</sup> but the issue of consumer confusion remains the touchstone.<sup>17</sup>

The common-law emphasis on confusion has been reinforced by state statutory provisions adopting the rationale.<sup>18</sup> A more significant addition is the federal trademark regime, implemented by the Lanham Act.<sup>19</sup> The Act offers two substantive provisions relating to the protection of trademarks. Federally registered marks are protected under section 32(a) against any unauthorized use that "is likely to cause confusion, or to cause mistake, or to deceive."<sup>20</sup> Section 43(a) protects other identifying symbols when their use by another constitutes a "false designation of origin, or any false description or representation."<sup>21</sup> Under either provision, likelihood of confusion is the central inquiry.<sup>22</sup>

Given the meager analytical tools offered by this traditional confusion model, it is hardly surprising that its initial encounters with the modern merchandising of trade names and trademarks yielded little more than brute rationalizations. The most famous, perhaps infamous, of the modern mer-

13. 1 J. MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 5:2 (1973); McClure, *Trademarks and Unfair Competition: A Critical History of Legal Thought*, 69 TRADE-MARK REP. 305, 311-13 (1979).

14. 1 J. MCCARTHY, *supra* note 13, § 4:3. Cases involving such "technical trademarks" frequently pursued a property mode of analysis. See generally McClure, *supra* note 13, at 313.

15. 1 J. MCCARTHY, *supra* note 13, § 4:3. This source significance traditionally has been labelled "secondary meaning," although typically this identification function is the primary significance of the symbol. The words "Holiday Inn," for example, generally will be understood in their trademark rather than their literal sense.

16. *E.g.*, RESTATEMENT (SECOND) OF TORTS § 717 comment a (Tent. Draft. No. 8, 1963). The sections relating to unfair trade practices were eventually omitted from the RESTATEMENT (SECOND). See RESTATEMENT (SECOND) OF TORTS, Division Nine, Introductory Notes (1979); 2 J. MCCARTHY, *supra* note 13, § 23:30.

17. 2 J. MCCARTHY, *supra* note 13, § 23:1.

18. Forty states have enacted in substance the MODEL STATE TRADEMARK BILL § 11 (1964); eight states have enacted the 1966 Revision of the UNIF. DECEPTIVE TRADE PRACTICES ACT § 2(a)(1)-(3), while four states have enacted the original 1964 Act. U.S. TRADEMARK ASS'N, STATE TRADEMARK STATUTES (1983).

19. 15 U.S.C. §§ 1051-1127 (1982).

20. *Id.* § 1114(1)(a).

21. *Id.* § 1125(a). See generally 1 J. GILSON, *supra* note 6, § 7.02[1].

22. We begin with the oft-repeated observation that the essential question in any case of alleged trademark infringement brought under the Lanham Act or under the law of unfair competition is "whether a substantial number of ordinarily prudent purchasers are likely to be misled or confused as to the source of the different products."

Information Clearing House, Inc. v. Find Magazine, 492 F. Supp. 147, 154 (S.D.N.Y. 1980) (quoting Mushroom Makers, Inc. v. R.G. Barry Corp., 441 F. Supp. 1220, 1225 (S.D.N.Y. 1977), *aff'd*, 580 F.2d 44 (2d Cir. 1978), *cert. denied*, 439 U.S. 1116 (1979)).

chandising cases is *Boston Professional Hockey Association v. Dallas Cap & Emblem Manufacturing*.<sup>23</sup> The National Hockey League and thirteen of its member teams brought suit to enjoin the manufacture and sale of embroidered cloth emblems depicting their well-known insignia. Despite the trial court's finding that defendant's use did not create a likelihood of confusion since the typical purchaser would not likely conclude that the patches were manufactured or sponsored by plaintiffs, the Fifth Circuit enjoined their sale under both common law and sections 32 and 43(a) of the Lanham Act. Its treatment of the confusion requirement was candid, if not altogether coherent:

The confusion question here is conceptually difficult . . . . The confusion or deceit requirement is met by the fact that the defendant duplicated the protected trademarks and sold them to the public knowing that the public would identify them as being the teams' trademarks. The certain knowledge of the buyer that the source and origin of the trademark symbols were in plaintiffs satisfies the requirement of the act. The argument that confusion must be as to the source of the manufacture of the emblem itself is unpersuasive, where the trademark, originated by the team, is the triggering mechanism for the sale of the emblem.<sup>24</sup>

The *Boston Hockey* decision, by equating recognition with confusion, had effectively precluded the unauthorized merchandising of famous trade symbols without the inconvenience of an explicit analysis. Only a grudging admission that the decision "may slightly tilt the trademark laws from the purpose of protecting the public to the protection of the business interests of plaintiffs"<sup>25</sup> announced the emergence of this exclusive merchandising right.

Other opinions similarly exploited the confusion rationale in an effort to protect the merchandising value of well-known trademarks in spite of an absence of evidence indicating a significant danger of deception. Injunctions issued in additional "patches" cases, often on purely conclusory findings of confusion.<sup>26</sup> Musical groups invoked section 43(a) to prohibit the sale of clothing bearing their name or insignia.<sup>27</sup> Consumer recognition of the Rolls-Royce hood ornament and grill was sufficient to enjoin the unauthorized sale

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23. 510 F.2d 1004 (5th Cir.), *cert. denied*, 423 U.S. 868, *reh'g denied*, 423 U.S. 991 (1975). Other courts previously had encountered the merchandising phenomenon. *See, e.g.*, *John Roberts Mfg. Co. v. University of Notre Dame Du Lac*, 258 F.2d 256 (7th Cir. 1958); *Boston Professional Hockey Ass'n v. Reliable Knitting Works, Inc.*, 178 U.S.P.Q. (BNA) 274 (E.D. Wis. 1973); *Wyatt Earp Enters. v. Sackman, Inc.*, 157 F. Supp. 621 (S.D.N.Y. 1958); *American Broadcasting Co. Merchandising v. Button World Mfg., Inc.*, 151 U.S.P.Q. (BNA) 361 (N.Y. Sup. Ct. 1966); *Varsity Sportswear, Inc. v. Princess Fabrics Co.*, 174 Misc. 298, 19 N.Y.S.2d 723 (Sup. Ct. 1940).

24. *Boston Hockey*, 510 F.2d at 1012.

25. *Id.* at 1011.

26. *See, e.g.*, *Boston Professional Hockey Ass'n v. Reliable Knitting Works, Inc.*, 178 U.S.P.Q. (BNA) 274 (E.D. Wis. 1973); *National Football League Properties, Inc. v. Consumer Enters.*, 26 Ill. App. 3d 814, 327 N.E.2d 242, *cert. denied*, 423 U.S. 1018 (1975). *But cf.* *National Football League Properties, Inc. v. Wichita Falls Sportswear, Inc.*, 532 F. Supp. 651 (W.D. Wash. 1982) (survey indicating majority of potential consumers believed football jerseys were authorized by NFL); *National Football League Properties, Inc. v. Dallas Cap & Emblem Mfg., Inc.*, 26 Ill. App. 3d 820, 327 N.E.2d 247 (1975) (same—emblems).

27. *See, e.g.*, *Winterland Concessions Co. v. Sileo*, 528 F. Supp. 1201 (N.D. Ill. 1981); *Winterland Concessions Co. v. Creative Screen Design, Ltd.*, 214 U.S.P.Q. (BNA) 188 (N.D. Ill. 1981);

of automobile customizing kits.<sup>28</sup> On a smaller scale, a similar analysis was employed to protect merchandising rights in toy cars modeled after an automobile appearing in a popular television program.<sup>29</sup> The confusion rationale has been employed to justify injunctions against the use of well-known corporate symbols on posters,<sup>30</sup> clothing,<sup>31</sup> and in motion pictures.<sup>32</sup> The ornamental use of character names and dialogue from television programs and motion pictures has likewise been enjoined.<sup>33</sup>

Such cases, and others like them, support the application of the confusion rationale by a variety of rhetorical devices. One such device is to characterize the relevant consumer group, or some unfortunate subset thereof, as "ignorant," "unthinking," or "credulous."<sup>34</sup> Such presumptive idiots are apparently befuddled by nearly everything, although one must wonder how prolonged a search would be required to identify a flesh and blood consumer who actually believes that the General Electric Corporation would manufacture or sponsor T-shirts on which the G.E. logo and the words "Genital Electric" appear,<sup>35</sup> or who assumes that a coffee mug proclaiming "I Love E.T." is necessarily con-

Joel v. Various John Does, 499 F. Supp. 791 (E.D. Wis. 1980). But see *Bi-Rite Enters. v. Button Master*, 555 F. Supp. 1188 (S.D.N.Y. 1983).

28. See *Rolls-Royce Motors, Ltd. v. A. & A. Fiberglass, Inc.*, 428 F. Supp. 689 (N.D. Ga. 1976); *Rolls-Royce Motors, Ltd. v. Custom Cloud Motors, Inc.*, 190 U.S.P.Q. (BNA) 80 (S.D.N.Y. 1976).

29. See *Warner Bros. v. Gay Toys, Inc.*, 658 F.2d 76 (2d Cir. 1981). Cf. *Processed Plastic Co. v. Warner Communications*, 675 F.2d 852 (7th Cir. 1982) (survey indicating majority of children believed toy car sponsored by television show).

30. See *Coca-Cola Co. v. Gemini Rising, Inc.*, 346 F. Supp. 1183 (E.D.N.Y. 1972). But see *Stop the Olympic Prison v. United States Olympic Comm.*, 489 F. Supp. 1112 (S.D.N.Y. 1980); *Girl Scouts of the United States v. Personality Posters Mfg. Co.*, 304 F. Supp. 1228 (S.D.N.Y. 1969).

31. See *WSM, Inc. v. Tennessee Sales Co.*, 709 F.2d 1084 (6th Cir. 1983); *General Electric Co. v. Alumpa Coal Co.*, 205 U.S.P.Q. (BNA) 1036 (D. Mass. 1979).

The "ornamentation" of a T-shirt can be of a special nature which inherently tells the purchasing public the source of the T-shirt, not the source of manufacture but the secondary source. Thus, the name "New York University" and an illustration of the Hall of Fame, albeit it will serve as ornamentation on a T-shirt will also advise the purchaser that the university is the secondary source of that shirt. . . . Where the shirt is distributed by other than the university the university's name on the shirt will indicate the sponsorship or authorization by the university.

*In re Olin Corp.*, 181 U.S.P.Q. (BNA) 182, 182 (Patent Office Trial & App. Bd. 1973) (dicta). Cf. *Bell & Majestic, Protection and Enforcement of College and University Trademarks*, 10 J. COLL. & U.L. 63 (1983) (recommending trademark registration for university insignia). But see *University of Pittsburgh v. Champion Prods., Inc.*, 566 F. Supp. 711 (W.D. Pa. 1983) (no likelihood of confusion in unauthorized sale of "soft" goods displaying "Pitt" insignia).

32. See *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200 (2d Cir. 1979).

33. See, e.g., *Universal City Studios, Inc. v. Kamar Indus., Inc.*, 217 U.S.P.Q. (BNA) 1162 (S.D. Tex. 1982); *Wyatt Earp Enters. v. Sackman, Inc.*, 157 F. Supp. 621 (S.D.N.Y. 1958); *American Broadcasting Co. Merchandising v. Button World Mfg., Inc.*, 151 U.S.P.Q. (BNA) 361 (N.Y. Sup. Ct. 1966). Cf. *In re Paramount Pictures Corp.*, 213 U.S.P.Q. (BNA) 1111 (Patent Office Trial & App. Bd. 1982) (federal trademark registration granted for "Mork & Mindy").

34. See, e.g., *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 467 F. Supp. 366, 374 (S.D.N.Y.), *aff'd*, 604 F.2d 200 (2d Cir. 1979) ("unthinking," "credulous"); *General Elec. Co. v. Alumpa Coal Co.*, 205 U.S.P.Q. (BNA) 1036, 1037 (D. Mass. 1979) ("ignorant," "unthinking," "credulous") (quoting *Coca-Cola Co. v. Gemini Rising, Inc.*, 346 F. Supp. 1183, 1190 (E.D.N.Y. 1972)).

35. See *General Elec. Co. v. Alumpa Coal Co.*, 205 U.S.P.Q. (BNA) 1036 (D. Mass. 1979).

nected with Universal City Studios, Incorporated.<sup>36</sup>

A more popular device is to raise a presumption of confusion when the defendant has intentionally copied the plaintiff's symbol.<sup>37</sup> For a time the law of unfair competition required a showing of fraudulent intent as a prerequisite to relief. With the realization that the consequences of confusion for both competitors and consumers are largely independent of the defendant's bad faith, the necessity of establishing fraudulent intent was gradually abandoned.<sup>38</sup> Nevertheless, in most instances it remained entirely sensible to consider evidence of intentional copying in assessing likelihood of confusion. With a limitless variety of potential trademarks available to identify a product, why copy or imitate the mark of another if not to pass off the goods as those of the competitor? Intentional copying thus may often indicate that one person familiar with the trade apparently believed that some measure of confusion was probable. In the merchandising context, however, this presumptive nexus between copying and confusion fails. It is no longer reasonable to assume that only a fraudulent intent could motivate the copying of another's name or symbol. If the public desires items decorated with well-known names and trademarks regardless of their origin, the copier may profit without inducing confusion.<sup>39</sup>

The conclusory analysis in *Boston Hockey* did not remain unchallenged. Its central premise that all unauthorized exploitation of recognized trademarks is per se confusing was energetically debated in the literature,<sup>40</sup> and the rationale was rejected in a number of subsequent decisions. The use of famous

36. See *Universal City Studios, Inc. v. Kamar Indus., Inc.*, 217 U.S.P.Q. (BNA) 1162 (S.D. Tex. 1982).

37. See, e.g., *Processed Plastic Co. v. Warner Communications*, 675 F.2d 852 (7th Cir. 1982); *Universal City Studios, Inc. v. Kamar Indus., Inc.*, 217 U.S.P.Q. (BNA) 1162 (S.D. Tex. 1982); *Universal City Studios, Inc. v. Montgomery Ward & Co.*, 207 U.S.P.Q. (BNA) 852 (N.D. Ill. 1980); *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 467 F. Supp. 366 (S.D.N.Y.), *aff'd*, 604 F.2d 200 (2d Cir. 1979); *National Football League Properties, Inc. v. Consumer Enters.*, 26 Ill. App. 3d 814, 327 N.E.2d 242, *cert. denied*, 423 U.S. 1018 (1975).

38. 2 J. MCCARTHY, *supra* note 13, §§ 23:30-23:31.

39. The court stated that:

Ward's adoption of the "Jaws" name "with an intent to capitalize on the plaintiff's] mark permits the Court to draw the strong inference of likelihood of confusion." In our view, the *Jaws* court erred when it assumed that an intent to "capitalize" was enough. In order to raise the inference of a likelihood of confusion, a plaintiff must show that the defendant intended to profit by confusing consumers.

*Toho Co. v. Sears, Roebuck & Co.*, 645 F.2d 788, 791 n.2 (9th Cir. 1981) (quoting *Universal City Studios, Inc. v. Montgomery Ward & Co.*, 207 U.S.P.Q. (BNA) 852, 857 (N.D. Ill. 1980)). See *Pillsbury Co. v. Milky Way Prods., Inc.*, 215 U.S.P.Q. (BNA) 124, 134 (N.D. Ga. 1981).

