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Alfred C. Yen

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THE CONSTRUCTIVE ROLE OF CONFUSION IN TRADEMARK

ALFRED C. YEN

This Article argues that consumer confusion plays a pervasive and important role in our trademark system. This argument directly challenges well-established orthodoxy. Numerous Supreme Court opinions and leading academics take the position that trademark law exists to reduce consumer confusion as much as possible. Indeed, courts generally justify aggressive creation and enforcement of trademark rights on the ground that these rights reduce consumer confusion or its economic equivalent, consumer search costs. Unfortunately, this construction of trademark law rests on a fundamental misunderstanding about how consumer confusion, the trademark system, and the operation of markets relate to one another. In particular, trademark orthodoxy considers consumer confusion always harmful. Aggressive elimination of even modest confusion therefore improves our trademark system and, by extension, the operation of markets because such modest confusion hinders the ability of consumers to find the goods they want. Two observations expose the inaccuracy of this orthodoxy. First, trademark law frequently accepts, creates, and even promotes the very sort of modest confusion that trademark orthodoxy despises. The ubiquitous presence of this confusion suggests that consumers should find their preferences seriously disrupted, but consumers generally find the goods they prefer without undue difficulty. Accordingly, it appears that modest confusion does not disrupt markets as badly as trademark orthodoxy states. Second,

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and more importantly, there is ample reason to think that low-level, modest confusion actually helps consumers avoid confusion by teaching them to identify and distinguish trademarks more effectively. Indeed, consumer research suggests that exposure to confusion spurs consumers to develop and implement cognitive strategies that avoid confusion and that consumers become more and more adept at using these strategies over time. This shows that trademark theory should change to embrace, and even encourage, low levels of modest confusion in order to improve consumer abilities and, by extension, the operation of the trademark system itself.

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INTRODUCTION

In this Article, I argue that consumer confusion plays a pervasive and important role in the proper functioning of our trademark system. By doing so, I challenge the conventional view that trademark law exists to reduce consumer confusion (or, in economic terms, consumer search costs) as much as possible. Indeed, I contend that our trademark system will not operate well unless consumers regularly experience manageable amounts of confusion. Trademark theory should therefore be reformed to explicitly accept, and even encourage, the presence of modest confusion in our trademark system.

The idea advanced here leads to subtle but meaningful change in the theoretical structure and interpretation of trademark law. Today, conventional trademark theory is animated by what I call the “eradicate confusion norm.” This norm stands on the premise that consumer confusion serves no constructive purpose in our trademark system. It is always a bad thing when consumers are confused, even slightly, and it is the purpose of trademark law to shield consumers


2. See infra Part III.
from such confusion. Accordingly, trademark law should try to eradicate consumer confusion whenever possible, unless doing so would lead to unwanted side effects like the unintended monopolization of product features or burdensome restrictions on the ability of people to accurately describe various goods and services.

The eradicate confusion norm rests on a very specific understanding about consumer confusion, the operation of our trademark system, and the proper functioning of markets. Basic economic theory states that markets work best under conditions of perfect information. Ideally, consumers should instantly know everything about goods for sale so they can immediately buy the

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3. Mark McKenna offers a clear description of what I have chosen to call "the eradicate confusion norm" in his article, A Consumer Decision-Making Theory of Trademark Law, 98 VA. L. REV. 67, 69-70 (2012). He notes that, under the dominant conceptual model of trademark, "trademark law's job is to rid the marketplace of any and all confusion." Id. Later, after recognizing that some kinds of confusion are beyond the reach of trademark law (such as where someone has left his keys), he describes how courts have continually justified expansive trademark rulings in confusion and search cost terms. Id. at 70. Accordingly, "[a]nything that can be characterized in confusion-based terms seems to raise search costs, and if search costs are the harm to be avoided, then anything that causes confusion ought to be at least prima facie actionable." Id. at 71.

4. See TrafFix Devices, Inc. v. Mktg. Displays, Inc., 532 U.S. 23, 33 (2001) (explaining the functionality doctrine, denying trademark protection if trade dress is "essential to the use or purpose of the device" or "affects the cost or quality of the device").

5. See KP Permanent Make-Up, Inc. v. Lasting Impression, Inc., 543 U.S. 111, 118 (2004) (documenting that the fair use defense protects a defendant's ability to fairly describe its own products even if some confusion results); New Kids on the Block v. News Am. Pub., Inc., 971 F.2d 302, 308 (9th Cir. 1992) (documenting that the nominative fair use defense protects a defendant's ability to use a plaintiff's trademark to identify the plaintiff or its product).

6. See ROBERT J. CARBAUGH, CONTEMPORARY ECONOMICS: AN APPLICATIONS APPROACH 188 (6th ed. 2010) (stating that inadequate information can cause market failure); ROBERT ERNEST HALL & MARC LIEBMAN, MICROECONOMICS: PRINCIPLES AND APPLICATIONS 252 (5th ed. 2009) (discussing how, in perfectly competitive markets, buyers have access to all relevant information); RICHARD G. LIPSEY & COLIN HARBURY, FIRST PRINCIPLES OF ECONOMICS 154 (2d ed. 1993) (stating that perfect information is an assumption of perfectly competitive markets); N. GREGORY MANKIW, PRINCIPLES OF ECONOMICS 489-90 (4th ed. 2007) (discussing how information asymmetries are significant sources of market failure); LIBBY RITTENBERG, PRINCIPLES OF ECONOMICS 226 (2009) (stating that perfect competition presumes buyers have complete information about the market); Stacey L. Dogan & Mark A. Lemley, Grounding Trademark Law Through Trademark Use, 98 TRADEMARK REP. 1345, 1377 (2008) ("[B]asic market economics tells us that transparent markets with perfect information will bring about [efficient markets].").
items that best fit their needs. Trademarks help create this ideal state of affairs by acting as words or symbols that capture a wide range of information about a product and its producer. Consumers who see a product's mark therefore quickly learn a great deal about the product's quality.

According to the convention behind the eradicate confusion norm, society needs trademark law to prevent the damage that markets suffer when conflicting or inaccurate meanings get associated with marks. This harm arises in two distinct ways. First, consumers could become mistaken about the meaning of a mark. This happens when rival producers use identical marks on competing goods. In these cases, consumers cannot accurately identify the producer of particular goods, and this can lead to mistaken purchases from the wrong source. Second, consumers who confront conflicting or inaccurate meanings may be able to figure out the correct meaning, but the market's operation would still be compromised because consumers must spend time and effort resolving ambiguities and errors. These search costs impede the satisfaction of consumer preferences. Trademark law addresses these problems by preventing

7. See Stacey L. Dogan & Mark A. Lemley, A Search-Costs Theory of Limiting Doctrines in Trademark Law, 97 TRADEMARK REP. 1223, 1250 (2007) (“Economists have long recognized that the goal of facilitating the free exchange of goods requires consumers to be able to find what they are looking for quickly and cheaply. Reducing consumer search costs, in turn, is the primary traditional justification—and still the best one—for having trademark law.”).

8. Bird & Steckel, supra note 1, at 1019 (“A consumer can look to trademarks as shorthand indicators of quality, prestige, or product attributes.”); Dogan & Lemley, supra note 1, at 787 (“Rather than having to inquire into the provenance and qualities of every potential purchase, consumers can look to trademarks as shorthand indicators.”).

9. See Qualitex Co. v. Jacobsen Prods. Co., 514 U.S. 159, 163-64 (1995) (stating that trademark law reduces consumer search costs because it “quickly and easily assures a potential customer that this item—the item with this mark—is made by the same producer as other similarly marked items that he or she liked (or disliked) in the past”); Ty Inc. v. Perryman, 306 F.3d 509, 510 (7th Cir. 2002) (“The fundamental purpose of a trademark is to reduce consumer search costs by providing a concise and unequivocal identifier of the particular source of particular goods.”).

10. See Michael Grynberg, The Road Not Taken: Initial Interest Confusion, Consumer Search Costs, and the Challenge of the Internet, 28 SEATTLE U. L. REV. 97, 109 (2004) (describing how temporary initial confusion can increase consumer search costs); Ariel Katz, Beyond Search Costs: The Linguistic and Trust Functions of Trademarks, 2010 B.U. L. REV. 1555, 1580-87 (2010) (discussing the search costs associated with multiple meanings for trademarks); Jeremy N. Sheff, Marks, Morals, and Markets, 65 STAN. L. REV. 761, 807 (2013) (describing how even momentary confusion can increase consumer search costs); see also Ty Inc., 306 F.3d at 511 (explaining trademark dilution by noting that consumers will have to “think harder” when confronting multiple meanings for trademarks, creating a higher “imagination cost”).
behavior that leads to confusion, broadly defined, about the meaning of marks. Because perfect information leads to the proper functioning of markets, shielding consumers from any doubt or delay about the meaning of a mark presumably helps markets work better.\textsuperscript{11} It therefore makes sense to eradicate consumer confusion whenever possible.\textsuperscript{12}

The eradicate confusion norm exerts great influence over contemporary trademark law. Courts and theorists alike constantly state that the purpose of trademark law is the reduction of consumer search costs, a term synonymous with reducing consumer confusion.\textsuperscript{13} More importantly, the eradicate confusion norm provides vital support for an expansive, but often controversial, interpretation of trademark rights.\textsuperscript{14} On the one hand, some judges allow trademark

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Some actions involving ambiguous meanings for trademarks may be simultaneously characterized as traditional trademark infringement that depends on the existence of confusion and trademark dilution that does not depend on confusion. J. McCarthy, \textit{3 McCarthy on Trademarks and Unfair Competition} § 24:72 (4th ed.) (describing dilution as a distinct action not dependent on consumer confusion). There is considerable scholarly debate about whether trademark dilution, particularly blurring, is merely a specific form of trademark infringement actually based on confusion. \textit{See id. at nn.15–16}. Even if dilution is correctly understood as distinct from traditional trademark infringement, it is important to note that traditional infringement and dilution actions are generally asserted together on the same facts. As Glynn Lunney writes,

In virtually all of the cases, state and federal, that have been litigated since Massachusetts first adopted a dilution statute in 1947, the two causes of action, dilution and trademark infringement, are resolved identically. . . . Over the past sixty years, there are only a relative handful of cases where the two causes of action are resolved differently.

\textit{Glynn Lunney, Cases and Materials on Trademark Law} 474 (2010). The near unity of results shared by dilution and traditional infringement make search-cost-based explanations of dilution fully applicable to many traditional infringement cases.

11. \textit{See} Graeme W. Austin, \textit{Trademarks and the Burdened Imagination}, 69 Brook. L. Rev. 827, 833 (2004) ("The orthodox justification for protecting trademarks is that trademarks enhance the efficient functioning of a competitive marketplace by ensuring that consumers can either find goods from the same source as goods they have enjoyed previously, or can find goods whose reputation has been advanced through advertising."); Mark A. Lemley \& Mark McKenna, \textit{Irrelevant Confusion}, 62 Stan. L. Rev. 413, 414 (2010) ("When it works well, trademark law facilitates the workings of modern markets by permitting producers to accurately communicate information about the quality of their products to buyers . . . .").

12. \textit{See} McGeveran \& McKenna, \textit{supra} note 1, at 254 (referring to judicial assumptions that trademark law should optimally eliminate confusion completely).


holders to prevent only confusion that causes consumers to mistakenly purchase one producer’s goods in favor of another’s goods.\textsuperscript{15} On the other hand, modern courts generally allow trademark holders to prevent modest or speculative confusion that is unlikely to result in mistaken purchases.\textsuperscript{16} For example, it is apparently trademark infringement to use the title “Dairy Queens” for a satirical movie about beauty pageants in rural Minnesota because it makes consumers think of the Dairy Queen restaurant chain,\textsuperscript{17} and it is also infringement for a travel company to entitle itself “G.A.P. Adventures” (an acronym for “great adventure people”) because that name will trigger memories of the GAP clothing company.\textsuperscript{18} These decisions get criticized as misapplications of trademark law,\textsuperscript{19} but they continue to flourish, and even multiply,\textsuperscript{20} because the eradicate

\textsuperscript{15} For the seminal citation for this proposition, see \textit{Borden Ice Cream Co. v. Borden's Condensed Milk Co.}, 201 F. 510, 514 (7th Cir. 1912), which held that the defendant did not infringe the Borden mark owned by the plaintiff because condensed milk and ice cream sales do not substitute for one another. For further examples of instances in which courts held that products would not cause consumers to mistakenly purchase the wrong product, see \textit{infra} note 82 and accompanying text.

\textsuperscript{16} See \textit{infra} notes 73–109 and accompanying text.


\textsuperscript{19} See, e.g., Austin, supra note 11, at 860–61 (questioning whether the public truly benefits from constructions of consumer behavior that result in enlarged trademark rights); Ann Bartow, \textit{Likelihood of Confusion}, 41 SAN DIEGO L. REV. 721, 761–93 (2004) (arguing that courts make inapposite assumptions about how easily consumers will be confused, leading to the expansion of trademark rights in ways that do not benefit consumers); Deborah R. Gerhardt, \textit{Consumer Investment in Trademark}, 88 N.C. L. REV. 427, 439–42 (2010) (questioning decisions that expand the scope of copyright by portraying consumers as easily fooled); Lemley & McKenna, supra note 11, at 426–27 (criticizing cases that expand the scope of trademark infringement); Glynn S. Lunney, Jr., \textit{Trademark Monopolies}, 48 EMORY L.J. 367, 417 (1999) (criticizing expanded “property-based” theories of trademarks as detached from trademarks' traditional and sensible focus); Jennifer Rothman, \textit{Initial Interest Confusion: Standing at the Crossroads of Trademark Law}, 27 CARDOZo L. REV. 105, 121–22 (2005) (criticizing development and expansion of initial interest confusion).