40. Compare Laff & Saret, *Further Unraveling of Sears-Compco: Of Patches, Paladin and Laurel and Hardy*, 66 TRADE-MARK REP. 427 (1976) (by counsel for Dallas Cap & Emblem Mfg., Inc.) (recognition of new property rights or equitable considerations is better response to "patches cases" than modification of trademark monopoly as in *Boston Hockey*) and Keating, *Patches on the Trademark Law*, 67 TRADE-MARK REP. 315 (1977) (court's holding that confusion existed was artificial; court should have recognized that trademark is intangible personal property capable of being stolen) with Fletcher, *Still More About Patches*, 67 TRADE-MARK REP. 76 (1977) (by counsel for Boston Professional Hockey Ass'n) (court's analysis that patches were deliberate copies of trademark and therefore raised presumption of confusion was correct, traditional approach) and Presta, *The Boston Professional Hockey Association Case and Related Cases—A Step in the Right Direction*, 66 TRADE-MARK REP. 131 (1976) (court's expanded use of confusion doctrine in *Boston Hockey* to protect good will was well-reasoned and correct). Compare Gilson, *supra* note 9, at



trademarks on book and magazine covers,<sup>41</sup> posters,<sup>42</sup> newsletters,<sup>43</sup> and cartoons<sup>44</sup> were all found to present no significant likelihood of confusion. Attempts to invoke section 43(a) to proscribe the sale of clothing bearing the name of a university<sup>45</sup> and buttons and other novelty items displaying the names of musical groups<sup>46</sup> also were rebuffed in the absence of proof establishing confusion of sponsorship. The unlicensed manufacture and sale of jewelry bearing the insignia of a fraternal organization provided the vehicle for the Ninth Circuit's unqualified repudiation of the *Boston Hockey* rationale. Interpreting the Fifth Circuit's opinion as granting the trademark owner "a complete monopoly over its use . . . in commercial merchandising," the court in *International Order of Job's Daughters v. Lindeburg & Co.*<sup>47</sup> rejected any conclusive presumption of confusion:

It is not uncommon for a name or emblem that serves in one context as a collective mark or trademark also to be merchandised for its own intrinsic utility to consumers. We commonly identify ourselves by displaying emblems expressing allegiances. Our jewelry, clothing, and cars are emblazoned with inscriptions showing the organizations we belong to, the schools we attend, the landmarks we have visited, the sports teams we support, the beverages we imbibe. Although these inscriptions frequently include names and emblems that are also used as collective marks or trademarks, it would be naive to conclude that the name or emblem is desired because consumers believe that the product somehow originated with or was sponsored by the organization the name or emblem signifies.<sup>48</sup>

Indeed, the Fifth Circuit previously had attempted to reformulate *Boston Hockey* by interpreting it to require genuine confusion of sponsorship.<sup>49</sup> When faced with a controversy remarkably similar to *Job's Daughters*, the Fifth Circuit in *Supreme Assembly, Order of Rainbow for Girls v. J.H. Ray Jewelry Co.*<sup>50</sup> completed its reorientation by reaching an identical result. The

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137-46 with Finkelstein, *The Decorative View*, in UNITED STATES TRADEMARK ASS'N, 1980-81 TRADEMARK LAW HANDBOOK 147.

41. See, e.g., *Universal City Studios, Inc. v. Ideal Publishing Corp.*, 195 U.S.P.Q. (BNA) 761 (S.D.N.Y. 1977); *General Mills, Inc. v. Henry Regnery Co.*, 421 F. Supp. 359 (N.D. Ill. 1976) (factually distinguished *Boston Hockey*). But see *Selchow & Righter Co. v. McGraw-Hill Book Co.*, 580 F.2d 25 (2d Cir. 1978) (likelihood of confusion of public from use of "Scrabble" sufficient to sustain finding of irreparable injury in motion for preliminary injunction).

42. See *Stop the Olympic Prison v. United States Olympic Comm.*, 489 F. Supp. 1112 (S.D.N.Y. 1980); *Girl Scouts of the United States v. Personality Posters Mfg. Co.*, 304 F. Supp. 1228 (S.D.N.Y. 1969).

43. See *Reddy Communications v. Environmental Action Found., Inc.*, 199 U.S.P.Q. (BNA) 630 (D.D.C. 1977).

44. See *Pillsbury Co. v. Milky Way Prods., Inc.*, 215 U.S.P.Q. (BNA) 124 (N.D. Ga. 1981).

45. *University of Pittsburgh v. Champion Prods., Inc.*, 566 F. Supp. 711 (W.D. Pa. 1983) (specifically rejecting *Boston Hockey*).

46. *Bi-Rite Enters. v. Button Master*, 555 F. Supp. 1188 (S.D.N.Y. 1983).

47. 633 F.2d 912, 918 (9th Cir. 1980), cert. denied, 452 U.S. 941 (1981).

48. *Id.*

49. See *Kentucky Fried Chicken Corp. v. Diversified Packing Corp.*, 549 F.2d 368, 389 (5th Cir. 1977).

50. 676 F.2d 1079 (5th Cir. 1982).

analytic convenience of equating recognition with confusion, however, apparently remains alluring. In *Warner Brothers, Inc. v. Gay Toys, Inc.*<sup>51</sup> the trial court declined to issue a preliminary injunction against the sale of toy cars bearing markings similar to those appearing on an automobile prominent in a popular television program. Rejecting *Boston Hockey*, the court held that a survey indicating children identified the toy with the television show did not establish a likelihood of confusion. The Second Circuit reversed, ordering relief under section 43(a) of the Lanham Act. On remand, the trial court could only emphasize the breadth of the Second Circuit's rationale.<sup>52</sup>

Abandonment of a conclusive presumption of confusion in the merchandising context forces attention on a series of fundamental questions. The most obvious is whether the law should prohibit such commercial exploitation even in the absence of any likelihood of confusion, and it is with this question that the remainder of this Article primarily is concerned. There is also the important subsidiary issue of how the law should respond when the merchandising in a particular instance does indeed create a false impression of sponsorship or approval by the identified institution. There is no clear dichotomy between the ornamental and trademark functions of famous names and symbols. That a recognized mark prominently displayed on an article of manufacture may increase its aesthetic appeal and desirability does not preclude the possibility that it will simultaneously be perceived as an indication of origin or sponsorship. Even decisions specifically rejecting *Boston Hockey* do not dispute that confusion may sometimes accompany such merchandising activities.<sup>53</sup> In the absence of a conclusive presumption of confusion, the inquiry must focus on the specific circumstances of individual appropriations.

The source of consumer perceptions and expectations in merchandising markets is often difficult to discern. Surveys have indicated that in particular instances a significant proportion of the relevant consumer population may indeed infer a direct connection between the ornamented goods and the institutions associated with the appropriated symbols. The National Football League (NFL) consistently has produced evidence indicating that a majority

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51. 513 F. Supp. 1066 (S.D.N.Y.), *rev'd*, 658 F.2d 76 (2d Cir. 1981).

52. In brief, we interpret the Court of Appeals opinion as recognizing the plaintiff's claim to a monopoly which would enable it to profit from the demand for "General Lee" facsimiles created by the success of "The Dukes of Hazzard" show. The Court has accomplished this objective by creating a conclusive presumption that if children are reminded of the "General Lee" by seeing a facsimile thereof, they will assume distribution of the facsimile to have been "sponsored" by plaintiff.

*Warner Bros. v. Gay Toys, Inc.*, 553 F. Supp. 1018, 1021 (S.D.N.Y.), *aff'd*, 724 F.2d 327 (2d Cir. 1983).

53. Our holding does not mean that a name or emblem could not serve simultaneously as a functional component of a product and a trademark. . . . That is, even if the Job's Daughters' name and emblem, when inscribed on Lindeburg's jewelry, served primarily a functional purpose, it is possible that they could serve secondarily as trademarks if the typical customer not only purchased the jewelry for its intrinsic functional use and aesthetic appeal but also inferred from the insignia that the jewelry was produced, sponsored, or endorsed by Job's Daughters.

*International Order of Job's Daughters v. Lindeburg & Co.*, 633 F.2d 912, 919 (9th Cir. 1980), *cert. denied*, 452 U.S. 941 (1981).

of potential consumers believe that emblems and sportswear bearing team names and insignia are sponsored by the NFL,<sup>54</sup> and the phenomenon is not confined to professional sports.<sup>55</sup> The likelihood of confusion may well depend in part on the character of the institution identified by the name or mark. Perhaps we assume more readily that a commercial rather than an educational or other nonprofit entity is actively participating in the exploitation of its identity.<sup>56</sup> Perceptions of business practices, however dim or inaccurate, also may generate assumptions regarding sponsorship.<sup>57</sup> If the NFL successfully establishes a reputation for aggressively marketing its insignia, we may readily assume its sponsorship of book bags marked with the logo of the Dallas Cowboys, yet refrain from an analogous attribution of sponsorship for bags displaying the mascot of the local high school. Other aspects of the transaction may of course exert their influence. One court has suggested that sales occurring at concert sites may be more likely to generate assumptions of sponsorship by the performing musical groups than sales at other locations.<sup>58</sup> Techniques designed to suggest "official" status for unauthorized goods may sometimes achieve the desired end, as may less subtle misrepresentations.<sup>59</sup>

54. See, e.g., *National Football League Properties, Inc. v. Wichita Falls Sportswear, Inc.*, 532 F. Supp. 651 (W.D. Wash. 1982); *National Football League Properties, Inc. v. Dallas Cap & Emblem Mfg., Inc.*, 26 Ill. App. 3d 820, 327 N.E.2d 247 (1975). See generally Atkin, *National Football League Properties: The Formal Licensing Program*, in UNITED STATES TRADEMARK ASS'N, 1980-81 TRADEMARK LAW HANDBOOK 161; Reiner, *Those Unraveling Sports Patches Again—Or, Please Do Not Embroider Without the Survey Evidence*, 67 TRADE-MARK REP. 318 (1977) (by counsel to NFL Properties, Inc.).

55. See, e.g., *Processed Plastic Co. v. Warner Communications*, 675 F.2d 852 (7th Cir. 1982) (Survey indicating majority of children believed toy car sponsored by television show. The children, however, presumably were not the actual purchasers.).

56. Compare *Coca-Cola Co. v. Gemini Rising, Inc.*, 346 F. Supp. 1183 (E.D.N.Y. 1972) (issuing injunction to prevent defendants from printing and selling poster with the "Coca-Cola" trademark modified to read "Enjoy Cocaine" in the familiar script) and *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200 (2d Cir. 1979) (preliminarily enjoining defendants from exhibiting the movie "Debbie Does Dallas," which depicted a woman engaging in various sexual acts while wearing a uniform remarkably similar to Dallas Cowboy Cheerleaders' uniforms) with *Girl Scouts of the United States v. Personality Posters Mfg. Co.*, 304 F. Supp. 1228 (S.D.N.Y. 1969) (Girl Scouts denied preliminary injunction against production of poster depicting pregnant girl dressed in Girl Scout uniform, since no likelihood of confusion concerning source or sponsorship) and *University of Notre Dame Du Lac v. Twentieth Century-Fox Film Corp.*, 22 A.D.2d 452, 256 N.Y.S.2d 301, *aff'd*, 15 N.Y.2d 940, 207 N.E.2d 508, 259 N.Y.S.2d 832 (1965) (denying university an injunction to stop release of book and movie depicting it and its president in unfavorable light, since national readers and viewers would assume events portrayed were fictional and not authorized by university). See *University of Pittsburgh v. Champion Prods., Inc.*, 566 F. Supp. 711 (W.D. Pa. 1983). Cf. *Yale Univ. v. Bennesson*, 147 Conn. 254, 159 A.2d 169 (1960) (no confusion of sponsorship between Yale University and Yale Motor Inn).

57. "Apparently, in this day and age when professional sports teams franchise pennants, teeshirts, helmets, drinking glasses and a wide range of other products, a substantial number of people believe, if not told otherwise, that one cannot conduct an enterprise of this kind without NFL approval." *National Football League v. Governor of the State of Delaware*, 435 F. Supp. 1372, 1381 (D. Del. 1977). See *University of Pittsburgh v. Champion Prods., Inc.*, 566 F. Supp. 711 (W.D. Pa. 1983); Comment, *Trademarks: Protection of Merchandising Properties in Professional Sports*, 21 DUQ. L. REV. 927, 948 (1983).

58. *Bi-Rite Enters. v. Button Master*, 555 F. Supp. 1188, 1195-96 (S.D.N.Y. 1983).

59. See, e.g., *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 203 (2d Cir. 1979) (false advertisement stating film starred former member of plaintiff group); *Kentucky Fried Chicken Corp. v. Diversified Packing Corp.*, 549 F.2d 368, 383 (5th Cir. 1977) (defendant advertised cartoons substantially similar in color and size to plaintiff's cartoons and told potential customers to "Buy Direct and Save"); *Wyatt Earp Enters. v. Sackman, Inc.*, 157 F. Supp.

Whatever the source of our impressions, the institution whose identity has been appropriated can attempt to establish a likelihood of confusion through any of the evidentiary procedures familiar to more traditional trademark litigation. In some proportion of cases the attempt will succeed, and that success raises an additional question.

Triumphant plaintiffs in trademark and unfair competition actions are generally rewarded with injunctive relief.<sup>60</sup> Although monetary damages are also available,<sup>61</sup> the potential for continuing injury and the difficulty of calculating losses occasioned by diverted trade or sullied reputations gives equity considerable reign. If the defendant by chance or design has chosen a trademark that misleads consumers regarding the source of goods or services, an order requiring the defendant to choose again is ordinarily quite sensible. The defendant is free to remain in the market, relying on its own rather than another's reputation.<sup>62</sup> Injunctive relief in the merchandising context, however, has far greater consequences. Unlike a manufacturer required merely to select a different symbol to identify its product, a defendant enjoined from using a well-known insignia on T-shirts or caps is effectively excluded from the market for such products. It can sell to no one, including those who care not the slightest whether their Boston Red Sox cap is licensed or approved. Such prohibitions reserve to the plaintiff an exclusive right to the merchandising value of its symbols despite the absence of any judicial or legislative analysis of the social or moral utility of the resulting monopoly. The outcome rests instead on the often fortuitous circumstance that a particular consumer population is prone to inaccurate assumptions. Confusion may give good cause for relief, but a remedy that excludes others from the market on that rationale alone can only ensure inequity and forestall a direct assessment of the wisdom of a merchandising monopoly.

There is of course an alternative. Qualified injunctions permitting continued use of names or symbols under specified conditions can redress confusion while minimizing anticompetitive consequences. The requirement of a disclaimer is a common example. In the typical infringement action, there is normally little justification for any such elaborate compromise. If an impostor markets cameras under the Kodak mark, no purpose is served by an order permitting the use on condition that the defendant also append a disclaimer of connection with the Eastman Kodak Corporation. There is no competing interest to temper the judicial distaste for confusion and deception, and no rea-

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621, 625 (S.D.N.Y. 1958) (manufacturer who was previously licensed to market play suits modeled after suits worn by television character continued to market similar suits after the licensing agreement expired; boxes containing the play suits were stamped "official outfit").

60. See, e.g., 15 U.S.C. § 1116 (1976); MODEL STATE TRADEMARK BILL § 13 (1964); UNIF. DECEPTIVE TRADE PRACTICES ACT § 3 (1966 Revision). See generally 2 J. MCCARTHY, *supra* note 13, §§ 30:1-30:23.

61. See, e.g., 15 U.S.C. § 1117 (1976); MODEL STATE TRADEMARK BILL § 13 (1964). See generally 2 J. MCCARTHY, *supra* note 13, §§ 30:24-30:31.

62. It may be, however, that the existence of powerful trademarks in particular markets acts as a barrier to entry, excluding those without access to a well-established mark. This is a basic argument often raised by those opposed to broad protection for trade symbols. For an introduction to the conflicting perspectives, see McClure, *supra* note 13, at 305.

son to tolerate residual confusion that could be averted by an unqualified prohibition. Occasionally, however, there *are* such countervailing concerns, and they often have elicited a more flexible response. A simple illustration is the sympathy shown individuals who seek to use their own name in commerce, despite the potential for confusion with a prior user. Although the law has abandoned its former reliance on an unassailable natural right to exploit one's name in trade, the interest is often accommodated through elaborately qualified injunctions, frequently including provisions for disclaimers.<sup>63</sup> Similarly, qualified injunctions have been used to ensure access by competitors to descriptive or generic terms despite their association with a specific producer.<sup>64</sup> The interest of a junior user in retaining good will accumulated through concurrent good faith use of a contested mark is also sometimes sufficient to avert an unconditional prohibition premised on a likelihood of confusion.<sup>65</sup> More closely analogous to the competitive interest implicated in the ornamentation cases is the long-standing refusal to permit the monopolization of "functional" features under the confusion rationale.<sup>66</sup> If the appearance, shape, or other aspect of a product's design becomes associated with a particular manufacturer, a likelihood of confusion may arise if the feature is copied by another. The law recognizes this trademark function by providing remedies analogous to those available for the infringement of marks consisting of words or symbols.<sup>67</sup> An order enjoining the appropriation of a product feature associated by the public with another, however, can undermine the defendant's ability to offer a competitive product when the monopolized element has some peculiar virtue or advantage. The prevailing accommodation permits the appropriation of these functional features subject to a duty to take reasonable steps to minimize potential confusion.<sup>68</sup> Disclaimers of connection or association are often prescribed.<sup>69</sup>

Modern trademark and unfair competition doctrine is marked by an increased sensitivity to the competing interests implicated in even the simplest controversies.<sup>70</sup> In the context of ornamental trademark use, however, an un-

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63. See 1 J. MCCARTHY, *supra* note 13, § 13:3.

64. *Id.* §§ 12:16, 30:3.

65. See, e.g., *Mushroom Makers, Inc. v. R.G. Barry Corp.*, 580 F.2d 44 (2d Cir. 1978), *cert. denied*, 439 U.S. 1116 (1979).