\textsuperscript{20} See Au-Tomotive Gold, Inc. v. Volkswagen Corp. of Am., 457 F.3d 1062, 1075 (9th Cir. 2006) (holding that the defendant who made keychains bearing the logo of plaintiff Volkswagen committed infringement despite including disclaimers denying any
confusion norm powerfully connects the elimination of even minor consumer confusion to the generally accepted purpose of trademark law.\textsuperscript{21}

I believe that the eradicate confusion norm fundamentally misunderstands the relationship between confusion and the operation of our trademark system. I also believe that it is a mistake to treat consumer confusion as something that must be eliminated in order to properly support commercial markets. My skepticism arises from two sources.

First, despite conventional trademark theory’s supposed zeal for eliminating consumer confusion, the law itself frequently accepts, creates, and even welcomes consumer confusion.\textsuperscript{22} In some cases, confusion arises because trademark law concerns itself with facts that can exist only after consumers have faced confusion.\textsuperscript{23} At other times, confusion occurs because the very process of creating, assigning, and enforcing trademark rights opens the door to confusion.\textsuperscript{24} At still other times, trademark law explicitly accepts some degree of consumer confusion.\textsuperscript{25} If the conventional understanding about confusion were indeed correct, such ubiquitous confusion should seriously disrupt consumer markets. Of course, such disruption does not occur. Consumers generally find the goods they want, and this implies that some level of confusion does not compromise the operation of markets as trademark convention holds.

\textsuperscript{21} See McKenna, supra note 3, at 79 (suggesting that the connection between search costs theory and consumer confusion has “manifested itself primarily in courts[] fetishizing confusion and feeling compelled to respond whenever mark owners can characterize a defendant’s use in confusion-based terms”).

\textsuperscript{22} See infra Part II.

\textsuperscript{23} See infra notes 116–33 and accompanying text.

\textsuperscript{24} See infra notes 134–88 and accompanying text.

\textsuperscript{25} See infra Part II.C.
Second, there is ample reason to believe that modest levels of confusion actually help consumers develop cognitive skills that avoid confusion in ways that, in at least some instances, improve the operation of our trademark system. Remember, trademark law’s very focus on consumer confusion implies that consumers have cognitive skills that make it possible to identify and distinguish trademarks. Furthermore, although these skills may be based on inherent, hard-wired neurological characteristics of the human brain, it is important to understand that they do not arise in a vacuum divorced from trademark law. Instead, they develop precisely because consumers encounter confusion and learn how to deal with it.

To use a metaphor with which we are all familiar, people are not born knowing how to read. Once people learn how to read basic works, they become more able readers by encountering and adapting to the challenges presented by more complicated texts. These complicated texts initially confuse readers, but readers adapt by developing skills that make comprehension possible. Over time, this process gives readers the ability to understand subtle and nuanced messages embedded in complicated texts. This ability could not exist without the struggles inherent in learning how to handle sophisticated “confusing” texts, and—more importantly—this ability is vital to the existence and maintenance of effective written communication. Without this process, the vast majority of people would have only low-level reading skills, and many sophisticated, complicated texts would lose social value because people would not be able to understand them. Indeed, most people would find those texts confusing.

Things are no different for trademarks. Trademarks often take the form of written texts, and consumers surely are not born knowing what a trademark is. Consumers therefore develop the ability to identify and distinguish trademarks by learning from life-long exposure to trademarks, whose existence and features trademark law prescribes. In effect, consumers learn to “read” trademarks by experience, and they get better and better at it with practice, which

26. If consumers did not have these skills, it would be pointless for the law to attempt to eliminate confusion because consumers who lack the ability to identify and distinguish trademarks are, by definition, always confused. Eliminating confusion can therefore happen only if consumers have enough cognitive skill to at least sometimes understand the trademarks they see.
27. See infra notes 265–66 and accompanying text.
28. See infra notes 216–69 and accompanying text.
includes encounters with confusing situations. This developed skill supports the operation of an effective trademark system.\(^{29}\)

For example, if there were no legal protection for trademarks, consumers would react to them cautiously because trademarks, at least as we know them, would not reliably indicate the source of goods since more than one producer could be using the mark. Of course, once trademark protection exists, only one producer can use a given mark, and it becomes a reliable source indicator. Consumers would experience this and adopt trademarks as proof of authenticity. Similarly, if trademark law permitted producers to use similar marks that are distinguishable with modest attention, consumers would learn to pay reasonable attention to the details of marks. By contrast, if producers were legally required to use marks that bear no resemblance to each other, consumers would learn that the details of marks are unimportant and behave accordingly.

Once we recognize that consumers respond to trademark law, it becomes possible to understand why exposing consumers to confusion does not necessarily harm the trademark system. To the contrary, some degree of confusion is valuable—and even necessary—because it teaches consumers to identify and distinguish trademarks. This is important because consumers who improve these skills become less easily confused about the meaning of trademarks. Even better, those consumers generally develop a sophisticated understanding of trademarks that enables the trademark system to convey better information to consumers through the equivalent of sophisticated texts. In short, we should not theorize trademark law as a shield that protects consumers from all instances of confusion. Instead, we should think of trademark law as a tool for managing confusion in ways that help consumers develop the cognitive skills necessary to support a complex market economy. It makes good sense for trademark law to prevent confusion when the confusion is so serious that consumers probably will not straighten things out on their own. In situations like this, meaningful disruption to markets is relatively likely, and this disruption will probably outweigh the benefits of any increase in consumers’ cognitive skills that results from exposure to confusion. By contrast, it makes little sense for trademark law to intervene when consumers face minor confusion that they likely will resolve on their own. In these situations, the

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likelihood of meaningful disruption to markets is low, so society will probably gain overall by tolerating minor confusion in exchange for the benefits that arise from consumers' exposure to confusion.

Unfortunately, modern trademark convention discourages thinking about trademark law this way because it relies so heavily on the eradicate confusion norm.\textsuperscript{30} Judicial opinions occasionally recognize that trademark decisions can shape consumer expectations over the long run,\textsuperscript{31} but this has led to neither a systematic description of how consumer confusion in trademark affects consumers nor open consideration of how confusion can affect consumer behavior in socially beneficial ways. Instead, courts have frequently acted to eliminate rather modest instances of confusion on the understandable but mistaken premise that complete eradication of consumer confusion serves the public interest.\textsuperscript{32} These instances of confusion are often precisely the ones that would otherwise teach consumers to become more sophisticated users of trademarks.