66. See *infra* text accompanying notes 80-100. See generally 1 J. MCCARTHY, *supra* note 13, §§ 7:26-7:29.

67. See 1 J. GILSON, *supra* note 6, § 2.13[3].

68. See, e.g., RESTATEMENT OF TORTS § 741 (1938).

69. See, e.g., *Keene Corp. v. Paraflex Indus., Inc.*, 653 F.2d 822 (3d Cir. 1981); *Modern Aids, Inc. v. R.H. Macy & Co.*, 264 F.2d 93 (2d Cir. 1959); *J.C. Penney Co. v. H.D. Lee Mercantile Co.*, 120 F.2d 949 (8th Cir. 1941). When the United States Supreme Court appeared to move beyond the functionality doctrine and preclude state law protection for *all* product features, in *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964), and *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964), it specifically exempted state labelling requirements designed to forestall confusion of source, *Sears*, 376 U.S. at 232; *Compco*, 376 U.S. at 238.

70. The concept of property in a trademark still persists in some quarters, but in a competitive society where the courts are imposing an increasingly higher code of commercial ethics on manufacturers and merchants, it has gradually given way to the delicate balancing of protection of the public from confusion and deception, protection of

tempered fixation with confusion has often obscured more fundamental issues. Orders requiring reasonable measures to minimize confusion of source or sponsorship, including the use of appropriate disclaimers, can redress confusion while preserving the question of an exclusive merchandising right for decision on its own merits. Despite compromises struck elsewhere, however, the case law on ornamental use generally has remedied real or imagined confusion with absolute prohibitions. Such results sometimes may stem from a failure to appreciate the unique nature of the ornamentation cases; analogies to more typical infringement actions can quickly lead astray. Yet on other (one suspects quite frequent) occasions the court is well aware of the distinctive nature of the issues.<sup>71</sup> Unqualified injunctions barring further use of the name or symbol, although cloaked in the rhetoric of confusion, then reflect conclusions of broader import. Such decisions may be correct; the monopolies they create perhaps are justified on the basis of efficiency or equity. Yet they rest on little more than intuition and prejudice. Respect for the rational limits of the traditional confusion model would guarantee a more thoughtful analysis of both private and public interests.

## II. COMMON-LAW ANALOGIES

Since the confusion rationale provides the sole basis for federal trademark protection, its limited utility in resolving the issue of ornamental trademark use has a significant jurisdictional consequence. Unless the appropriated material consists of elements sufficiently elaborate to qualify for federal copyright protection,<sup>72</sup> the role of federal law is severely circum-

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the business and goodwill of one person from predatory practices and unfair conduct by another, and preserving competition by all fair means.

RESTATEMENT (SECOND) OF TORTS (Tent. Draft No. 8, 1963), *supra* note 16, at ix.

71. See, e.g., *Warner Bros. v. Gay Toys, Inc.*, 658 F.2d 76 (2d Cir. 1981); *Boston Professional Hockey Ass'n v. Dallas Cap & Emblem Mfg., Inc.*, 510 F.2d 1004 (5th Cir.), *cert. denied*, 423 U.S. 868 (1975); *Universal City Studios, Inc. v. Kamar Indus., Inc.*, 217 U.S.P.Q. (BNA) 1162 (S.D. Tex. 1982); *National Football League Properties, Inc. v. Consumer Enters.*, 26 Ill. App. 3d 814, 327 N.E.2d 242, *cert. denied*, 423 U.S. 1018 (1975).

72. The United States Constitution grants to Congress the power "[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." U.S. CONST. art. I, § 8, cl. 8. The federal copyright statute extends protection to "original works of authorship fixed in any tangible medium of expression." 17 U.S.C. § 102 (1982). With some significant exceptions, the role of copyright in the protection of the merchandising properties here at issue is severely limited.

Copyright protection generally has been restricted to works evincing some minimal quantum of authorship. This prerequisite most commonly is articulated as a requirement of creativity, see 1 M. NIMMER, *NIMMER ON COPYRIGHT* § 2.01[B] (1983), although it is more accurately viewed in terms of quantity rather than quality of the author's output, see Denicola, *Copyright in Collections of Facts: A Theory for the Protection of Nonfiction Literary Works*, 81 COLUM. L. REV. 516, 521-22 (1981). Copyright Office regulations exclude from the subject matter of copyright "[w]ords and short phrases such as names, titles, and slogans; familiar symbols or designs; mere variations of typographic ornamentation, lettering or coloring; mere listing of ingredients or contents." 37 C.F.R. § 202.1(a) (1982). The regulations further provide that "[a] claim to copyright cannot be registered in a print or label consisting solely of trademark subject matter . . ." *Id.* § 202.10(c). When the appropriated merchandising property consists of a word or phrase, such as the brand name of a product or the name of a business or other institution, copyright thus offers no claim to exclusivity.

There are some merchandising properties, however, that do fit securely within the subject

scribed. When the federal interest in forestalling confusion and deception can be secured effectively by a qualified injunction, more extensive relief can be justified only on the basis of rights emanating elsewhere.<sup>73</sup> Although state statutory provisions occasionally may be relevant,<sup>74</sup> rights in the merchandising value of names and symbols generally must be sought in the state common law of unfair competition. As a consequence, there is no particular reason to anticipate a uniform resolution of the issue. Different interests may dominate in different locales.<sup>75</sup> Some states may be particularly solicitous of those who generate merchandisable symbols, while others may be more tolerant of appropriation and competition, particularly when the result is lower cost to the consumer. Diverse common-law traditions may also exert their influence. States that have acted swiftly against appropriations in other contexts may be expected to do so here. In some, legislatures may be moved to action. This diversity could provide a basis for measuring the practical consequences of alternative resolutions. In any event, reliance on the rich doctrinal framework of state unfair competition law provides opportunities for argument and analysis not readily available under the narrower perspective of the Lanham Act.

When the common law is urged to accord special consideration to particular public or private interests, the invitation is often cast as analogy. Interests akin to those at issue are sought in other contexts and the results are offered to illustrate the prevailing wisdom. When examination of the merchandising issue extends beyond the rhetoric of confusion, analogies are pressed by both sides. Those seeking the right to exploit the names and marks of famous institutions have sought refuge in the common law's long-standing refusal to per-

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matter of copyright. Characters from comic strips, television programs and motion pictures are undoubtedly among the most popular items in the merchandising field, *see* Grimes & Battersby, *supra* note 1, at 434-37, and they clearly are eligible for copyright protection as graphic works or as copyrightable elements of motion pictures or other audiovisual works. 17 U.S.C. § 102 (1982). *See, e.g.*, Universal City Studios, Inc. v. J.A.R. Sales, Inc., 216 U.S.P.Q. (BNA) 679 (C.D. Cal. 1982); 1 M. NIMMER, *supra*, § 2.12. Copyright thus provides a secure alternative to the uncertain rights afforded by trademark and unfair competition law. Other symbols, such as an official seal, or a drawing or design incorporated into a trademark, also may qualify as a "pictorial" or "graphic" work under the Copyright Act. 17 U.S.C. § 102(a)(5) (1982). In many such instances, however, copyright will have long since been forfeited due to a failure to comply with the statutory notice requirements. Use of the symbol on items distributed to the public must be accompanied by a notice of copyright. 17 U.S.C. § 401 (1982); *see id.* § 101 (definition of "publication"). Failure to give the required notice will generally result in the loss of copyright protection. *See id.* § 405(a). If the symbol has been in use for less than five years, however, the copyright may yet be resurrected. Section 405(a)(2) provides that even the complete omission of notice from all copies of a work will not invalidate the copyright if the work is registered with the Copyright Office within five years of the publication without notice and if efforts are made to include notice on all copies distributed after the omission has been discovered. *Id.* One decision has applied the five year grace period even to an intentional omission of notice. O'Neill Devs., Inc. v. Galen Kilburn, Inc., 524 F. Supp. 710 (N.D. Ga. 1981). *Contra* Beacon Looms, Inc. v. S. Lichtenberg & Co., 552 F. Supp. 1305 (S.D.N.Y. 1982).

73. Federal law grants to the district courts original jurisdiction over state unfair competition claims "when joined with a substantial and related claim under the copyright, patent, plant variety protection or trade-mark laws." 28 U.S.C. § 1338(b) (1976).

74. In addition to state statutes reiterating the confusion rationale, *see supra* note 18, state dilution statutes sometimes may be applicable to the ornamentation issue, *see infra* text accompanying notes 176-87. More specific state statutes also may be applicable. *See infra* note 191.

75. *Cf.* Goldstein v. California, 412 U.S. 546, 558 (1973) (Court makes an analogous point with respect to the subject matter of copyright).

mit the monopolization of functional product features despite their association with a particular source. Cases extending the notion to aesthetic, as well as utilitarian, elements encourage the comparison.<sup>76</sup> Those intent on expanding the protection of names and insignia to encompass ornamental as well as trademark functions counter with two analogies of their own. A right of publicity operating to bar the unauthorized commercial exploitation of an individual's name, image, and personality has attracted considerable judicial and legislative recognition.<sup>77</sup> Extension of the doctrine to institutions effectively would establish the exclusive merchandising right sought by trademark owners in the ornamentation cases. In addition, trademark owners have invoked the disparate assemblage of cases emanating from the Supreme Court's 1918 decision in *International News Service v. Associated Press*.<sup>78</sup> Loosely collected under the tort of "misappropriation," these cases have prohibited the unauthorized exploitation of commercial assets ranging from baseball games to news reports.<sup>79</sup> The analogies reward investigation. In the end, however, they can only reframe and not resolve the issue of an exclusive merchandising right.

### A. Functionality

In its unsuccessful attempt to escape the confines of the confusion rationale, defendant in *Boston Hockey* had argued that the symbols appropriated for use on its patches were "functional" and thus beyond the reach of trademark law.<sup>80</sup> Defendants seeking to force explicit recognition of the distinctive competitive interests implicated in the ornamentation cases have frequently drawn an analogy to the firmly established common-law doctrine barring the use of trademark law to monopolize a product's functional features.<sup>81</sup> Since elements of an article's appearance or design sometimes may become associated with a specific manufacturer, it was natural for the law of unfair competition to extend to such features the protection offered to more traditional indicia of origin.<sup>82</sup> But trademark protection for product features posed difficulties not

76. See *infra* text accompanying notes 86-94.

77. See *infra* text accompanying notes 101-39.

78. 248 U.S. 215 (1918).

79. See *infra* note 144.

80. *Boston Professional Hockey Ass'n v. Dallas Cap & Emblem Mfg.*, 510 F.2d 1004, 1013 (5th Cir.), *cert. denied*, 423 U.S. 868, *reh'g denied*, 423 U.S. 991 (1975).

81. See, e.g., *Industria Arredamenti Fratelli Saporiti v. Charles Craig, Ltd.*, 725 F.2d 18 (2d Cir. 1984); *WSM, Inc. v. Tennessee Sales, Co.*, 709 F.2d 1084 (6th Cir. 1983); *Supreme Assembly, Order of Rainbow for Girls v. J.H. Ray Jewelry Co.*, 676 F.2d 1079 (5th Cir. 1982); *Vuitton et Fils S.A. v. J. Young Enterprises, Inc.*, 644 F.2d 769 (9th Cir. 1981); *International Order of Job's Daughters v. Lindeburg & Co.*, 633 F.2d 912 (9th Cir. 1980), *cert. denied*, 452 U.S. 941 (1981); *University of Pittsburgh v. Champion Prods., Inc.*, 566 F. Supp. 711 (W.D. Pa. 1983); *Bi-Rite Enters. v. Button Master*, 555 F. Supp. 1188 (S.D.N.Y. 1983); *National Football League Properties, Inc. v. Wichita Falls Sportswear, Inc.*, 532 F. Supp. 651 (W.D. Wash. 1982); *Damn I'm Good, Inc. v. Sakowitz, Inc.*, 514 F. Supp. 1357 (S.D.N.Y. 1981); *PPS, Inc. v. Jewelry Sales Representatives, Inc.*, 392 F. Supp. 375 (S.D.N.Y. 1975); Comment, *supra* note 57.

82. See 1 J. MCCARTHY, *supra* note 13, §§ 7:26-7:29; Zelnick, *The Doctrine of "Functionality,"* 73 TRADE-MARK REP. 128 (1983); Note, *The Problem of Functional Features: Trade Dress Infringement Under Section 43(a) of the Lanham Act*, 82 COLUM. L. REV. 77 (1982).



present in cases concerned solely with names or symbols. If the design element at issue permits the product to perform more efficiently, provides savings in manufacture or shipping, or otherwise yields a competitive advantage not easily duplicated by alternative designs, recognition of trademark rights will leave other manufacturers at a disadvantage. The Supreme Court has held, for example, that the shape of Nabisco's shredded wheat biscuits could not be protected under the confusion rationale since their "form is functional" in that "the cost of the biscuit would be increased and its high quality lessened if some other form were substituted for the pillow-shape."<sup>83</sup> Unless the innovation merits the monopoly offered by patent, the law has thus refused to recognize exclusive rights in functional features, preferring instead to tolerate the risk of confusion.<sup>84</sup> Plaintiffs proving source significance for such elements must content themselves with orders establishing labelling requirements or mandating other measures designed to minimize the confusion inherent in the appropriation.<sup>85</sup>

Since the concept of functionality is intended to ensure that features conferring a significant competitive advantage remain in the public domain, perhaps it was inevitable that attempts would be made to extend the doctrine to aesthetic as well as utilitarian elements. It is possible to argue, as did the *Restatement of Torts*, that when goods are purchased in part for their aesthetic qualities, features unrelated to the operation or performance of a product may nevertheless be "functional" in the sense that a prohibition on imitation could substantially hinder competition.<sup>86</sup> Discussions of aesthetic functionality invariably commence with a citation to *Pagliero v. Wallace China Co.*,<sup>87</sup> in which the Ninth Circuit refused to enjoin the appropriation of four designs appearing on china, concluding that "[i]f the particular feature is an important ingredient in the commercial success of the product, the interest in free competition permits its imitation in the absence of a patent or copyright."<sup>88</sup> Other cases agree,<sup>89</sup> but acceptance of the notion has hardly been universal.<sup>90</sup> This decidedly mixed reaction undoubtedly reflects the conceptual difficulties in-

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83. *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 122 (1938).

84. *See, e.g., In re Water Gremlin Co.*, 635 F.2d 841, 844 (C.C.P.A. 1980) (design of fishing equipment container held functional: "To the extent this causes a modicum of confusion of the public, it will be tolerated.").

85. *See, e.g.*, cases cited *supra* note 69.

86. RESTATEMENT OF TORTS § 742 comment a (1938).

87. 198 F.2d 339 (9th Cir. 1952).

88. *Id.* at 343.

89. *See, e.g.*, *Industria Arredamenti Fratelli Saporiti v. Charles Craig, Ltd.*, 725 F.2d 18 (2d Cir. 1984); *Keene Corp. v. Paraflex Indus., Inc.*, 653 F.2d 822 (3d Cir. 1981); *Major Pool Equip. Corp. v. Ideal Pool Corp.*, 203 U.S.P.Q. (BNA) 577 (N.D. Ga. 1979); *Famolare, Inc. v. Melville Corp.*, 472 F. Supp. 738 (D. Hawaii 1979), *aff'd*, 652 F.2d 62 (9th Cir. 1981). Some of the cases adopting the rationale perhaps are better understood as holding that the feature at issue had not acquired secondary meaning and for that reason is not eligible for trademark protection. *See, e.g.*, *Damn I'm Good, Inc. v. Sakowitz, Inc.*, 514 F. Supp. 1357 (S.D.N.Y. 1981); *PPS, Inc. v. Jewelry Sales Representatives, Inc.*, 392 F. Supp. 375 (S.D.N.Y. 1975).

90. *See, e.g.*, Duft, "Aesthetic" Functionality, 73 TRADE-MARK REP. 151 (1983); Note, *The Broad Sweep of Aesthetic Functionality: A Threat to Trademark Protection of Aesthetic Product Features*, 51 FORDHAM L. REV. 345 (1982).

herent in an extension of the functionality doctrine to aesthetic features. Application of the principle in any context entails judgments concerning the anticompetitive consequences of protecting the feature at issue.<sup>91</sup> Assessing the competitive implications of a monopoly encompassing a utilitarian feature often will be difficult, but a similar effort directed at an aesthetic element is surely harder. What criteria can determine whether a particular aesthetic design is sufficiently superior to the possible alternatives to justify a refusal to recognize trademark rights despite the cost in consumer confusion?<sup>92</sup> Some have argued that there are always sufficient alternatives to mitigate the consequences of monopolizing aesthetic features, thus permitting free reign to the interests in preventing confusion and ensuring adequate investment in design activity.<sup>93</sup> A recent decision, applying the doctrine to the design of an outdoor lighting fixture, attempted to fashion a middle ground by focusing on the extent to which the appearance of the fixture was dictated by the fact that "part of its function includes its architectural compatibility."<sup>94</sup> Even under this view, however, an expansive conception of "function" leaves little beyond the reach of aesthetic functionality.