In the pages that follow, I will describe how confusion educates consumers about trademarks and how modest confusion supports the operation of our trademark system. Part I describes trademark's conventional emphasis on the immediate elimination of consumer confusion. Part II shows that trademark law frequently permits and even embraces consumer confusion. Borrowing insights from research about consumer learning, Part III analyzes how the confusion identified in Part II affects consumers.\textsuperscript{33} Part IV discusses how the

\textsuperscript{30} A few commentators have recognized the possibility that confusion may benefit the trademark system or that trademark can alter consumer behavior. They have not, however, pursued the implications of this realization in more than a preliminary way. \textit{See} Lemley \& McKenna, supra note 11, at 438–39 (noting the danger that "coddling consumers" may make them even more prone to confusion); McGeveran \& McKenna, supra note 1, at 254 (recognizing that a small amount of confusion may lead to increased consumer understanding).

\textsuperscript{31} \textit{See} Vornado Air Circulation Sys., Inc. v. Duracraft Corp., 58 F.3d 1498, 1509 (10th Cir. 1995) ("[C]onsumer confusion resulting from the copying of product features is, in some measure, a self-fulfilling prophecy. To the degree that useful product configurations are protected as identifiers, consumers will come to rely on them for that purpose, but if copying is allowed, they will depend less on product shapes and more on labels and packaging.").

\textsuperscript{32} \textit{See infra} Part II.B.

\textsuperscript{33} Other articles have used research about consumers to shed light on our trademark system, albeit for reasons other than exploring how consumers learn from confusion. \textit{See}, e.g., Jacob Jacoby, \textit{The Psychological Foundations of Trademark Law: Secondary Meaning, Genericism, Fame, Confusion, and Dilution}, 91 TRADEMARK REP. 1013, 1014 (2001) (applying knowledge borrowed from cognitive psychology and consumer research to various trademark-law doctrines); Thomas R. Lee, Glenn L. Christensen \& Eric C. DeRosia, \textit{Trademarks, Consumer Psychology, and The Sophisticated Consumer}, 57
beneficial effects of confusion imply that trademark should change its focus from simply eliminating confusion to managing confusion in ways that help consumers develop the skills they need to navigate modern marketplaces effectively.

I. THE ROLE AND EFFECT OF THE ERADICATE CONFUSION NORM

Our inquiry begins by describing how the eradicate confusion norm and its associated understandings influence modern trademark law. As this Part shows, the norm and its emphasis on shielding consumers both describe and justify important and sometimes controversial expansions of modern trademark rights. First, I will describe how courts use the eradicate confusion norm to extend the scope of trademark's subject matter well beyond what is necessary to permit the accurate identification of goods. Second, I will show how the norm identifies a form of actionable confusion that supports the imposition of trademark liability even when consumers are not confused about the source of goods they buy. In both of these areas, the argument is the same: trademark rights must be broad because the law should, per the eradicate confusion norm, wipe out all possibility of even fleeting consumer confusion.

A. Subject Matter

Although the law grants trademark protection to words, logos, and even product features that producers use to identify and distinguish their products, producers do not get rights to every mark they propose. Because trademark protection rests on a mark's

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34. See 15 U.S.C. § 1127 (2012) (“The term ‘trademark’ includes any word, name, symbol, or device, or any combination thereof . . . used by a person . . . to identify and distinguish his or her goods . . . from those manufactured or sold by others and to indicate the source of the goods . . .”); RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 9 (1995) (“A trademark is a word, name, symbol, device, or other designation, or a combination of such designations, that is distinctive of a person’s goods or services and . . . distinguishes them from the goods or services of others.”).

35. See infra notes 36–49 and accompanying text.
ability to identify and distinguish one producer's goods from another's, a mark does not receive protection unless it identifies a particular source for a good or, in trademark parlance, is "distinctive." Some proposed marks are automatically protected as "inherently distinctive" because their "intrinsic nature[s] serve[] to identify a particular source of a product." Inherently distinctive marks include word marks that are "arbitrary" ('Camel' cigarettes), 'fanciful' ('Kodak' film), or 'suggestive' ('Tide' laundry detergent), as well as logos and packaging.

By contrast, some other proposed marks do not receive automatic protection because it is unclear whether they actually identify a source. However, these marks will receive protection if the user of the mark can establish distinctiveness. For example, a clothing manufacturer may decide to market a line of "Safari" clothing. Consumers could identify that clothing as the type worn by people on safaris, or they could identify it as clothing coming from a specific manufacturer. Similarly, a shoe manufacturer may decide to use a specific color in the design of its shoe. Consumers might buy

36. See Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 769 (1992) ("The general rule regarding distinctiveness is clear: An identifying mark is distinctive and capable of being protected if it either (1) is inherently distinctive or (2) has acquired distinctiveness through secondary meaning.").
37. Id. at 768; see also Wal-Mart Stores, Inc. v. Samara Bros., 529 U.S. 205, 210 (2000) (citing and quoting Two Pesos with approval).
38. See Wal-Mart Stores, 529 U.S. at 210-11 (citing Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4, 10-11 (2d Cir. 1976)).
39. See id. at 209, 212 (noting that the Nike swoosh can be registered as a trademark and explaining that product packaging is often inherently distinctive); Star Indus., Inc. v. Bacardi & Co., 412 F.3d 373, 383 (2d Cir. 2005) (finding the plaintiff's Star "O" design logo to be inherently distinctive).
40. See Brennan's, Inc. v. Brennan's Rest., L.L.C., 360 F.3d 125, 132 (2d Cir. 2004) (finding no reason to extend trademark protection to marks that lack the ability to identify a source).
41. See Wal-Mart Stores, 529 U.S. at 211 (explaining how marks lacking inherent distinctiveness can still gain protection).
42. See Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4, 7 (2d Cir. 1976) (stating that the plaintiff used the mark "Safari" on various clothing and shoes).
43. See id. at 8 (describing the lower court's finding that the plaintiff's use of "Safari" was "merely descriptive").
44. See id. at 13-14 (holding that "Safari" is not merely descriptive when used on some items, including shoes, and therefore eligible for trademark protection).
the shoe because they find the color attractive,\textsuperscript{46} or they might do so because it signifies the manufacturer.\textsuperscript{47} In cases like this, trademark protection exists only upon a showing that consumers have come to understand the proposed mark as a source identifier.\textsuperscript{48} Marks for which such a showing has been made are sometimes said to exhibit "acquired distinctiveness."\textsuperscript{49}

The wisdom of allowing acquired distinctiveness to establish trademark protection is far from obvious because trademark protection for marks that lack inherent distinctiveness can harm free market competition. If one clothing maker successfully monopolizes the use of "Safari" to describe clothing, rivals producing similar clothes will lose the ability to fairly describe their goods. And, to the extent that only one shoemaker can use red on the soles of its shoes, others may find it difficult to offer a competing product for sale at all. This would ultimately harm consumers because the trademark holder would leverage its trademark rights into a monopoly over red-soled shoes.\textsuperscript{50}

These problems suggest that trademark law ought to protect only inherently distinctive marks.\textsuperscript{51} If the law did this, then producers who care about the benefits of trademark protection would use only inherently distinctive marks. Consumers would find it easy to identify new marks, and the anti-competitive effects outlined above would disappear.