Whatever the merits of extending the privilege to duplicate "functional" features beyond the mechanical, the inclusion of ornamental trademark use is problematic. In response to the functionality argument in *Boston Hockey*, the court emphasized the distinctive nature of the defendant's appropriation:

The short answer to defendant's arguments is that the emblems sold because they bore the identifiable trademarks of plaintiffs. This fact clearly distinguishes the case from *Pagliero v. Wallace China Co.*, 198 F.2d 339 (9th Cir. 1952), relied upon by the district court. *Pagliero* involved designs on chinaware which were neither trademarked, patented nor copyrighted. The court found no unfair competition on the ground that the designs were functional, that is, they connoted other than a trademark purpose. "The attractiveness and eye-appeal of the design sells the china," 198 F.2d at pp. 343-344, not the trademark character of the designs. In the case at bar, the embroidered symbols are sold not because of any such aesthetic characteristic, but because they are the trademarks of the hockey teams.<sup>95</sup>

The issue in the ornamentation cases is not whether the design itself offers too great a competitive advantage to permit its appropriation as a trademark, but rather whether the defendant's use of an admittedly valid trademark should be considered noninfringing.<sup>96</sup> Several decisions have nevertheless invoked the functionality doctrine to support their refusal to enjoin the ornamental use of

91. See, e.g., *In re Morton-Norwich Prods., Inc.*, 671 F.2d 1332, 1339-40 (C.C.P.A. 1982); *In re Mogen David Wine Corp.*, 328 F.2d 925, 932-33 (C.C.P.A. 1964) (Rich, J., concurring).

92. See Duft, *supra* note 90, at 179-83.

93. See Note, *supra* note 90.

94. *Keene Corp. v. Paraflex Indus., Inc.*, 653 F.2d 822, 826 (3d Cir. 1981).

95. *Boston Professional Hockey Ass'n v. Dallas Cap & Emblem Mfg.*, 510 F.2d 1004, 1013, *cert. denied*, 423 U.S. 868, *reh'g denied*, 423 U.S. 991 (1975).

96. See Duft, *supra* note 90, at 197-201. Consigning the ornamentation cases to resolution "through consideration of long-established trademark principles," *id.* at 201, however, ignores the distinctive competitive interests at issue.

another's mark,<sup>97</sup> while others have declined to extend aesthetic functionality to design features whose appeal rests on the associations they conjure.<sup>98</sup>

It is tempting to conclude that reference to the concept of functionality only obscures the issue in the ornamentation cases by confusing questions of trademark validity, for which the doctrine is designed, with questions of trademark infringement, for which it is not. Yet, in a sense, the two issues *are* confused. An "invalid" trademark consisting of a functional feature will not be protected as such, yet its appropriation nevertheless may be conditioned on requirements intended to minimize confusion, such as disclaimers or other labelling.<sup>99</sup> On the other hand, if a compelling public or private interest can be invoked, the unauthorized use of an undeniably valid mark sometimes will be considered noninfringing if accompanied by similar attempts to avoid confusion.<sup>100</sup> The distinction thus on occasion rests on nothing more than technical definitions. References to the doctrine of functionality in the ornamentation cases at least serve as a reminder that trademark rights have not been defined solely from the perspective of the confusion rationale. The doctrine is a useful vehicle for encouraging attention to the competitive interests encompassed by the controversy. In the end, however, the analogy to utilitarian or aesthetic features cannot itself determine whether the law ought also to recognize a right to appropriate features valued not for their inherent superiority, but rather for their association with another.

### B. *A Right of Publicity*

In addition to state and federal trademark and unfair competition claims, the National Football League, in its ornamentation litigation, has long appended claims premised on the common-law right of publicity.<sup>101</sup> Others have similarly urged that this right to prevent the commercial appropriation of an individual's name, image, and personality be extended to the appropriations of well-known trade symbols.<sup>102</sup> Since the right is independent of any

97. See, e.g., *International Order of Job's Daughters v. Lindeburg & Co.*, 633 F.2d 912 (9th Cir. 1980), *cert. denied*, 452 U.S. 941 (1981); *University of Pittsburgh v. Champion Prods., Inc.*, 566 F. Supp. 71 (W.D. Pa. 1983); *Bi-Rite Enters. v. Button Master*, 555 F. Supp. 188 (S.D.N.Y. 1983) (issuing injunction on other grounds); *Boston Professional Hockey Ass'n v. Dallas Cap & Emblem Mfg., Inc.*, 360 F. Supp. 459 (N.D. Tex. 1973), *rev'd*, 510 F.2d 1004 (5th Cir. 1975), *cert. denied*, 423 U.S. 868, *reh'g denied*, 423 U.S. 991 (1975).

98. See, e.g., *Warner Bros., Inc. v. Gay Toys, Inc.*, 724 F.2d 327 (2d Cir. 1983); *Vuitton et Fils, S.A. v. J. Young Enters.*, 644 F.2d 769 (9th Cir. 1981); *Boston Professional Hockey Ass'n v. Dallas Cap & Emblem Mfg., Inc.*, 510 F.2d 1004 (5th Cir.), *cert. denied*, 423 U.S. 868, *reh'g denied*, 423 U.S. 991 (1975); *National Football League Properties, Inc. v. Wichita Falls Sportswear, Inc.*, 532 F. Supp. 651 (W.D. Wash. 1982).

99. See *supra* note 69.

100. See *supra* text accompanying notes 63-65. Use of another's mark in comparative advertising provides a further illustration. See, e.g., *Societe Comptoir de l'Industrie Cotonniere Etablissements Boussac v. Alexander's Dept. Stores, Inc.*, 299 F.2d 33 (2d Cir. 1962).

101. See *National Football League Properties, Inc. v. Wichita Fall Sportswear, Inc.*, 532 F. Supp. 651 (W.D. Wash. 1982); *National Football League Properties, Inc. v. Dallas Cap & Emblem Mfg.*, 26 Ill. App. 3d 820, 327 N.E.2d 247 (1975); *National Football League Properties, Inc. v. Consumer Enterprises, Inc.*, 26 Ill. App. 3d 814, 327 N.E.2d 242, *cert. denied*, 423 U.S. 1018 (1975).

102. See, e.g., Crowther, *Misappropriation of Trade Symbols—Synthesis of Public and Private*

likelihood of confusion, its extension to institutional identities would firmly establish the exclusive merchandising right sought by plaintiffs in the ornamentation cases.

The right of publicity evolved from an early form of the right to privacy. Warren and Brandeis in their classic 1890 law review article had argued that the law should secure to all a "right to be let alone."<sup>103</sup> This right to privacy first gained recognition in connection with the unauthorized use of an individual's name or likeness in advertising. When the New York Court of Appeals rejected such a claim in 1902,<sup>104</sup> the legislature promptly enacted a statute establishing both criminal and civil liability for the unauthorized use of "the name, portrait or picture of any living person" for "advertising purposes, or for the purposes of trade."<sup>105</sup> In what was to become the leading common-law decision, the Supreme Court of Georgia recognized a similar right in 1905.<sup>106</sup> Through both common law and legislation, the right of private individuals to prevent the commercial appropriation of their name and likeness became a basic constituent of the right to privacy.<sup>107</sup>

The early appropriation cases fit securely within the Warren and Brandeis conception of privacy. The plaintiffs were for the most part private citizens thrust unwillingly into the public spotlight for the commercial advantage of another. Yet even in its infancy the privacy right was viewed as an aspect of a more general interest in personal integrity and autonomy. The Supreme Court of Georgia perceived the unauthorized appropriation of name and likeness as a deprivation of personal liberty and freedom;<sup>108</sup> the *Restatement of Torts* compared it to an assault against the person.<sup>109</sup> Pecuniary loss or physical harm was not required.<sup>110</sup> Relief was instead premised on injury to personal feelings and peace of mind.<sup>111</sup>

This appropriation tort as initially conceived was perfectly adequate for

*Priorities*, 60 TRADE-MARK REP. 321, 325 (1970); Nimmer, *The Right of Publicity*, 19 LAW & CONTEMP. PROB. 203, 216 (1954); Winner, *Right of Identity: Right of Publicity and Protection for a Trademark's "Persona"*, 71 TRADE-MARK REP. 193 (1981).

103. Warren & Brandeis, *The Right to Privacy*, 4 HARV. L. REV. 193, 193 (1890).

104. See *Roberson v. Rochester Folding-Box Co.*, 171 N.Y. 538, 64 N.E. 442 (1902).

105. 1903 N.Y. Laws ch. 132, § 2 (current version at N.Y. CIV. RIGHTS LAW §§ 50-51) (McKinney 1976)).

106. *Pavesich v. New Eng. Life Ins. Co.*, 122 Ga. 190, 50 S.E. 68 (1905). See also *Munden v. Harris*, 153 Mo. App. 652, 134 S.W. 1076 (1911).

107. See RESTATEMENT (SECOND) OF TORTS § 652C (1977); W. PROSSER, LAW OF TORTS 802-07 (4th ed. 1971).

108. "The tort of improper appropriation is thus perceived as an outer bulwark for the protection of self. The comparison between slavery and appropriation of name or likeness was made with great conviction in the leading cases. . . . It should not be dismissed as an idle or ignorant sentiment." *Pavesich v. New Eng. Life Ins. Co.*, 122 Ga. 190, 219-20, 50 S.E. 68, 80 (1905). Epstein, *A Taste for Privacy? Evolution and the Emergence of a Naturalistic Ethic*, 9 J. LEGAL STUD. 665, 669 (1980). See Hirshleifer, *Privacy: Its Origin, Function, and Future*, 9 J. LEGAL STUD. 649 (1980); Stigler, *An Introduction to Privacy in Economics and Politics: A Comment*, 9 J. LEGAL STUD. 623 (1980); Note, *Publicity as an Aspect of Privacy and Personal Autonomy*, 55 S. CAL. L. REV. 727 (1982).

109. RESTATEMENT OF TORTS § 867 comment a (1939).

110. *Id.* comment d.

111. See *id.*

those who simply wished to be left alone, but it could not effectively mediate the increasingly complex conflicts generated in a society captivated by motion picture stars, sports heroes, and radio and television personalities. To some it seemed incongruous for celebrities whose livelihood depended upon *not* being left alone to invoke a right to privacy when their name or likeness was appropriated and many decisions held that such personalities had "waived" their rights under the doctrine.<sup>112</sup> Since privacy was necessarily conceived as a personal right, it was also of limited use when celebrities wished to assign the right to exploit their popularity.<sup>113</sup> Remedies linked to mental distress clearly were inadequate when the real complaint was uncompensated, rather than unwelcome, publicity.<sup>114</sup>

In response to the claims of celebrities to the commercial value of their identity, courts and commentators in the 1950s began to formulate a variant of the appropriation tort. In *Haelan Laboratories Inc. v. Topps Chewing Gum Inc.*<sup>115</sup> Judge Frank upheld the right of an exclusive licensee to enjoin a rival baseball card manufacturer's use of player photographs, declaring that, wholly apart from the New York privacy statute, the players had an exclusive "right of publicity" in the value of their likenesses. Other decisions adopted the rationale as well as the nomenclature. The result has been widespread recognition of the right of well-known personalities to prevent the unauthorized commercial exploitation of their identity.

The relationship between this right of publicity and the original privacy tort was never quite clear. In an effort to escape the restrictive precedents that had accumulated under the New York privacy statute, a number of decisions agreed with *Haelan* and recognized the right of publicity as independent of the statute,<sup>116</sup> although others used the act to achieve similar substantive ends.<sup>117</sup> Common-law formulations yielded comparable diversity. Some viewed the right of publicity as an aspect of existing privacy rights,<sup>118</sup> while others, frequently lapsing into a property analysis, treated it as an independent tort more

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112. See Nimmer, *supra* note 102, at 204-06. For more recent cases, see, e.g., *Bi-Rite Enters. v. Button Master*, 555 F. Supp. 1188, 1198 (S.D.N.Y. 1983) (issuing injunction on other grounds); *Man v. Warner Bros., Inc.*, 317 F. Supp. 50 (S.D.N.Y. 1970).

113. See Nimmer, *supra* note 102, at 209-10.

114. See *id.* at 206-09.

115. 202 F.2d 866 (2d Cir.), *cert. denied*, 346 U.S. 816 (1953).

116. See, e.g., *Factors Etc., Inc. v. Pro Arts, Inc.*, 579 F.2d 215 (2d Cir. 1978), *cert. denied*, 440 U.S. 908 (1979); *Lerman v. Chuckleberry Publishing, Inc.*, 521 F. Supp. 228 (S.D.N.Y. 1981); *Hicks v. Casablanca Records*, 464 F. Supp. 426 (S.D.N.Y. 1978); *Price v. Hal Roach Studios, Inc.*, 400 F. Supp. 836 (S.D.N.Y. 1975); *Lombardo v. Doyle, Dane & Bernbach, Inc.*, 58 A.D.2d 620, 396 N.Y.S.2d 661 (1977).

117. See, e.g., *Ali v. Playgirl, Inc.*, 447 F. Supp. 723 (S.D.N.Y. 1978); *Grant v. Esquire, Inc.*, 367 F. Supp. 876 (S.D.N.Y. 1973); *Brinkley v. Casablancas*, 80 A.D.2d 428, 438 N.Y.S.2d 1004 (1981); *Rosemont Enters. v. Urban Systems, Inc.*, 42 A.D.2d 544, 345 N.Y.S.2d 17 (1973); *Rosemont Enters. v. Choppy Prod., Inc.*, 74 Misc. 2d 1003, 347 N.Y.S.2d 83 (Sup. Ct. 1972).

118. See, e.g., *Motschenbacher v. R.J. Reynolds Tobacco Co.*, 498 F.2d 821 (9th Cir. 1974); *Winterland Concessions Co. v. Sileo*, 528 F. Supp. 1201 (N.D. Ill. 1981); *National Bank of Commerce v. Shaklee Corp.*, 503 F. Supp. 533 (W.D. Tex. 1980); *Cabaniss v. Hipsley*, 114 Ga. App. 367, 151 S.E.2d 496 (1966); *Palmer v. Schonhorn Enterprises, Inc.*, 96 N.J. Super. 72, 232 A.2d 458 (1967).

akin to unfair competition.<sup>119</sup> The *Restatement (Second) of Torts* treats all appropriations of identity as invasions of privacy, yet notes that the right protects pecuniary as well as personal interests.<sup>120</sup>

The relationship between trademark law and the right of publicity provides a vignette worthy of any legal method casebook. In an attempt to justify and explicate the emerging right of publicity, numerous cases and commentators drew an analogy to the protection accorded trademarks and tradenames.<sup>121</sup> If the good will associated with the indicia of corporate identity was entitled to protection, surely no less should be due the good will attached to the personal identity of the celebrity. The analogy was less arresting, however, if one recalled that the law of unfair competition generally prohibited only *deceptive* appropriations of good will arising from the unauthorized use of another's trade symbols, while the right of publicity was a right unrelated to deception or confusion. With the right of publicity firmly established, however, it was the trademark bar that now found the analogy attractive.<sup>122</sup> Since famous individuals have a property right in their name and image enabling them to control the commercial exploitation of their identity even in the absence of confusion, why deny similar protection to the identity of famous institutions?

The persuasiveness of an analogy between the right of publicity and an exclusive merchandising right in famous trade symbols ultimately rests upon the extent to which the two respond to common concerns and interests. There are obvious similarities. The concept of unjust enrichment has long been prominent in arguments supporting the publicity right. The notion that, absent some compelling public interest, people are entitled to the benefits of their efforts was an important justification for the expansion of the initial privacy model of the tort.<sup>123</sup> The case law and commentary are thus sprinkled with the inevitable references to sowing and reaping and the fruits of labor.<sup>124</sup> Concern with the prevention of unjust enrichment is likewise a basic motivation for the protection of trademarks. The confusion rationale forestalls the appropriation of another's good will through deception, sometimes producing

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119. See, e.g., *Zacchini v. Scripps-Howard Broadcasting Co.*, 433 U.S. 562 (1977); *Factors Etc., Inc. v. Creative Card Co.*, 444 F. Supp. 279 (S.D.N.Y. 1977); *Hogan v. A.S. Barnes & Co.*, 114 U.S.P.Q. (BNA) 314 (Pa. Ct. C.P. 1957).

120. RESTATEMENT (SECOND) OF TORTS § 652C comment a (1977). See generally 2 T. SELZ & M. SIMENSKY, ENTERTAINMENT LAW §§ 19.01-19.35 (1983).

121. See, e.g., *Ali v. Playgirl, Inc.*, 447 F. Supp. 723, 728 (S.D.N.Y. 1978) ("This common law publicity right is analogous to a commercial entity's right to profit from the 'goodwill' it has built up in its name."); *Grant v. Esquire, Inc.*, 367 F. Supp. 876, 879 (S.D.N.Y. 1973) ("The 'right of publicity' is somewhat akin to the exclusive right of a commercial enterprise to the benefits to be derived from the goodwill and secondary meaning that it has managed to build up in its name."); W. PROSSER, *supra* note 107, at 807; Pilpel, *The Right of Publicity*, 27 BULL. COPYRIGHT SOC'Y 249, 255 (1980); Ropski, *The Right of Publicity—The Trend Towards Protecting a Celebrity's Celebrity*, 72 TRADE-MARK REP. 251, 251 (1982); Saret & Stern, *Publicity and Privacy—Distinct Interests on the Misappropriation Continuum*, 12 LOY. U. CHI. L.J. 675, 687 n.73 (1981).

122. See, e.g., Crowther, *supra* note 102; Winner, *supra* note 102.

123. See Nimmer, *supra* note 102, at 215-16.

124. See, e.g., *Zacchini v. Scripps-Howard Broadcasting Co.*, 433 U.S. 562, 573 (1977) ("the right of the individual to reap the reward of his endeavors").

its own agricultural metaphors.<sup>125</sup> Similar metaphors in the ornamentation cases attempt to extend the sense of injustice to nondeceptive appropriations in the manner of the publicity right.<sup>126</sup>

An additional interest sometimes raised in support of the right of publicity is the prevention of false representations of endorsement.<sup>127</sup> The appearance of a well-known name or likeness in association with a particular good or service may often create the impression that the product is endorsed or otherwise connected with the celebrity. A broadly defined right of publicity thus has a convenient prophylactic effect. An analogous argument may of course be made in favor of a broadly defined merchandising right applicable to well-known trade symbols. In both instances, however, more discriminating remedies are available to check confusion and fraud. Broader rights must find their own justification.

A further aspect of the publicity doctrine offers encouragement to those seeking similar protection for trade symbols. A basic argument used to support liability in the ornamentation cases is the need to maintain incentive by ensuring an adequate return on investment. The rationale is not without its shortcomings, however, since alternative sources of incentive frequently will suffice.<sup>128</sup> Yet in spite of similar shortcomings,<sup>129</sup> the incentive rationale often has been successfully invoked to support recognition of the right of publicity.<sup>130</sup>

Despite the similarities, however, the analogy to the right of publicity is flawed. To equate an appropriation of an institution's trade name or trademark with the unauthorized use of an individual's name or likeness ignores the essential nexus between the publicity right and personal privacy. Since it is common for courts to lapse into a publicity analysis when the individual is

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125. See, e.g., *Stork Restaurant, Inc. v. Sahati*, 166 F.2d 348, 357 (9th Cir. 1948); *Aetna Casualty & Surety Co. v. Aetna Auto Fin., Inc.*, 123 F.2d 582, 584 (5th Cir. 1941), cert. denied, 315 U.S. 824 (1942); *Younker v. Nationwide Mut. Ins. Co.*, 175 Ohio St. 1, 6, 191 N.E.2d 145, 149 (1963).

126. See, e.g., *Warner Bros. v. Gay Toys, Inc.*, 658 F.2d 76, 80 (2d Cir. 1981); *Universal City Studios, Inc. v. Kamar Indus., Inc.*, 217 U.S.P.Q. (BNA) 1162, 1168 (S.D. Tex. 1982).

127. See, e.g., *Hoffman, Limitations on the Right of Publicity*, 28 BULL. COPYRIGHT SOC'Y 111, 119 (1980); *Treece, Commercial Exploitation of Names, Likenesses, and Personal Histories*, 51 TEX. L. REV. 637, 642-47 (1973).

128. See *infra* text accompanying notes 165-73.

129. Although fame and stardom may be ends in themselves, they are normally by-products of one's activities and personal attributes, as well as luck and promotion. The basic motivations are the desire to achieve success or excellence in a chosen field, the desire to contribute to the happiness or improvement of one's fellows and the desire to receive the psychic and financial rewards of achievement.

*Memphis Dev. Found. v. Factors Etc., Inc.*, 616 F.2d 956, 958 (6th Cir.), cert. denied, 449 U.S. 953 (1980). See *Hoffman, supra* note 127, at 119-21; Comment, *An Assessment of the Copyright Model in Right of Publicity Cases*, 70 CALIF. L. REV. 786 (1982). An incentive rationale for the right of publicity becomes more credible when the appropriation extends beyond name or likeness to performances or other services. See, e.g., *Zacchini v. Scripps-Howard Broadcasting Co.*, 433 U.S. 562 (1977).

130. See, e.g., *Carson v. Here's Johnny Portable Toilets, Inc.*, 698 F.2d 831 (6th Cir. 1983); *Martin Luther King, Jr. Center for Social Change, Inc. v. American Heritage Prods., Inc.*, 250 Ga. 135, 296 S.E.2d 697 (1982); *Felcher & Rubin, The Descendibility of the Right of Publicity: Is There Commercial Life After Death?*, 89 YALE L.J. 1125 (1980); Comment, *Transfer of the Right of Publicity: Dracula's Progeny and Privacy's Stepchild*, 22 U.C.L.A. L. REV. 1103 (1975).

famous and a privacy analysis when he instead has been plucked from the crowd, it is tempting to associate the former with economic loss and the latter with injury to personal feelings. Yet a right of publicity invariably redresses both. The economic injury resulting from an appropriation of a celebrity's identity should not obscure the concurrent harm to personal integrity and autonomy. A football player active in a campaign to discourage the use of alcohol suffers more than the loss of an endorsement fee when his photograph appears on a beer advertisement,<sup>131</sup> and even less offensive uses undermine the individual's interest in maintaining control over his personal image and identity. It is this shared concern with personal liberty and autonomy that links publicity and privacy rights, and ultimately distinguishes them from the merchandising right at issue in the ornamentation cases. The dual nature of the interests implicated in right of publicity cases has been noted frequently,<sup>132</sup> and indeed serves to justify the numerous decisions that decline to formally separate privacy and publicity rights.<sup>133</sup> The personal aspects of the publicity right play a significant role in the controversy surrounding survivorship, since these noneconomic interests are far less compelling after death.<sup>134</sup> The importance of personal interests in justifying liability for the appropriation of name or likeness also is illustrated by a number of decisions refusing to extend the New York privacy statute to corporate, partnership, or other business names.<sup>135</sup> Such results rest upon the general proposition that a "corporation, partnership or unincorporated association has no personal right of privacy."<sup>136</sup> Exceptions are sometimes made, but only when extension of the privacy right to the institution is a convenient means of protecting the privacy

131. See *O'Brien v. Pabst Sales Co.*, 124 F.2d 167 (5th Cir. 1941), *cert. denied*, 315 U.S. 823 (1942).

132. See, e.g., *Motschenbacher v. R.J. Reynolds Tobacco Co.*, 498 F.2d 821 (9th Cir. 1974); *Grant v. Esquire, Inc.*, 367 F. Supp. 876 (S.D.N.Y. 1973); *Saret & Stern*, *supra* note 121; *Treece*, *supra* note 127; Note, *supra* note 108.

133. See, e.g., *supra* note 118; RESTATEMENT (SECOND) OF TORTS § 652C (1977).

134. See, e.g., *Hoffman*, *supra* note 127, at 133-39; Note, *supra* note 108, at 52-53. See generally 2 T. SELZ & M. SIMENSKY, *supra* note 120, §§ 19.31-35.

135. See, e.g., *University of Notre Dame Du Lac v. Twentieth Century-Fox Film Corp.*, 22 A.D.2d 452, 256 N.Y.S.2d 301, *aff'd*, 15 N.Y.2d 940, 207 N.E.2d 508, 259 N.Y.S.2d 832 (1965); *Shubert v. Columbia Pictures Corp.*, 189 Misc. 734, 72 N.Y.S.2d 851 (Sup. Ct. 1947), *aff'd*, 274 A.D. 751, 80 N.Y.S.2d 724 (1948); *Jaggard v. R.H. Macy & Co.*, 176 Misc. 88, 26 N.Y.S.2d 829 (Sup. Ct. 1941), *aff'd*, 265 A.D. 15, 37 N.Y.S.2d 570 (1942); *Rosenwasser v. Ogolia*, 172 A.D. 107, 158 N.Y.S. 56 (1916). Cf. *Dauer & Fittipaldi, Inc. v. Twenty First Century Communications*, 43 A.D.2d 178, 349 N.Y.S.2d 736 (1973) (photo of tavern); *Lawrence v. Ylla*, 184 Misc. 807, 55 N.Y.S.2d 343 (Sup. Ct. 1945) (photo of dog). In a questionable decision, one court similarly excluded an individual's assumed name. *Geisel v. Poynter Prods., Inc.*, 295 F. Supp. 331 (S.D.N.Y. 1968) ("Dr. Suess" not protectible under New York statute). But see *Gardella v. Log Cabin Prods. Co.*, 89 F.2d 891 (2d Cir. 1937) (statute applicable to stage name) (*dicta*).

136. RESTATEMENT (SECOND) OF TORTS § 652I comment c (1977). The rule is as old as the right to privacy itself. See, e.g., *Vassar College v. Loose-Wiles Biscuit Co.*, 197 F. 982 (W.D. Mo. 1912). The Court of Appeals for the Federal Circuit has recently indicated, however, that corporations and other institutions may invoke publicity and privacy rights under § 2(a) of the Lanham Act, 15 U.S.C. § 1052(a) (1976), in order to prevent federal registration of their name as a trademark by another. *University of Notre Dame Du Lac v. J.C. Gourmet Food Imports Co.*, 703 F.2d 1372 (Fed. Cir. 1983) (*dicta*). Identical statutory language in state registration statutes, see MODEL STATE TRADEMARK BILL § 2(b) (1964), increases the potential impact of the decision.



interests of its individual members.<sup>137</sup> It is therefore not by chance that the only decisions explicitly extending the right of publicity beyond individual identities involve the names and insignia of musical groups.<sup>138</sup> When institutional and individual identities are inextricably merged, privacy interests are implicated in an appropriation of either.

The analogy to the right of publicity offered by proponents of comparable protection for trade symbols provides a helpful perspective. It recalls the influence exerted by the notion of unjust enrichment and underscores the need to address the question of incentive. Publicity cases struggling to achieve a satisfactory accord between property rights in name and likeness and free speech interests could also prove a useful resource in mediating similar conflicts should trade symbols be afforded like protection.<sup>139</sup> But absent the com-

137. See *Socialist Workers Party v. Attorney Gen.*, 463 F. Supp. 515 (S.D.N.Y. 1978) (physical intrusions).

138. See, e.g., *Bi-Rite Enters. v. Button Master*, 555 F. Supp. 1188 (S.D.N.Y. 1983); *Winterland Concessions Co. v. Sileo*, 528 F. Supp. 1201 (N.D. Ill. 1981); *Winterland Concessions Co. v. Creative Screen Design, Ltd.*, 214 U.S.P.Q. (BNA) 188 (N.D. Ill. 1981). Cf. *University of Notre Dame Du Lac v. J.C. Gourmet Food Imports Co.*, 703 F.2d 1372 (Fed. Cir. 1983) (dicta indicating institutions may rely on privacy and publicity claims to prevent federal trademark registration).

139. Recognition of exclusive rights in words or symbols invariably raises first amendment concerns. The tension between copyright and free speech, for example, has attracted considerable attention. See, e.g., 1 M. NIMMER, *supra* note 72, § 1.10; Denicola, *Copyright and Free Speech: Constitutional Limitations on the Protection of Expression*, 67 CALIF. L. REV. 283 (1979); Samuelson, *Reviving Zacchini: Analyzing First Amendment Defenses in Right of Publicity and Copyright Cases*, 57 TUL. L. REV. 836 (1983). Similar attention has been paid to the first amendment limitations on the right of publicity. See, e.g., Felcher & Rubin, *Privacy, Publicity, and the Portrayal of Real People by the Media*, 88 YALE L.J. 1577 (1979); Hoffman, *supra* note 127, at 123-28; Samuelson, *supra*. See generally 2 T. SELZ & M. SIMENSKY, *supra* note 120, §§ 19:21-19:30. When the appropriation of publicity rights appears to involve no more than the merchandizing of a famous name or identity in connection with goods such as clothing, games, or posters, the first amendment defense generally is dismissed summarily. See, e.g., *Factors Etc., Inc. v. Pro Arts, Inc.*, 579 F.2d 215 (2d Cir. 1978), *cert. denied*, 440 U.S. 908 (1979); *Winterland Concessions Co. v. Sileo*, 528 F. Supp. 1201 (N.D. Ill. 1981); *Factors Etc., Inc. v. Creative Card Co.*, 444 F. Supp. 279 (S.D.N.Y. 1977); *Palmer v. Schonhorn Enters.*, 96 N.J. Super. 72, 232 A.2d 458 (1967); *Rosemont Enters. v. Urban Systems, Inc.*, 45 A.D.2d 544, 345 N.Y.S.2d 17 (1973); *Rosemont Enterprises, Inc. v. Choppy Prods., Inc.*, 74 Misc.2d 1003, 347 N.Y.S.2d 83 (Sup. Ct. 1972). Even in the merchandising context, however, the line between privileged and unprivileged appropriations remains in dispute. See, e.g., *Paulsen v. Personality Posters, Inc.*, 59 Misc.2d 444, 299 N.Y.S.2d 501 (Sup. Ct. 1968); *Treecy, supra* note 127, at 665-68.

When appropriations of famous names and likenesses occur in the context of more substantial forums of communication, however, first amendment arguments are taken more seriously. Use of names and photographs in connection with magazine articles generally is considered beyond the limits of any exclusive publicity right. See, e.g., *Cher v. Forum Int'l, Ltd.*, 692 F.2d 634 (9th Cir. 1982), *cert. denied*, 103 S. Ct. 3089 (1983); *Falwell v. Penthouse Int'l, Ltd.*, 521 F. Supp. 1204 (W.D. Va. 1981); *Ann-Margaret v. High Society Magazine, Inc.*, 498 F. Supp. 401 (S.D.N.Y. 1980); cf. *Current Audio, Inc. v. RCA Corp.*, 71 Misc.2d 831, 337 N.Y.S.2d 949 (Sup. Ct. 1972) (recorded interview). But see *Ali v. Playgirl, Inc.*, 447 F. Supp. 723 (S.D.N.Y. 1978); *Grant v. Esquire, Inc.*, 367 F. Supp. 876 (S.D.N.Y. 1973). The same is true for unauthorized biographies. See *Frosch v. Grosset & Dunlap, Inc.*, 75 A.D.2d 768, 427 N.Y.S.2d 828 (1980); *Rosemont Enters. v. Random House, Inc.*, 58 Misc.2d 1, 294 N.Y.S.2d 122 (Sup. Ct. 1968), *aff'd*, 32 A.D.2d 892, 301 N.Y.S.2d 948 (1969). The right to exploit the publicity value of famous personalities through motion pictures is protected similarly under the first amendment. See, e.g., *Hicks v. Casablanca Records*, 464 F. Supp. 426 (S.D.N.Y. 1978); *Man v. Warner Bros.*, 317 F. Supp. 50 (S.D.N.Y. 1970); *Gugliemi v. Spelling-Goldberg Prods.*, 25 Cal. 3d 860, 603 P.2d 454, 160 Cal. Rptr. 352 (1979) (Bird, J., concurring); cf. *Zacchini v. Scripps-Howard Broadcasting Co.*, 433 U.S. 562 (1977) (news broadcast of performer's *entire* act not privileged). In jurisdictions in which the publicity right is statutory, many decisions avoid direct confrontation with free speech interests by narrowly construing the scope of the commercial exploitation actionable under the legislation.

elling *personal* interests implicated in the publicity right, the analogy to the merchandising rights in trademarks and trade names cannot be conclusive.

### C. The Misappropriation Cases

The law has expended considerable energy in its attempt to delimit the appropriate role of the copyist. The patent and copyright statutes are elaborately crafted to balance concern for incentive (and presumably moral entitlement<sup>140</sup>) with the interest in dissemination and efficiency.<sup>141</sup> The common law also has regularly confronted the issue. Much of its effort, such as the law of trade secrets and common-law copyright, has been confined to redressing appropriations of intangibles that have not been formally placed before the public. Such doctrines rest upon notions of confidentiality, physical security, and good faith in addition to the calculus of incentive and efficiency. But the common law has also scrutinized appropriations of intangibles accessible without the necessity of any impropriety. The protection afforded an individual's name and likeness has been noted, although the interest in personal integrity and autonomy gives the issue a dimension not present in the ornamentation cases. In other instances, however, the common law has en-

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See, e.g., *Donahue v. Warner Bros. Pictures*, 194 F.2d 6 (10th Cir. 1952); *Falwell v. Penthouse Int'l, Ltd.*, 521 F. Supp. 1204 (W.D. Va. 1981); *Ann-Margaret v. High Society Magazine, Inc.*, 498 F. Supp. 401 (S.D.N.Y. 1980); *Rosemont Enters. v. Random House, Inc.*, 58 Misc. 2d 1, 294 N.Y.S.2d 122 (Sup. Ct. 1968), *aff'd*, 32 A.D.2d 892, 301 N.Y.S.2d 948 (1969).