Concerns about free competition do lead to a few limits on the scope of trademark's subject matter. Trademark law will not protect a

\textsuperscript{46} See id. at 222 (noting that ornamental features are not protected as trademarks when consumers desire the feature and granting exclusive rights would unduly hinder competition).

\textsuperscript{47} See id. at 226-27 (stating that consumers associate red-soled shoes with the plaintiff).

\textsuperscript{48} See id. at 225-26 (holding that painting the soles of shoes red could be protected as a trademark if consumers understood that feature as an indicator of source); see also Restatement (Third) of Unfair Competition § 13(b) (1995) (noting that a mark can become distinctive if consumers understand it as a source identifier); infra notes 55-67 and accompanying text (allowing trademark protection for color based on proof that it had become a source identifier).

\textsuperscript{49} See Wal-Mart Stores, Inc. v. Samara Bros., 529 U.S. 205, 211 (2000) (explaining that marks that gain acquired distinctiveness are protected); see also Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 769 (1992) (offering the same explanation provided by the Court in Wal-Mart Stores).

\textsuperscript{50} See Lunney, supra note 19, at 421-31 (describing the welfare consequences of monopolies associated with trademark law).

word mark when competitors genuinely need to use a word to describe their products.\(^\text{52}\) Similarly, it will not protect a product feature as a mark when the feature is functional and therefore essential to product quality.\(^\text{53}\) On the whole, however, trademark law generally looks past competition-related concerns and grants protection quite freely upon showings of acquired distinctiveness because courts believe that doing so protects consumers from confusion.\(^\text{54}\)

The Supreme Court provided a clear example of such reasoning in *Qualitex Co. v. Jacobsen Products Co.*,\(^\text{55}\) a case in which the Court considered whether trademark law protects color.\(^\text{56}\) The *Qualitex* facts were entirely typical. For forty years, the plaintiff, Qualitex, had used a particular shade of green-gold on its dry-cleaning press pads.\(^\text{57}\) When the defendant, Jacobsen, began selling pads in a similar color, Qualitex sued for trademark infringement.\(^\text{58}\) Qualitex prevailed in the district court, but the Ninth Circuit ruled in Jacobsen's favor on the grounds that color alone was ineligible for trademark protection.\(^\text{59}\) Qualitex appealed, and the Supreme Court reversed, holding that there is no rule barring trademark protection for a color.\(^\text{60}\)

\(\text{52. See} \) Kellogg Co. v. Nat'l Biscuit Co., 305 U.S. 111, 116 (1938) (holding that "shredded wheat" is a generic term as applied to cereal and cannot be protected because it is "the term by which [the cereal] is generally known by the public"); Boston Duck Tours, L.P. v. Super Duck Tours, L.L.C., 531 F.3d 1, 18 (1st Cir. 2008) (holding that the phrase "duck tour" was generic for sight-seeing tours using an amphibious vehicle); Harley Davidson, Inc. v. Grottanelli, 164 F.3d 806, 808 (2d Cir. 1999) (finding that Harley Davidson had no exclusive right to the term "hog" when used to describe large motorcycles); Genesee Brewing Co. v. Stroh Brewing Co., 124 F.3d 137, 140 (2d Cir. 1997) (finding that the maker of Honey-Brown Ale could not stop other beer producers from using the term "honey-brown" to describe their ales); Classic Foods Int'l Corp. v. Kettle Foods, Inc., 468 F. Supp. 2d 1181, 1182–83 (C.D. Cal. 2007) (finding that the maker of Kettle Chips could not prohibit other chip producers from using "kettle" to describe chips that have been or appear to have been cooked in a kettle); MCCARTHY, supra note 10, at § 12:1 (noting that a generic name of a product cannot serve as a mark).

\(\text{53. See} \) Qualitex, 514 U.S. at 165 (finding that a product feature is functional and cannot be protected if it is essential to the use or purpose of the article or affects the cost or quality of the article); see also Traffic Devices, Inc. v. Mktg. Displays, Inc., 532 U.S. 23, 32–34 (2001) (applying *Qualitex* to find a dual-spring design mechanism on temporary road and outdoor signs to be functional); MCCARTHY, supra note 10, at § 7:63 (noting that when a product feature is utilitarian, or functional, it will not be protected).

\(\text{54. See infra} \) notes 55–68 and accompanying text.


\(\text{56. Id. at} \) 160–61.

\(\text{57. Id. at} \) 161.

\(\text{58. Id.} \)

\(\text{59. Id.} \)

\(\text{60. Id. at} \) 161–62.
In so ruling, the Court considered and rejected the arguments against trademark protection for marks lacking inherent distinctiveness. Justice Breyer’s majority opinion recognized that consumers do not naturally treat color as a source identifier and that protecting colors could damage free competition because consumers sometimes want products in certain colors for reasons unrelated to source identification. Nevertheless, it implicitly embraced the eradicate confusion norm, stating that these concerns did not warrant categorically denying trademark protection to color because, according to the Court, doing so would permit consumer confusion. If consumers had learned to use a color as a source identifier, denying trademark protection to that color would have the same effect as denying protection to an inherently distinctive mark. Either way, consumers would be confused, and trademark’s very purpose is to prevent that confusion. The Court therefore allowed trademark protection for color upon proof of acquired distinctiveness. Numerous other courts have used similar reasoning to extend trademark protection to words and product features that lack inherent distinctiveness. Together, these cases show that

61. Id. at 162–69.
62. Id. at 162–63 (“[A] product’s color is unlike ‘fanciful,’ ‘arbitrary,’ or ‘suggestive’ words or designs, which almost automatically tell a customer that they refer to a brand.” (quoting Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4, 9–10 (2d Cir. 1976))).
63. Id. at 165.
64. Id. at 163–66.
65. Id. at 163 (“[O]ver time, customers may come to treat a particular color on a product or its packaging ... as signifying a brand. And, if so, that color would have come to identify and distinguish the goods—i.e., ‘to indicate’ their ‘source’—much in the way that descriptive words on a product ... can come to indicate a product’s origin.”).
66. Id. at 163–64 (describing the basic purpose of trademark as reducing consumer search costs and finding the protection of color fully consistent with that purpose).
67. Id. at 164 (“It is the source-distinguishing ability of a mark—not its ontological status as color, shape, fragrance, word, or sign—that permits it to serve [trademark’s] basic purposes. And, for that reason, it is difficult to find, in basic trademark objectives, a reason to disqualify absolutely the use of a color as a mark.” (citation omitted)).
68. See Bd. of Supervisors for La. State Univ. Agric. and Mech. Coll. v. Smack Apparel Co., 550 F.3d 465, 477–78 (5th Cir. 2008) (holding that the university’s color schemes acquired distinctiveness and were therefore protectable); Gen. Motors Corp. v. Lanard Toys, Inc., 468 F.3d 405, 419–20 (6th Cir. 2006) (finding that the grill design for a vehicle had acquired distinctiveness and was therefore protectable); Ferrari S.P.A. v. Roberts, 944 F.2d 1235, 1239–40 (6th Cir. 1991) (finding that the shape of cars had acquired distinctiveness and was therefore protectable); Schmidt v. Quigg, 609 F. Supp. 227, 230–31 (E.D. Mich. 1985) (holding that “honey baked” had acquired distinctiveness and was therefore protectable when used as mark on ham); see also Wal-Mart Stores, Inc. v. Samara Bros., 529 U.S. 205, 211–12 (2000) (citing Qualitex with approval and holding that product design is protectable upon a showing of acquired distinctiveness).
conventional trademark theory and the eradicate confusion norm support protection for a broad range of marks for the stated purpose of shielding consumers from as much confusion as possible.

B. Basic Trademark Infringement

Trademark infringement exists when a defendant's behavior creates a "likelihood of consumer confusion." As one might imagine, the precise meaning of confusion is unclear and contested. At one end of the spectrum, it has been held that infringing confusion exists only when consumers might mistakenly buy the defendant's products instead of the plaintiff's. At the other end of the spectrum, many courts have held that infringing confusion can exist even when there is no meaningful risk of a mistaken purchase. Instead, a plaintiff can establish infringement by showing only that more than one association for a mark enters a consumer's mind.

To appreciate the difference between these understandings of confusion and the role of the eradicate confusion norm, let us begin with Aunt Jemima Mills Co. v. Rigney & Co. In that case, the plaintiff Aunt Jemima sold self-rising flour under the mark "Aunt Jemima's," and the defendant Rigney sold pancake syrup and sugar cream under the identical mark. When negotiations about the possible joint use of the mark to sell pancake flour apparently

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69. See 15 U.S.C. § 1125(a)(1)(A) (2012) (imposing liability on those using a mark in a manner "likely to cause confusion" about the source or sponsorship of goods); Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 769 (1992) ("It is, of course, also undisputed that [trademark or trade dress liability] requires proof of the likelihood of confusion."); Fortune Dynamic, Inc. v. Victoria's Secret Stores Brand Mgmt., Inc., 618 F.3d 1025, 1030 (9th Cir. 2010) (holding that a plaintiff must prove likelihood of confusion to prevail in a trademark infringement case); RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 20 (1995) (imposing liability on a trademark defendant whose use of a mark causes a "likelihood of confusion").

70. See Borden Ice Cream Co. v. Borden's Condensed Milk Co., 201 F. 510, 513-14 (7th Cir. 1912) (holding that the defendant's use of the "Borden" mark to sell ice cream did not infringe on the plaintiff's use of the "Borden" mark to sell condensed milk because the two products were not substitutes for one another, and therefore consumers could not mistakenly buy the defendant's goods instead of the plaintiff's).


72. See infra notes 78-111 and accompanying text; see also Gerhardt, supra note 19, at 439-42 (describing cases where courts supported questionable findings of infringement by portraying consumers as easily fooled); Lemley & McKenna, supra note 11, at 422-26 (describing the narrow scope of trademark infringement in the early twentieth century and its subsequent expansion).

73. 247 F. 407 (2d Cir. 1917).

74. Id. at 408.
founded, Aunt Jemima sued Rigney for trademark infringement. Although it is easy to imagine that consumers might have thought that the same manufacturer made pancake flour and syrup, the district court ruled against Aunt Jemima. The rationale for doing so reflected a very narrow understanding of consumer confusion, extending protection to plaintiffs only when a defendant’s use of a confusing mark directly diverted sales that the plaintiff would have otherwise enjoyed. This meant that the district court had to rule in favor of the defendant because sales of syrup and sugar cream do not replace sales of flour. The Second Circuit, however, reversed and found in Aunt Jemima’s favor.

In so ruling, the court articulated reasons for broadening trademark’s scope. As an initial matter, the court objected to the defendant’s attempt “either to get the benefit of the complainant’s reputation or of its advertisement or to forestall the extension of its trade.” Additionally, the court noted that syrup and flour are commonly used together and that consumers could easily believe that syrup marketed under the Aunt Jemima’s mark was actually made by the plaintiff.

Two distinct interpretations of the Second Circuit’s Aunt Jemima decision exist. First, the court might simply have been recognizing that two manufacturers who do not presently compete might do so in the future. If such competition is reasonably foreseeable, then simple consumer uncertainty about the meaning of marks used by the manufacturers could easily turn into the mistaken substitutions considered actionable by the district court. Preventing this would represent a fairly straightforward extension of the district court’s guiding rationale. Second, the court might have been altering the meaning of consumer confusion by separating it from the risk of mistaken substitution. Note the court’s objection to the defendant getting “the benefit of the complainant’s reputation or of its advertisement or to forestall the extension of its trade,” something

75. See id. at 408–09.
76. Id. at 408.
77. Id. at 409 (noting the district court’s view that “no one wanting syrup could possibly be made to take flour”); see also Borden Ice Cream Co. v. Borden’s Condensed Milk Co., 201 F. 510, 514 (7th Cir. 1912) (holding that the defendant did not infringe the Borden mark owned by the plaintiff because condensed milk and ice cream sales did not substitute for one another).
78. Aunt Jemima Mills Co., 247 F. at 412 (reversing the district court and granting injunctive relief to the plaintiff).
79. Id. at 409.
80. Id. at 409–10.
81. See id. at 409.
CONFUSION IN TRADEMARK

apparently considered undesirable even though it carried no risk of substitution.

It is of course impossible to know exactly what the Aunt Jemima court intended. Although some courts continue to anchor trademark infringement to some meaningful likelihood of consumer mistake about the source of goods, it is clear that modern courts have generally followed the second understanding of Aunt Jemima and have found trademark infringement even when there is little risk of confusion about the maker of the goods.