The recognition of exclusive rights in trademarks and trade names would appear to present analogous problems. See Denicola, *Trademarks as Speech: Constitutional Implications of the Emerging Rationales for the Protection of Trade Symbols*, 1982 WIS. L. REV. 158 [hereinafter cited as Denicola, *Trademarks as Speech*]. When the unauthorized use of a well-known trade symbol creates confusion about source or sponsorship, the first amendment does not impede relief. *Id.* at 165-66; see *Friedman v. Rogers*, 440 U.S. 1 (1979). In view of the minimal speech interests implicated in the typical merchandising case, an exclusive right to the ornamental use of famous trade symbols also would seem as constitutionally unobjectionable as the analogous right recognized in the publicity cases. Denicola, *Trademarks as Speech*, *supra*, at 195; see *Winterland Concessions Co. v. Sileo*, 528 F. Supp. 1201 (N.D. Ill. 1981); *General Food Corp. v. Mellis*, 203 U.S.P.Q. (BNA) 261 (S.D.N.Y. 1979); *Coca-Cola Co. v. Gemini Rising, Inc.*, 346 F. Supp. 1183 (E.D.N.Y. 1972). Like the right of publicity, however, an exclusive merchandising right may be forced to yield when the use is part of a more substantial communicative effort. Denicola, *Trademarks as Speech*, *supra*, at 195-206; see, e.g., *Stop the Olympic Prison v. United States Olympic Comm.*, 489 F. Supp. 1112 (S.D.N.Y. 1980); *Universal City Studios, Inc. v. Ideal Publishing Corp.*, 195 U.S.P.Q. (BNA) 761 (S.D.N.Y. 1977); *Girl Scouts of the United States v. Personality Posters Mfg. Co.*, 304 F. Supp. 1228 (S.D.N.Y. 1969); *University of Notre Dame Du Lac v. Twentieth Century-Fox Film Corp.*, 22 A.D.2d 452, 256 N.Y.S.2d 301, *aff'd*, 15 N.Y.2d 940, 207 N.E.2d 508, 259 N.Y.S.2d 832 (1965); cf. *Reddy Communications v. Environmental Action Found., Inc.*, 199 U.S.P.Q. (BNA) 630 (D.D.C. 1977) (relief denied on other grounds). The line between constitutionally protected and unprotected uses, however, often may be as indistinct as in the publicity cases. Denicola, *Trademarks as Speech*, *supra*, at 201-06; compare *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema Ltd.*, 604 F.2d 200 (2d Cir. 1979) (rejecting first amendment right to use of trademark in movie) and *Coca-Cola Co. v. Gemini Rising, Inc.*, 346 F. Supp. 1183 (E.D.N.Y. 1972) (same concerning poster) with *University of Notre Dame Du Lac v. Twentieth Century-Fox Film Corp.*, 22 A.D.2d 452, 256 N.Y.S.2d 301, *aff'd*, 15 N.Y.2d 940, 207 N.E.2d 508, 259 N.Y.S.2d 832 (1965) (noting first amendment implications of attempt to restrain book and movie distribution) (dicta) and *Girl Scouts of the United States v. Personality Posters Mfg. Co.*, 304 F. Supp. 1228 (S.D.N.Y. 1969) (same concerning poster) (dicta).

140. See, e.g., Denicola, *supra* note 72, at 519-20.

141. See, e.g., Kitch, *The Nature and Function of the Patent System*, 20 J.L. & ECON. 265 (1977).

countered appropriations that are not entangled with such collateral concerns, and unjust enrichment and incentive arguments have sometimes carried the day. These results have not gone unnoticed by trademark owners claiming rights in the merchandising value of their trademarks.

Common-law recognition of exclusive rights in intangible assets previously disclosed to the public is traditionally traced to the Supreme Court's 1918 decision in *International News Service v. Associated Press*.<sup>142</sup> Associated Press had sought to enjoin a competing news service from copying war news appearing in eastern newspapers subscribing to the AP service and transmitting it in rewritten form to newspapers on the west coast. Despite the absence of any misrepresentation of source, defendant was prohibited from appropriating the news while it retained commercial value. The Court declared that since the information had been gathered by plaintiff through "the expenditure of labor, skill, and money," to condone its appropriation would permit the defendant to "reap where it has not sown."<sup>143</sup>

This broad invitation to interdict appropriations of intangible assets proved a boon to judges who thought copiers and imitators only slightly less reprehensible than muggers. The indiscriminating rhetoric in *International News Service* ensured its universality. "Misappropriation" proved a convenient reference when no other principle of unfair competition law would serve to alleviate the perceived injustice of defendant's enrichment at plaintiff's expense. In its wake the case has left a collection of decisions as diverse as any accumulated under a single common-law label.<sup>144</sup> For the most part they content themselves with descriptions of the effort or capital invested by the plaintiff, the advantage gained by the defendant, and a citation to *International News Service*.

Even before *Boston Hockey* brought the merchandising issue to center stage, the misappropriation doctrine occasionally had been enlisted as an alternative ground for the protection of trade symbols.<sup>145</sup> With its emphasis on the fact that "the major commercial value of the emblems is derived from the efforts of plaintiffs,"<sup>146</sup> and its ultimate conclusion that "plaintiffs have ac-

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142. 248 U.S. 215 (1918).

143. *Id.* at 239.

144. See, e.g., *Standard & Poor's Corp. v. Commodity Exch., Inc.*, 683 F.2d 704 (2d Cir. 1982) (stock index); *Roy Export Co. v. Columbia Broadcasting System*, 672 F.2d 1095 (2d Cir.), *cert. denied*, 103 S. Ct. 60 (1982) (film compilation); *A & M Records, Inc. v. M.V.C. Distrib. Corp.*, 574 F.2d 312 (6th Cir. 1978) (records and tapes); *Addison-Wesley Pub. Co. v. Brown*, 207 F. Supp. 678 (E.D.N.Y. 1962) (textbook problems); *Veatch v. Wagner*, 116 F. Supp. 904 (D. Alaska 1953) (news); *McCord Co. v. Plotnick*, 108 Cal. App. 2d 392, 239 P.2d 32 (1951) (business information); *New York World's Fair 1964-1965 Corp. v. Colourpicture Pub., Inc.*, 141 U.S.P.Q. (BNA) 939 (N.Y. Sup. Ct. 1964), *aff'd*, 21 A.D.2d 896, 251 N.Y.S.2d 885 (1964) (exhibition); *Metropolitan Opera Ass'n, Inc. v. Wagner-Nichols Recorder Corp.*, 199 Misc. 786, 101 N.Y.S.2d 483 (Sup. Ct. 1950), *aff'd*, 279 A.D. 632, 107 N.Y.S.2d 795 (1951) (performance).

145. See, e.g., *Flexitized, Inc. v. National Flexitized Corp.*, 335 F.2d 774 (2d Cir. 1964), *cert. denied*, 380 U.S. 913 (1965); *Lone Ranger, Inc. v. Cox*, 124 F.2d 650 (4th Cir. 1942); *Madison Square Garden Corp. v. Universal Pictures Co.*, 255 A.D. 459, 7 N.Y.S.2d 845 (1938); *Crowther*, *supra* note 102.

146. *Boston Professional Hockey Ass'n v. Dallas Cap & Emblem Mfg.*, 510 F.2d 1004, 1011 (5th Cir.), *cert. denied*, 423 U.S. 868, *reh'g denied*, 423 U.S. 991 (1975).

quired a property right in their marks which extends to the reproduction and sale of those marks as embroidered patches,"<sup>147</sup> *Boston Hockey* itself often has been viewed as an implicit application of the rationale.<sup>148</sup> Recent cases have been more explicit. In granting Universal City Studios a preliminary injunction against an appropriation of its "Jaws" and "Jaws 2" marks, one court concluded:

Plaintiffs are also likely to succeed at trial under their claim for misappropriation of merchandising properties. Plaintiffs' marks JAWS and JAWS 2 are such properties because they create consumer demand for products with which they are associated. . . . Likelihood of confusion is not required. Under the laws of Illinois, one may not use the mark of another to obtain a "free ride" on his efforts to promote that mark. . . . This is based on the law's reluctance to permit unjust enrichment or to permit a person "to reap where one has not sown."<sup>149</sup>

Application of the *International News Service* rationale to the ornamentation cases at least avoids decision by default. Unlike the confusion rationale, it poses the relevant question. The difficulty, however, is the tendency to confuse the question with the answer. Too often in appropriation cases the detection of an appropriation concludes rather than commences the analysis, implying that all such takings are per se unfair competition. In fairness to the Supreme Court, it of course had decided nothing of the sort.

The decision in *International News Service*, whatever its ultimate merit, was predicated on a detailed analysis of the particular appropriation at issue. The Court clearly was influenced by the economic implications of defendant's activities. The decision reflected its concern that "by permitting indiscriminate publication by anybody and everybody for purposes of profit in competition with the news-gatherer, it would render publication profitless, or so little profitable as in effect to cut off the service by rendering the cost prohibitive in comparison with the return."<sup>150</sup> Perhaps so, although it is possible to imagine

147. *Id.* at 1014.

148. See, e.g., Laff & Saret, *supra* note 40; Presta, *supra* note 40.

149. Universal City Studios, Inc. v. Montgomery Ward & Co., 207 U.S.P.Q. (BNA) 852, 858 (N.D. Ill. 1980) (quoting *International News Services v. Associated Press*, 248 U.S. 215, 293 (1918)). Universal had similar success in invoking the misappropriation doctrine to protect its merchandising rights in the name E.T.:

Product licensing arrangements in the entertainment industry often are more profitable than the original work itself. . . . The doctrine of misappropriation has been held to afford a cause of action for the unauthorized appropriation and use, in competition with the plaintiff's licensing program, of the elements and symbols of a successful television series. . . .

Since the plaintiffs have acquired valuable and unique licensing and merchandising rights as a result of Universal's considerable effort, expenditure and skill in producing and promoting the motion picture "E.T. The Extra-Terrestrial". . . and Kamar is "endeavoring to reap where it has not sown . . . in order to divert a material portion of the profit from those who have earned it to those who have not . . .," . . . plaintiffs are likely to prevail on the merits of their cause of action for misappropriation.

Universal City Studios, Inc. v. Kamar Indus., Inc., 217 U.S.P.Q. (BNA) 1162, 1168 (S.D. Tex. 1982) (quoting *International News Serv.*, 248 U.S. at 239-40) (citations omitted).

150. *International News Serv.*, 248 U.S. at 241.

market adjustments that could ensure continuation of the service without significantly increasing transaction costs.<sup>151</sup> In any event the opinion merely expressed the conclusion that in this specific instance the interest in maintaining incentive outweighed the inefficiency inherent in the resulting monopoly.<sup>152</sup> Others would have struck a different balance,<sup>153</sup> or consigned all such determinations to the legislature.<sup>154</sup> Indeed, the misappropriation rationale has been rejected as often as it has been embraced.<sup>155</sup>

The mixed reaction to *International News Service* also is evident in the trademark case law. Notwithstanding the decisions invoking misappropriation to protect the merchandising value of well-known symbols, other cases have declined to enjoin nondeceptive appropriations of trademarks in a variety of contexts,<sup>156</sup> including ornamental use.<sup>157</sup> The most pointed rejection of the rationale appears in a recent decision holding that in the absence of confusion, neither state nor federal trademark and unfair competition law precludes the unauthorized use of marks on emblems, buttons, and other novelty

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151. There are two alternative scenarios. The Supreme Court's economic analysis could prove incorrect, with AP continuing to service its members despite the INS appropriations. Or, AP might move instead to abandon its news gathering efforts in Europe. This eventuality would disadvantage INS and its subscribers as much as AP, since then neither group would have access to war news. Thus, it is not improbable that INS would seek some financial arrangement with AP in order to induce it to continue its European operations, and the large start up costs necessary to enter the news gathering market presumably would limit the number of other potential free riders.

152. The anticompetitive consequences of the decision may be greater than might appear. INS had been banned by the government of Great Britain from using British facilities for the transmission of news. See E. KITCH & H. PERLMAN, *LEGAL REGULATION OF THE COMPETITIVE PROCESS* 33-34 (2d ed. 1979). In addition, AP bylaws severely restricted admission for applicants who competed with existing members. *Id.* at 37.

153. See *International News Serv.*, 248 U.S. at 246-48 (Holmes, J., dissenting).

154. See, e.g., *id.* at 262-67 (Brandeis, J., dissenting); *Cheney Bros. v. Doris Silk Corp.*, 35 F.2d 279, 280-81 (2d Cir. 1929), *cert. denied*, 281 U.S. 728 (1930); *Warner Bros. v. Gay Toys, Inc.*, 513 F. Supp. 1066, 1070 (S.D.N.Y.), *rev'd*, 658 F.2d 76 (2d Cir. 1981). Cf. *University of Pittsburgh v. Champion Prods., Inc.*, 566 F. Supp. 711, 712 (W.D. Pa. 1983) ("We believe that were we to rule in favor of Pitt, we would be creating a new substantive right in an area of the law in which Congress and the states have legislated extensively.")

155. See 2 R. CALLMAN, *UNFAIR COMPETITION, TRADEMARKS AND MONOPOLIES* §§ 15.01-23 (4th ed. 1981).

156. "A trade mark only gives the right to prohibit the use of it so far as to protect the owner's good will against the sale of another's product as his." *Prestonettes, Inc. v. Coty*, 264 U.S. 359, 368 (1924) (rebotting). See, e.g., *Carson v. Here's Johnny Portable Toilets, Inc.*, 698 F.2d 831 (6th Cir. 1983) (use as trademark); *Toho Co. v. Sears, Roebuck & Co.*, 645 F.2d 788 (9th Cir. 1981) (same); *Societe Comptoir de L'Industrie Cotonniere Etablissements Boussac v. Alexander's Dept. Stores, Inc.*, 299 F.2d 33 (2d Cir. 1962) (comparative advertising); *American Footwear Corp. v. General Footwear Co.*, 199 U.S.P.Q. (BNA) 531, 535 (S.D.N.Y. 1978) ("It was entirely permissible for American [Footwear Corp.] to attempt to capitalize on public receptiveness to a concept, idea or word which Universal has been responsible for creating or popularizing."), *aff'd in part*, 609 F.2d 655 (2d Cir. 1979), *cert. denied*, 445 U.S. 951 (1980); *National Football League v. Governor of the State of Delaware*, 435 F. Supp. 1372 (D. Del. 1977) (lottery); *University of Notre Dame Du Lac v. Twentieth Century-Fox Film Corp.*, 22 A.D.2d 452, 256 N.Y.S.2d 301, *aff'd*, 15 N.Y.2d 940, 207 N.E.2d 508, 259 N.Y.S.2d 832 (1965) (movie).

157. See, e.g., *Supreme Assembly, Order of Rainbow for Girls v. J.H. Ray Jewelry Co.*, 676 F.2d 1079 (5th Cir. 1982); *University of Pittsburgh v. Champion Prods., Inc.*, 566 F. Supp. 711 (W.D. Pa. 1983); *Bi-Rite Enterprises, Inc. v. Button Master*, 555 F. Supp. 1188 (S.D.N.Y. 1983); *Warner Bros., Inc. v. Gay Toys, Inc.*, 513 F. Supp. 1066 (S.D.N.Y.), *rev'd*, 658 F.2d 76 (2d Cir. 1981); cf. *International Order of Job's Daughters v. Lindeburg & Co.*, 633 F.2d 912, 918 (9th Cir. 1980), *cert. denied*, 452 U.S. 941 (1981) (declining to express opinion on whether state unfair competition law would prohibit nonconfusing appropriation).

items.<sup>158</sup>

It is of course absurd to view *International News Service* and its progeny as a mandate to ferret out all appropriations of commercially valuable intangibles. They are instead merely an invitation to analysis, offering support for judicial intervention justified on its own merits. But if justification in the ornamentation cases is sought merely in citations to decisions prohibiting appropriations in other contexts, and disputed in turn by references to decisions in which judicial intervention instead has been withheld, the results will be as injudicious as any produced by the traditional confusion rationale. The misappropriation cases emphasize the alternatives, but cannot dictate the ultimate choice.