For example, in Mobil Oil Corp. v. Pegasus Petroleum Corp., the plaintiff, Mobil Oil, made wide use of its red-flying-horse mark in conjunction with a wide range of petroleum products and services. Mobil sued the defendant, Pegasus Petroleum, contending that the use of “Pegasus” in conjunction with the defendant’s oil trading business infringed the flying-horse mark. The Second Circuit agreed, finding that the defendant’s use of “Pegasus” created a likelihood of confusion. In this case, the possibility of mistaken purchases from Pegasus was effectively nonexistent. As the Second Circuit noted, Pegasus Petroleum restricted its business to oil trading, never selling to ordinary consumers. Since oil traders are relatively sophisticated buyers who know the players in their industry, it was highly unlikely that anyone would ever buy oil from Pegasus Petroleum under the mistaken belief that she was doing business with Mobil Oil. The Second Circuit understood this, and it made no serious claim that

82. See N.Y. Stock Exch., Inc. v. N.Y., N.Y. Hotel L.L.C., 293 F.3d 550, 555 (2d Cir. 2002) (holding that there was no likelihood of confusion between New York Slot Exchange slot machine games in casinos and the New York Stock Exchange); Nabisco, Inc. v. Warner-Lambert Co., 220 F.3d 43, 43 (2d Cir. 2000) (holding that Dentyne Ice was not likely to cause confusion with Ice Breakers breath-freshening gum); Estee Lauder, Inc. v. The Gap, Inc., 108 F.3d 1503, 1505 (2d Cir. 1997) (holding that Gap’s 100% Body Care line of products was not likely to cause confusion with Estee Lauder’s 100% high technology facial moisturizer); Bristol-Myers Squibb Co. v. McNeil-PPC, Inc., 973 F.2d 1033, 1033 (2d Cir. 1992) (holding that there was no likelihood of confusion between Excedrin PM and Tylemol PM, despite similar trade dress); Tommy Hilfiger Licensing, Inc. v. Nature Labs, L.L.C., 221 F. Supp. 2d 410, 410 (S.D.N.Y. 2002) (holding that Timmy Holedigger dog perfume was not likely to cause confusion with the Tommy Hilfiger mark); see also Lemley & McKenna, supra note 11, at 427 (arguing for limiting actionable confusion to cases involving consumer error about facts material to purchasing decisions).

83. Gerhardt, supra note 19, at 439-40.
84. 818 F.2d 254 (2d Cir. 1987).
85. Id. at 255.
86. Id.
87. Id. at 260.
88. Id.
89. See id.
Pegasus Petroleum's behavior would divert any sales from Mobil. Instead, the court found a likelihood of confusion because Pegasus Petroleum's mark would remind people of Mobil, giving Pegasus commercial credibility not because oil traders believed that Pegasus was formally affiliated with Mobil, but because there was a possibility of such association that purchasers would have to consider briefly and dismiss.  

Similarly, in Beer Nuts, Inc. v. Clover Club Foods Co., the plaintiff, Beer Nuts, sold mixed nuts under the name "Beer Nuts," and it sued the defendant, Clover Club, for selling its own mixed nuts under the name "Brew Nuts." Because "Beer Nuts" differs from "Brew Nuts," one could easily imagine a court finding that Clover Club caused no likelihood of confusion, and the district court so found. However, the Tenth Circuit reversed. The circuit court acknowledged that clear differences between the two marks existed. Nevertheless, the court stated that the general similarities mattered more than these differences. Among other things, the words "beer" and "brew" both contained four letters, began with "b," and were synonyms for beer. According to the court, a likelihood of confusion was particularly likely because consumers were unlikely to pay attention to small differences like these when buying nuts.

Beer Nuts is hard to understand if liability rested on a reasonable probability that consumers would buy Brew Nuts thinking that they would be doing business with Beer Nuts. Although portions of the opinion claim (rather unconvincingly) that consumers would make this very mistake, it is unlikely that consumers truly could not distinguish Beer Nuts from Brew Nuts. Beer Nuts makes much more sense, however, if emphasis is given to the portions of the opinion suggesting that Brew Nuts became associated with Beer Nuts because

90. Id. at 257 (quoting with approval the district court's statement that "the word 'Pegasus' evokes the symbol of the flying horse").
91. Id. at 259.
92. 805 F.2d 920 (10th Cir. 1986).
93. Id. at 922.
94. Id.
95. Id. at 923. Indeed, the district court found no likelihood of confusion on two separate occasions. Id.
96. Id.
97. Id. at 926.
98. Id.
99. Id.
100. Id.
101. Id. at 926-27 ("T]he district court should have concluded that the two products are purchased with little care and are thus likely to be confused.").
both are mixed nuts that go with beer. As the court noted, the mark “Beer Nuts” tied one producer’s mixed nuts to beer. Accordingly, when Clover Club used the mark “Brew Nuts,” it also associated its nuts with beer and raised the possibility that consumers would think of Beer Nuts upon encountering Brew Nuts. This created the risk that some of Beer Nuts’ reputation would “rub off” on Brew Nuts even though consumers knew that the two were distinct products made by different manufacturers.

Finally, in American Dairy Queen Corp. v. New Line Productions, Inc., a Minnesota district court found a likelihood of confusion when the Dairy Queen fast food chain sued the producer of a movie entitled “Dairy Queens,” which satirized beauty pageants held in rural Minnesota. Some of the satire involved off-color humor. If the court believed that trademark law only protects against consumers mistakenly buying goods from the wrong producer, then liability would not have existed, for it is highly unlikely that moviegoers would see a movie entitled “Dairy Queens” thinking it was made by the Dairy Queen restaurant chain. However, if trademark’s concerns include the possibility that consumers will associate multiple meanings with a trademark, then liability makes sense. After all, the “Dairy Queens” title would probably remind many consumers of the restaurant chain. Those consumers would then simultaneously think of the movie, its satirical off-color content, the restaurant chain, and its food. This would force consumers to spend time and effort untangling all of these associations with “Dairy Queens” and “Dairy Queen” when going to see the movie or eat at the restaurant chain. Not surprisingly, the American Dairy Queen court expressed concern about the possibility of multiple associations. According to the court, “[American Dairy Queen] is particularly concerned that the title ‘Dairy Queens’ will cause the public to associate its trademarked name with the unwholesome content of the film. [American Dairy Queen] fears this association will create negative impressions and confuse its customers, thereby

102. Id. at 926.
103. See id.
105. Id. at 729.
106. Id.
107. Id.
demeaning and disparaging its mark." This led to the court's finding that a likelihood of confusion existed.\(^{109}\) Cases like Pegasus Petroleum, Brew Nuts, and American Dairy Queen\(^{110}\) pose significant challenges to modern trademark law because, according to these cases, liability exists only when the defendant's behavior creates a likelihood of consumer confusion.\(^{111}\) If modern trademark law were to restrict infringement to cases in which a reasonable chance of mistaken substitution exists, then it would be easy to see why consumer confusion exists and why preventing it makes sense. However, when infringement includes cases in which the risk of substitution is very small, the existence of confusion becomes questionable. If consumers do not make mistaken purchases, how have they been confused? And, if they have not been confused, why does trademark law impose liability? The eradicate confusion norm answers these questions. As the norm holds, markets work correctly when consumers can instantly identify the goods they want.\(^{112}\) Whenever consumers even temporarily associate a trademark with something other than the trademark holder or its goods, the process of identification is disrupted.\(^{113}\) Such disruption compromises markets, and trademark law should therefore eradicate this confusion to help markets operate smoothly, even when there is no meaningful risk of mistaken consumer purchases.\(^{114}\) This conclusion implies that cases

\(^{108}\) Id. at 729.

\(^{109}\) Id. at 732.