### III. THE MERCHANDISING RIGHT

If the decorative use of a famous trade symbol does not create a likelihood of confusion, either because the public does not spontaneously assume sponsorship or because the assumption can be dispelled by an appropriate disclaimer, the rights of the institution identified by the mark are a matter for state law.<sup>159</sup> The case law and commentary, however, offer little genuine aid

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158. Although industry and investment are encouraged by protecting distinctive marks, they are also encouraged by a system that allows entrepreneurs to copy and exploit such marks in nonconfusing ways. Indeed, a system that permits nonconfusing copying may achieve greater social utility and wealth than a system that protects marks without a showing of confusion. The originator of a mark may in some circumstances lose far less in economic value because of copying by others than is gained by the copiers and the public. Copying enables one to sell the mark for a lower price than the originator is able or inclined to sell, thereby making the goods involved accessible to more consumers as the price is reduced. Indeed, the freedom to copy tends to create competition among copiers, and will drive down prices to the point where the marginal return on investment is merely adequate, thus creating the broadest practicable public access to goods, and tending to prevent monopoly profits and prices.

*Bi-Rite Enters. v. Button Master*, 555 F. Supp. 1188, 1194-95 (S.D.N.Y. 1983) (granting relief on other grounds).

159. See *supra* text accompanying notes 72-75. Any discussion concerning recognition under state law of exclusive rights in intangible property must contend with the problem of preemption. In 1964 the Supreme Court held that state laws prohibiting the copying of articles left unprotected by federal patent and copyright law interfered with federal policy and thus were preempted. See *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964); *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964). The preemptive effect of federal patent and copyright law subsequently was narrowed in a series of later decisions. In *Goldstein v. California*, 412 U.S. 546 (1973), the Court held that preemption did not extend to state protection of works left "unattended" by federal law. In *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470 (1974), and *Aronson v. Quick Point Pencil Co.*, 440 U.S. 257 (1979), the Supreme Court further limited *Sears* and *Compco* by concluding that state protection, even of subject matter within the scope of federal law, was not preempted unless the state scheme was in fact inconsistent with federal policy.

State protection of trade symbols under the traditional confusion rationale was not threatened by the Supreme Court's preemption analysis:

Doubtless a State may, in appropriate circumstances, require that goods, whether patented or unpatented, be labeled or that other precautionary steps be taken to prevent customers from being misled as to the source, just as it may protect businesses in the use of their trademarks, labels, or distinctive dress in the packaging of goods so as to prevent others, by imitating such markings, from misleading purchasers as to the source of the goods.

*Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 232 (1964). Many ornamentation cases have therefore rejected defenses premised on preemption by arguing that *Sears* and *Compco* simply do

to a court or legislature struggling with the issues presented in the ornamentation cases. Yet even a crude assessment of efficiency and distributional considerations can assist in evaluating the wisdom of an institutional publicity right.

### A. The Copyright Model

It is tempting to look to analysis of the copyright system for a model of

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not apply to the protection of trademarks. *E.g.*, *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 204 (2d Cir. 1979); *Boston Professional Hockey Ass'n v. Dallas Cap & Emblem Mfg., Inc.*, 510 F.2d 1004, 1013 (5th Cir.), *cert. denied*, 423 U.S. 868 (1975); *National Football League Properties, Inc. v. Wichita Falls Sportswear, Inc.*, 532 F. Supp. 651, 663 (W.D. Wash. 1982); *National Football League Properties, Inc. v. Consumer Enters.*, 26 Ill. App. 3d 814, 818-19, 327 N.E.2d 242, 246, *cert. denied*, 423 U.S. 1018 (1975). The difficulty with this response is that the protection extended to trademark owners in the ornamentation cases goes beyond the right to prevent deception and confusion—it is in essence an exclusive right to prevent commercial reproduction and exploitation. Thus, preemption arguments are not so easily dismissed. Preemption can be overcome by resting liability for trademark infringement on federal rather than state law. *See* 1 J. GILSON, *supra* note 6, §§ 2.13[3]-13[4]. But federal protection of trade symbols under § 32 and § 43(2) of the Lanham Act, 15 U.S.C. § 1114, 1125(a) (1982), rests solely on the confusion rationale, and thus cannot support the recognition of an exclusive merchandising right.

The preemption question also has been raised in connection with state protection of an individual's name and likeness under the right of publicity. The preemption defense has not been successful in this context, *see Bi-Rite Enters. v. Button Master*, 555 F. Supp. 1188, 1201 (S.D.N.Y. 1983); *Price v. Hal Roach Studios, Inc.*, 400 F. Supp. 836, 845-46 (S.D.N.Y. 1975); *cf. Zacchini v. Scripps-Howard Broadcasting Co.*, 433 U.S. 562 (1977) (right of publicity prevents unauthorized broadcast of plaintiff's entire performance). *See generally Shipley, Publicity Never Dies; It Just Fades Away: The Right of Publicity and Federal Preemption*, 66 CORNELL L. REV. 673 (1981). The designs and symbols at issue in the ornamentation cases, however, are more closely related to the subject matter of federal copyright law, and thus the analogy to publicity rights is not compelling.

Since federal patent law does not apply to words or symbols, *see* 35 U.S.C. §§ 101, 161, 171 (1976), preemption of a state created merchandising right for trade symbols must be founded on federal copyright law. The preemptive effect of federal copyright is governed now by § 301 of the Copyright Act of 1976, 17 U.S.C. § 301 (1982). State protection of works falling within the subject matter of copyright as specified in § 102 and § 103 of the Act, 17 U.S.C. §§ 102, 103 (1982), is preempted if it affords rights "equivalent" to any of the exclusive rights granted copyright owners by 17 U.S.C. § 106 (1982), including the exclusive right "to reproduce the copyrighted work in copies or phonorecords." *Id.*

If the appropriated mark merely consists of a word or slogan, it can be argued that a state prohibition on reproduction is not preempted since such subject matter is not within the scope of copyright, *see Trade-Mark Cases*, 100 U.S. 82 (1879); Copyright Office Regulations, 37 C.F.R. §§ 202.1(a), 202.10(c) (1983), although the reference in § 301 to the subject matter of copyright also could be read to include works for which protection has been intentionally withheld. *Cf. Goldstein v. California*, 412 U.S. 546 (1973) (making a similar argument prior to the enactment of the 1976 Act).

When the appropriated symbol consists of a graphic or sculptural design, it is clearly within the subject matter of copyright, *see* 17 U.S.C. § 102(a)(5) (1982). If preemption of a merchandising right is to be avoided, the state protection must not be "equivalent" to the rights offered under federal copyright. Since the merchandising right that is sometimes recognized in the ornamentation cases appears to be little more than a right to prohibit certain reproductions of the work, the nonequivalence is far from obvious. Some cases have attempted to distinguish the merchandising right by emphasizing that unlike copyright it is aimed at preventing exploitation of the public's association of the appropriated symbol with its creator, *see Boston Professional Hockey Ass'n v. Dallas Cap & Emblem Mfg., Inc.*, 510 F.2d 1004, 1013 (5th Cir.), *cert. denied*, 423 U.S. 868, *reh'g denied*, 423 U.S. 991 (1975); *Rolls-Royce Motors, Ltd. v. A & A Fiberglass, Inc.*, 428 F. Supp. 689, 692-93 (N.D. Ga. 1976); *National Football League Properties, Inc. v. Consumer Enters.*, 26 Ill. App. 3d 814, 818-19, 327 N.E.2d 242, 246, *cert. denied*, 423 U.S. 1018 (1975), although the significance of such an observation is not necessarily apparent.

Given existing precedents and the movement toward a narrower vision of federal preemption evident in the Supreme Court's decisions after *Sears* and *Compco*, however, it appears unlikely that federal law will impede significantly the implementation of state common law or statutory responses to the merchandising issue.

the proposed merchandising right. Copyright offers authors an array of proprietary rights as a means of encouraging and rewarding creativity.<sup>160</sup> The comparison to copyright is made frequently in connection with the right of publicity.<sup>161</sup> Viewed from this perspective, the decision to grant or withhold a property right in the merchandising value of well-known trade symbols pits concern for incentive and moral entitlement against the inefficiency of restricted access.

The argument against recognizing an exclusive right to the ornamental use of famous trade symbols rests upon both the presumed inefficiency and inequity of the resulting monopoly. The equity concern relates to the distributional consequences of the monopoly. The argument assumes that such a property right will force consumers to pay a higher price for decorated goods. To the extent that the idea of transferring wealth from consumers purchasing T-shirts and glassware to the corporate owners of famous trademarks strikes some as undesirable, the prospect strengthens the case against protection. This aspect of the argument is best considered later, together with the distributional arguments that support protection.

Apart from distributional effects, monopoly invariably raises concern with efficiency. According to traditional theory, monopolies tend to generate a less than optimal allocation of resources.<sup>162</sup> In a competitive market a firm can be expected to continue to produce additional output as long as its marginal cost is less than the prevailing market price, and to limit output at the point where its marginal cost equals the market price. This result is efficient in the sense that the price of the good faced by consumers reflects its cost of production. Consumers who value the good at or above its cost of production will buy it, and those who value it less will not. Since the monopolist controls the quantity available in the market, however, its decision to increase output must take into account the resulting decrease in market price brought about by greater supply. The marginal revenue from an additional sale will thus be less than the price received, since the expanded output results in a lower price for all other units produced. Maximizing profit by ceasing production when marginal cost equals marginal revenue therefore results in a lower output than produced under competitive conditions. In essence the monopolist creates an artificial scarcity to maintain a higher market price. The result is inefficient. Purchasers who value the good more than its cost of production but less than the inflated market price will not buy it.

This general criticism of monopoly, however, takes on a more simplified and powerful form in the context of intellectual products such as those protected by copyright. The peculiar feature of such goods is that in a sense there is no marginal cost associated with increased access. Once the good has been

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160. See 17 U.S.C. § 106 (1982).

161. See, e.g., *Zacchini v. Scripps-Howard Broadcasting Co.*, 433 U.S. 562, 573 (1977); Felcher & Rubin, *supra* note 130; Comment, *supra* note 129.

162. See, e.g., Scherer, *The Welfare Economics of Competition and Monopoly*, in *ECONOMIC FOUNDATIONS OF PROPERTY LAW* 56-60 (B. Ackerman ed. 1975).



produced, no additional commitment of resources is necessary to supply it to an additional user, and one consumer's use of the good does not reduce its availability to another. In this sense such goods are "public goods," much like the traditional example of the service provided by a lighthouse.<sup>163</sup> Since the marginal cost of permitting additional use is presumed to be zero, any exclusion of users to whom the good has value is inefficient, since they would benefit from such use and no one else would be disadvantaged. Thus, any fee on access to the good is inefficient to the extent it restricts use, and a higher fee, because it presumably will be more restrictive, is more inefficient than a lower one. Applied to the ornamental use of famous trademarks, such an analysis implies that once the marks' merchandising value has been created, any restrictions on access, such as permitting the owner to charge a fee, are similarly inefficient.

There is, of course, a countervailing concern. If the cost of producing the good in the first instance is less than its value to potential consumers, it would be inefficient not to provide sufficient incentive for its production. Before turning to this side of the balance, however, several factors might be noted that tend to reduce, although not eliminate, the inefficiency suggested by the copyright model of an exclusive merchandising right.

The degree to which a trademark owner would restrict access to the mark to maximize its merchandising profit will depend in part upon the nature of the demand. When demand is inelastic, so that a given percentage decrease in output causes a proportionately larger increase in market price, there will be significant incentive to restrict access. On the other hand, when demand is elastic and a decrease in the quantity supplied produces a less drastic effect on the market price, the owner is less likely to maintain a price that excludes a significant proportion of potential users. If one assumes that demand for the ornamental use of trade symbols is relatively elastic, the inefficiency of the monopoly is thus reduced. Such an assumption may well be realistic. Any particular trademark owner, if guaranteed a monopoly over the use of its own mark, would face competition from the owners of other symbols. This competition between differentiated products may result in a fairly elastic demand for any particular mark. At least some potential licensees may turn to Major League Baseball or Coors if the National Football League or Anheuser-Busch demands too high a royalty. In addition, consumer demand for the type of goods ultimately produced under such licenses may well be quite sensitive to price, and this too could contribute to a relatively elastic demand for the mark.

Additional factors may also weaken the case against a merchandising monopoly. The reduced production of the monopolist is caused by the fear that greater availability will drive down the price for the entire output. If the seller can consistently discriminate in price between different buyers, however, the need to curtail output is diminished. Additional sales will not reduce the price received in other transactions if buyers who place a higher value on the good

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163. Cf. Coase, *The Lighthouse in Economics*, 17 J.L. & ECON. 357 (1974) (interpreting the "lighthouse" references).

can be made to pay correspondingly more. In most instances such price discrimination is impossible, but in the present context the individualized nature of the transaction between trademark owner and licensee may well permit the licensor to extract a higher price for particularly lucrative uses, while continuing to offer access to others at a lower fee. When this is the case, inefficient exclusion is reduced, although distributional consequences remain. Another fact, however, reduces both. There is a further element that affects the marginal revenue available to a trademark owner considering an additional license. In many instances the ornamental use by a licensee will yield a substantial advertising benefit to the licensor. The Coca-Cola Company, for example, is surely not indifferent to the prospect of thousands of teenagers wearing red shirts emblazoned with its name and logo. This benefit may more than offset any loss in total merchandising revenues. In a few situations the advertising value is of such magnitude that companies actually demand no payment at all from their licensees.<sup>164</sup> Thus, an exclusive merchandising right may at times produce only a relatively modest reduction in access.

The copyright model nevertheless presents a severe challenge to advocates of an exclusive merchandising right. Putting aside for the moment the concern with distributional effects evident in references to unjust enrichment and natural-law property rights, trademark owners are forced to counter the claims of inefficiency by arguing that the failure to extend protection will undermine the incentive to produce the merchandising properties fancied by the public. The chief difficulty with this response is that in most instances it simply is not credible. Collateral sources of incentive will frequently dwarf the additional stimulus provided by the prospect of an exclusive merchandising right. The point often is made in connection with the right of publicity.<sup>165</sup> In the typical ornamentation case, the name or insignia at issue will be the trademark of a company well-known for a particular product or service. The merchandising value of the mark will be a by-product of the company's efforts to create and maintain demand for its primary business. Decisions of the Coca-Cola Company affecting the incalculable good will associated with its trademarks, for example, are not likely to be influenced by merchandising rights in T-shirts or beach towels. More generally, whenever the symbol at issue is the name of a famous institution, whether commercial or nonprofit, the desire to maintain an appropriate public image can be expected to dominate concern with merchandising revenues. Princeton University will not become less interested in its academic reputation if it cannot control the sale of glassware displaying its seal, nor will Notre Dame cease playing football if it does not have the exclusive right to sell pennants bearing its name.

In a few instances, however, the existence of an exclusive right might indeed influence resource allocation. This is particularly likely when the creator of the mark is engaged in the business of producing intangible products whose

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164. See Finkelstein, *supra* note 40.

165. See, e.g., *Memphis Dev. Found. v. Factors Etc., Inc.*, 616 F.2d 956, 958-59 (6th Cir.), *cert. denied*, 449 U.S. 953 (1980); Hoffman, *supra* note 127, at 119-20; Comment, *supra* note 129, at 796.

value is determined primarily by their merchandising potential. The entertainment industry, and perhaps to a lesser extent professional sports, are prime examples. The producer of a movie or television show may expect to receive a significant proportion of its total return in the form of royalties from merchandising rights.<sup>166</sup> Yet, even here the failure to recognize a property right in the merchandising value of the names and symbols popularized in such works may not substantially affect the investment decision. Alternative forms of protection will generally suffice to capture the bulk of the merchandising value inherent in such works. Copyright law will exclude others from reproducing visual images from the work, including the production of two and three dimensional representations of original characters.<sup>167</sup> The right of publicity will prevent appropriation of the likeness of actors appearing in the work.<sup>168</sup> These doctrines, however, will not monopolize the total merchandising value, since titles, character names, or short segments of dialogue will generally be beyond their reach.<sup>169</sup> Nevertheless, the marginal effect of such shortcomings is unlikely to deter production.

There are additional reasons to be suspicious of the incentive argument. Even if the prospect of merchandising revenue is indeed necessary to elicit an efficient expenditure of resources, the trademark owner frequently will be able to appropriate a significant share of such returns without the benefit of an exclusive right to the use of the name or symbol. The attraction of an "official" product specifically endorsed by the enterprise whose popularity is the basis for the sale should not be underestimated, and the confusion rationale will prevent encroachment upon this aspect of the trademark owner's advantage.<sup>170</sup> This factor may be especially significant in the case of a nonprofit enterprise, since a substantial proportion of purchasers may wish their patronage to benefit that particular institution. Retailers may also prefer to handle an "official" product line if the trademark owner establishes a reputation for quality control.<sup>171</sup> There are further advantages that may permit the trademark owner to capture a substantial portion of the merchandising market even in the absence of any exclusive right. In some instances, particularly when demand will be short lived, the owner's lead time may be decisive. The right to *physically* exclude potential competitors should also not be overlooked. A high percentage of merchandising sales may occur in locations

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166. "We are informed by counsel for the plaintiff that—again, as is customary in the industry—the revenues plaintiff expects to derive from such licenses in 1981 exceed by far the broadcast revenues expected from the series for that year." *Warner Bros. v. Gay Toys Inc.*, 513 F. Supp. 1066, 1067 (S.D.N.Y.), *rev'd*, 658 F.2d 76 (2d Cir. 1981).

167. *See, e.g.*, *Universal City Studios, Inc. v. J.A.R. Sales, Inc.*, 216 U.S.P.Q. (BNA) 679 (C.D. Cal. 1982); 1 M. NIMMER, *supra* note 72, § 2.12.

168. *See supra* text accompanying notes 101-39.

169. *But see* *Universal City Studios, Inc. v. Kamar Indus., Inc.*, 217 U.S.P.Q. (BNA) 1162 (S.D. Tex. 1982) ("E.T. phone home").

170. A similar phenomenon has been noted in connection with "authorized" editions of uncopyrighted literary works. Breyer, *The Uneasy Case for Copyright: A Study of Copyright in Books, Photocopies, and Computer Programs*, 84 HARV. L. REV. 281, 301 (1970).

171. *See, e.g.*, *Atkin, supra* note 55.

under the control of the trademark owner.<sup>172</sup> Exclusive access to preferred sales locations such as stadiums, concert halls, or college bookstores may provide a crucial advantage.<sup>173</sup>

Trademark owners fare poorly under an analysis of the merchandising right patterned on copyright. The incentive rationale is a poor counterweight to the efficiency arguments, however problematic, available to opponents of an exclusive right. Other than an equitable claim premised on some natural right to the fruits of their labors, trademark owners have little to place into the balance. Yet the balance itself may well be inappropriate.

### B. *An Alternative Analysis*

The copyright model of the merchandising right rests on the assumption that the product at issue usefully may be characterized as a "public good." In the case of a true public good, no allocational mechanism is necessary since use by one does not lessen the availability or value of the good to others. The goal is therefore the minimum restraint on use consistent with the necessity of providing incentive sufficient to encourage an efficient level of production. As the characteristics of the good begin to diverge from this assumption, however, the validity of the model is undermined. In the case of ornamental trademark use, the assumption is seriously inaccurate. Although the *availability* of the mark as a decorative feature remains unaffected by the quantum of use, the *value* of the mark to others may well be adversely affected by both the nature and quantity of use.

The unauthorized use of famous trade symbols may sometimes cause losses to others that exceed the benefit to the user. If the use causes purchasers to mistakenly conclude that they are dealing with the entity identified by the symbol, for example, the reputation of the owner may be jeopardized. Even in the absence of confusion, use of the mark in an offensive or inappropriate context may reduce its value not only to the trademark owner but to other decorative users as well. Additionally, the sheer volume of ornamental use may affect the value of the symbol as the market becomes saturated with merchandise bearing the mark. Unrestricted access may thus fail to extract the maximum benefit from the mark, much as unrestricted use may lead to inefficient exploitation in the traditional example of the public common.<sup>174</sup>

If use by some does diminish the value of the mark to others, a mechanism to manage its exploitation may be desirable. There are several possibilities. One approach is to recognize a property interest in the merchandising

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172. See, e.g., *Winterland Concessions Co. v. Creative Screen Design, Ltd.*, 210 U.S.P.Q. (BNA) 6, 8 (N.D. Ill. 1980) (90% of licensee's T-shirt sales occur at concert halls).

173. A related argument that might be offered on behalf of the merchandising right is similarly unavailing. It may sometimes be reasonable to impose a fee on the use of even a public good in order to measure its value for the purpose of determining the optimum level of production. See Demsetz, *The Exchange and Enforcement of Property Rights*, 7 J. L. & ECON. 11, 19-20 (1964). When, however, the good is essentially a by-product of other activities, as it is here, and will thus be produced regardless of its independent value, the question is moot.

174. See Hardin, *The Tragedy of the Commons*, 162 SCIENCE 1243 (1968).

value of the mark, thus permitting the trademark owner to oversee its exploitation. This is the solution sought by plaintiffs in the ornamentation cases. Another is to eschew interference entirely and rely on the market itself to correct inefficient uses. In theory, if a particular use causes more harm than benefit, those hurt by the use could avoid the loss by paying the user to stop.<sup>175</sup> As a practical matter, however, this approach is not a realistic alternative. The transaction costs involved in quantifying the loss caused by another's use, arranging collective action among all injured parties, and bargaining with the user will generally render such action impractical. Yet another alternative is to identify those types of uses most likely to cause significant harm, and to provide the trademark owner with a right either to prohibit them through injunction or to force the user to internalize the resulting losses through liability for damages. Much of current trademark law in effect performs precisely this function. To the extent this reduces inefficient use of the mark by others, it lessens the need to recognize an exclusive merchandising right in favor of the trademark owner.

Ornamental uses resulting in potential harm to the trademark owner's reputation due to confusion regarding sponsorship or approval already are effectively controlled by traditional doctrine. In addition to the confusion rationale, state dilution statutes may further limit ornamental uses likely to substantially reduce the value of the mark to others. Some twenty-two states have enacted legislation implementing the dilution rationale.<sup>176</sup> The formulation in the Model State Trademark Bill is typical:

Section 12. Injury to Business Reputation: Dilution.

Likelihood of injury to business reputation or of dilution of the distinctive quality of a mark registered under this Act, or a mark valid at common law, or a trade name valid at common law, shall be a ground for injunctive relief notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods or services.<sup>177</sup>

In essence the dilution statutes carry trademark protection beyond the informational content of marks to their "selling power."<sup>178</sup> Although many decisions have attempted to limit this extension by imposing a requirement of purchaser confusion in spite of the plain dictates of the statute,<sup>179</sup> the trend is toward acceptance of the legislation at face value.<sup>180</sup>

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175. See Coase, *The Problem of Social Cost*, 3 J.L. & ECON. 1 (1960).

176. See UNITED STATES TRADEMARK ASS'N, STATE TRADEMARK STATUTES (1983).

177. MODEL STATE TRADEMARK BILL § 12 (1964).

178. Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813, 819 (1927). See 2 J. MCCARTHY, *supra* note 13, §§ 24:13-24:16; Denicola, *Trademarks as Speech*, *supra* note 139, at 181-90.

179. See 2 J. MCCARTHY, *supra* note 13, § 24:13.

180. See, e.g., *Sally Gee, Inc. v. Myra Hogan, Inc.*, 699 F.2d 621 (2d Cir. 1983); *Pillsbury Co. v. Milky Way Prods., Inc.*, 215 U.S.P.Q. (BNA) 124 (N.D. Ga. 1981); *Allied Maintenance Corp. v. Allied Mechanical Trades, Inc.*, 42 N.Y.2d 538, 399 N.Y.S.2d 628, 369 N.E.2d 1162 (1977), noted in *Recent Developments—Trademark—§ 368-d Dilution Relief in New York—Abandoning the Confusion/Competition Requirement*, 46 FORDHAM L. REV. 1315 (1978); *Wedgewood Homes, Inc. v. Lund*, 294 Or. 493, 659 P.2d 377 (1983) (en banc).

The dilution statutes are applicable in two distinct situations.<sup>181</sup> The original conception of the right, from which the doctrine takes its name, concerned the loss or dilution of a symbol's distinctiveness. The value of a famous mark arises from its ability to call to mind a particular product or producer. This unique association is threatened, even in the absence of confusion, if others also adopt the mark to identify themselves or their products. The dilution doctrine offers protection to well-known marks by prohibiting others from using them as trademarks and thus diluting their distinctiveness. The ornamental use of famous marks, however, does not generally raise a significant threat of dilution.<sup>182</sup> Unlike the trademark use of a symbol, ornamental use is not likely to burden the mark with new associations. Indeed, the very purpose of such use is to capitalize on the *existing* association.

In addition to loss of distinctiveness, however, the dilution statutes have been invoked to forestall injury of a different kind. The statutes typically refer to a "likelihood of injury to business reputation," and the reference has spurred courts to offer protection against the "tarnishment" of famous trademarks.<sup>183</sup> The unauthorized use of a famous mark in connection with a product of poor quality, for example, may tarnish the positive image of the mark in spite of the consumer's knowledge that the product is not connected with the trademark owner.<sup>184</sup> Use of a mark on products somehow incompatible with those of the trademark owner,<sup>185</sup> or in an unflattering or unwholesome setting,<sup>186</sup> may also adversely affect the image of the mark. The dilution rationale thus reduces inefficient exploitation by offering a means of preventing certain ornamental uses likely to lessen the overall value of the trademark.<sup>187</sup>

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181. See Denicola, *Trademarks as Speech*, *supra* note 139, at 181-90.

182. See, e.g., *Bi-Rite Enters. v. Button Master*, 555 F. Supp. 1188, 1196 (S.D.N.Y. 1983); *Stop the Olympic Prison v. United States Olympic Comm.*, 489 F. Supp. 1112, 1123 (S.D.N.Y. 1980); Denicola, *Trademarks as Speech*, *supra* note 139, at 187-89. But see *Universal City Studios, Inc. v. Montgomery Ward & Co.*, 207 U.S.P.Q. (BNA) 852, 859 (N.D. Ill. 1980) ("Unlicensed use by others . . . dilutes the distinctiveness of the mark JAWS as a symbol to consumers of plaintiffs' approval and quality control . . .").

183. See Denicola, *Trademarks as Speech*, *supra* note 139, at 185-90.

184. See, e.g., *Tiffany & Co. v. Boston Club, Inc.*, 231 F. Supp. 836 (D. Mass. 1964).

185. See, e.g., *Chemical Corp. of Am. v. Anheuser-Busch, Inc.*, 306 F.2d 433 (5th Cir. 1962), *cert. denied*, 372 U.S. 965 (1963) (beer and insecticide) (relief based on confusion rationale); *National City Bank v. National City Window Cleaning Co.*, 180 N.E.2d 20 (Ohio Ct. App. 1962), *rev'd on other grounds*, 174 Ohio. St. 510, 190 N.E.2d 437 (1963) (bank and window washing company).

186. See, e.g., *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 205 (2d Cir. 1979) ("Indeed, it is hard to believe that anyone who had seen defendants' sexually depraved film could ever thereafter disassociate it from plaintiff's cheerleaders."); *Pillsbury Co. v. Milky Way Prods., Inc.*, 215 U.S.P.Q. (BNA) 124 (N.D. Ga. 1981) (use of trade characters in pornographic magazine); *Edgar Rice Burroughs, Inc. v. Manns Theatres*, 195 U.S.P.Q. (BNA) 159 (C.D. Cal. 1976) (use of Tarzan character in X-rated movie); cf. *Coca-Cola Co. v. Gemini Rising, Inc.*, 346 F. Supp. 1183 (E.D.N.Y. 1972) (confusion rationale). But see *Girl Scouts of the United States v. Personality Posters Mfg. Co.*, 304 F. Supp. 1228 (S.D.N.Y. 1969) (refusing to enjoin distribution of poster depicting pregnant Girl Scout); *University of Notre Dame Du Lac v. Twentieth Century-Fox Film Corp.*, 22 A.D.2d 452, 256 N.Y.S.2d 301, *aff'd*, 15 N.Y.2d 940, 207 N.E.2d 508, 259 N.Y.S.2d 832 (1965) (refusing to enjoin distribution of film satirizing university).

187. Even absent an explicit dilution rationale, the traditional confusion model frequently can be manipulated to achieve similar ends. See Denicola, *Trademarks as Speech*, *supra* note 139, at 185-87.

Even the dilution doctrine, however, cannot respond to what may be the most serious difficulty with uncontrolled ornamental use—the problem of overexposure. As the merchandise bearing a particular name or symbol proliferates, there is a risk that demand for all such items may decrease.<sup>188</sup> The public may simply grow bored with ornamental use of a mark if they encounter it too frequently. Unrestrained use may effectively spoil the market for everyone.

This alternative view of ornamental use clearly offers trademark owners a stronger case for an exclusive merchandising right than does the copyright model. Recognition of the costs associated with unrestricted use significantly alters the balance. Those opposed to protection may still maintain that much of the potential inefficiency in uncontrolled access can be avoided through application of the confusion and dilution rationales, and that the proposed monopoly will itself generate inefficiencies. But trademark owners, in addition to contending that in this context the fear of monopoly is overstated, also have affirmative arguments of their own. The transaction costs involved in invoking traditional doctrines will generally be substantial—costs that largely could be avoided if the right to ornamental use was exclusive, and the inefficiency that remains beyond the reach of existing doctrine may well outweigh any associated with an exclusive merchandising right.

Given these inconclusive arguments, distributional concerns become especially significant. The trademark owner's unjust enrichment argument has been particularly persuasive. The merchandising value of the mark is a product of the trademark owner's efforts. If that value is exploited, the trademark owner has at least a colorable claim to the proceeds. This unjust enrichment argument has dominated the decisions recognizing a merchandising right.<sup>189</sup> Opponents have countered with the obvious response. An exclusive merchandising right will require manufacturers to pay royalties for ornamental use, thus raising their costs and increasing the price to the ultimate purchaser.<sup>190</sup> The unjust enrichment may seem more palatable if the remedy must be extracted from the pockets of consumers. Yet this view of the alternatives overstates the case, at least if it implies a one to one correspondence between returns to the trademark owner and increased cost to the consumer. Such an assumption ignores that the market may not permit manufacturers to pass through a significant portion of their increased costs to the ultimate purchaser. If, as has been previously assumed, the demand for items decorated with famous names and symbols is relatively elastic, so that an increase in price will produce a significant decrease in the quantity demanded by consumers, only a small portion of the royalty costs are likely to be borne by purchasers in the

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188. Winner, *supra* note 102, at 207.

189. See, e.g., *Warner Bros. v. Gay Toys, Inc.*, 658 F.2d 76 (2d Cir. 1981); *Boston Professional Hockey Ass'n v. Dallas Cap & Emblem Mfg., Inc.*, 510 F.2d 1004 (5th Cir.), *cert. denied*, 423 U.S. 868, *reh'g denied*, 423 U.S. 991 (1975); *Universal City Studios, Inc. v. Kamar Indus., Inc.*, 217 U.S.P.Q. (BNA) 1162 (S.D. Tex. 1982); *Universal City Studios, Inc. v. Montgomery Ward & Co.*, 207 U.S.P.Q. (BNA) 852 (N.D. Ill. 1980).

190. See, e.g., *Bi-Rite Enters. v. Button Master*, 555 F. Supp. 1188, 1194-95 (S.D.N.Y. 1983).

form of higher prices. The ultimate incidence of a royalty fee will depend on the nature of the supply as well as the demand, but even if supply is rather sensitive to price, the elasticity of the demand will insulate consumers from a substantial proportion of the additional cost. Thus, rather than weighing the trademark owner's moral entitlement against the pocketbooks of consumers, the distributional consequences perhaps may be viewed more accurately as pitting that entitlement against the profits of manufacturers exploiting the mark. This change in perspective can only strengthen the trademark owner's case.

These distributional concerns may produce a variety of responses. When combined with arguments favoring the efficient management of trademark exploitation, many may find them sufficient to justify the broad recognition of an exclusive merchandising right. Some courts or legislatures may instead prefer finer distinctions, protecting the interests of only favored institutions such as schools and colleges, state organizations, or other nonprofit institutions.<sup>191</sup> Still others may conclude that any increase in cost to consumers, however marginal, is too high a price for an exclusive merchandising right.

#### IV. CONCLUSION

Analysis of the economic implications of an exclusive merchandising right provides a surprisingly strong case for the trademark owner. Recognition of an exclusive right in the merchandising value of trade symbols offers a convenient mechanism to control inefficient exploitation. The advertising value of ornamental use will moderate any tendency to restrict access to the mark, and the cost to consumers may be less than generally assumed.

The ornamental use of famous trademarks poses hard questions. The only obvious conclusion is that difficult issues are not made easy by steadfastly refusing to acknowledge basic interests. Happily, the trend in the ornamentation cases appears to be away from brute rationalization and toward a more candid examination of the social utility of alternative resolutions.

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191. No person . . . shall use, for advertising purposes or for purposes of trade, the name, symbol, device or other identification of any non-profit corporation, association, society or organization organized exclusively for religious, benevolent, humane, charitable, educational, hospital, patriotic, fraternal or veterans purposes . . . without . . . written consent . . . .

N.Y. GEN. BUS. LAW § 397 (McKinney 1968).