\(^{110}\) See, e.g., Gen. Motors Corp. v. Lanard Toys, Inc., 468 F.3d 405, 414 (6th Cir. 2006) (holding that the grill of a toy car manufactured by the defendant was likely to cause confusion with General Motor's Hummer grill mark); Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd., 604 F.2d 200, 205 (2d Cir. 1979) (holding that in Debbie Does Dallas, a pornographic movie, the uniform worn resembled the Dallas Cowboys Cheerleaders outfits and was likely to cause confusion); HMH Pub. Co. v. Brincat, 504 F.2d 713, 720 (9th Cir. 1974) (holding that the defendant's unincorporated automobile services business selling dune buggy parts and providing towing services under the Playboy name was likely to be confused with the famous pornography distributor); McDonald's Corp. v. Druck & Gerner, DDS., P.C., 814 F. Supp. 1127, 1135 (N.D.N.Y. 1993) (holding that there could be confusion between the plaintiff's McDonald's restaurant and the defendant's McDental dental services organization); John Walker & Sons, Ltd. v. Bethea, 305 F. Supp. 1302, 1305 (D.S.C. 1969) (holding that a Johnnie Walker motel was likely to cause confusion with the famous Scotch purveyor of the same name).

\(^{111}\) See supra note 69.

\(^{112}\) See supra notes 6-7 and accompanying text.

\(^{113}\) See supra notes 6-12 and accompanying text.

\(^{114}\) See supra note 3; see also Austin, supra note 11, at 896-98 (identifying how trademark law sometimes recognizes legal harm when a consumer merely considers the wrong brand without making a mistaken purchase); Deven R. Desai, Response: An Information Approach to Trademarks, 100 GEO. L.J. 2119, 2122 (2012) (arguing that the
like *Pegasus Petroleum*, *Beer Nuts*, and *American Dairy Queen* were all correctly decided.

The eradicate confusion norm seemingly offers a theoretically coherent and powerful foundation for modern trademark law. There is a seductive elegance to the norm’s explanation of how even slight confusion harms the public interest, and it is easy to understand why courts and theorists place the elimination of consumer confusion at the center of modern trademark theory. ¹¹⁵ It is therefore quite interesting and instructive to note that many areas of trademark law appear inconsistent with the eradicate confusion norm. As the next Part will discuss, those areas of trademark law accept and even encourage consumer confusion, and they often do so because such confusion advances the public interest. This contrast draws the descriptive and normative values of the eradicate confusion norm into question.

II. PERSISTENT AND INEVITABLE CONFUSION IN TRADEMARK

The above-described aversion to consumer confusion implies that trademark law should prohibit even relatively small instances of confusion wherever possible. Curiously, however, trademark law does not consistently pursue this objective. Although courts have expanded the subject matter and scope of trademark rights for the stated purpose of eliminating consumer confusion, there are many instances in which the law accepts and even encourages the very confusion that trademark convention and the eradicate confusion norm find so odious. This happens in three ways. First, trademark decisions often depend on facts that exist only after consumers have faced confusion. Second, trademark law operates in ways that are almost certain to create consumer confusion. Third, courts sometimes explicitly decline opportunities to reduce confusion. I will now describe this persistent and, in some cases, inevitable confusion in trademark in order to question conventional wisdom about the role of confusion in our trademark system.

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¹¹⁵. See supra note 1 and accompanying text.
A. Decisions Based on Facts That Exist Only After Consumer Confusion

1. Another Look at Acquired Distinctiveness

In Part I, we saw that trademark law protects certain marks only after they acquire distinctiveness. The reason for this protection is simple. As *Qualitex*\textsuperscript{6} explained, failure to protect a mark after it gains distinctiveness would mean allowing consumers to be confused.\textsuperscript{116} This reasoning clearly establishes a strong connection between protecting marks that become distinctive and preventing consumer confusion.\textsuperscript{117} Interestingly, however, the very process of protecting marks that become distinctive also involves confusing consumers and having consumers overcome that confusion. Indeed, consumer confusion is a prerequisite to the protection of marks that acquire distinctiveness.

A mark lacks inherent distinctiveness when consumers do not instantly recognize it as a source identifier. Consumers already give meanings other than source identification to proposed marks like “Safari” because the marks have well-settled meanings in the English language.\textsuperscript{118} A trademark claimant therefore cannot gain protection on the basis of acquired distinctiveness without changing the meaning of things already familiar to consumers. In turn, this change cannot happen without exposing consumers to confusion because consumers cannot give new meaning to a familiar item until they encounter the familiar item attached to its new meaning. That new meaning may eventually become sufficiently established to gain trademark protection, but consumers must first sort through the confusion of considering both meanings and deciding how to use both meanings.

For example, the first time consumers encounter “Safari” shoes, they cannot know whether they are dealing with shoes designed for

\textsuperscript{116} 514 U.S. 159 (1995).
\textsuperscript{117} See *supra* notes 64–68 and accompanying text.
\textsuperscript{118} See *supra* notes 67–68 and accompanying text.
\textsuperscript{119} See *supra* notes 42–44 and accompanying text. Marks frequently lack distinctiveness because they describe characteristics of the goods themselves. Consumers therefore may think of these terms as basic information about goods for sale rather than their source. For example, trademarks like “All-Bran,” “Band-Aid,” or “Scholastic” did not refer to a specific company on the day they were introduced. See ALL-BRAN, Registration No. 0314238 (registration of “All Bran” for cereal); BAND-AID, Registration No. 0194123 (registration of “Band-Aid” for bandages); SCHOLASTIC, Registration No. 0273405 (registration of “Scholastic” for publications). The source identification meanings for these marks therefore appeared over time as consumers learned the new meanings.
safaris, or shoes made by a particular manufacturer, or even both. They may eventually learn that "Safari" designates a particular source for shoes, but not without experiencing and overcoming confusion. This process shows that trademark law, at least in this area, does not operate simply by shielding consumers from confusion. Rather, trademark law invites and encourages producers to expose consumers to confusion by holding out the promise of trademark protection if a producer can teach consumers to recognize familiar words or product features as source identifiers.120

2. Private-Label Goods

A focus on facts that exist only after consumers have overcome confusion also exists in the case law concerning so-called private-label (also known as "store-brand") goods.121 Retailers typically sell private-label products in packaging that resembles the packaging for name-brand goods, and the private-label products are typically sold immediately alongside name-brand goods.122 Undoubtedly, many readers have had the experience of shopping and mistakenly picking up or even buying a store-brand product instead of the desired name-brand one. I surmise that many readers have further learned from that mistake and can now distinguish name-brand and store-brand products quite effectively.

Not surprisingly, name-brand manufacturers object to the packaging practices of their private-label competitors, and they have often asserted claims for trademark infringement.123 When these cases

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120. Although not central to the point being made here, consumers must overcome small amounts of confusion even in cases that involve arbitrary or fanciful marks that courts would consider inherently distinctive. For example, "Just Do It" has an ordinary English meaning other than as a source identifier for Nike. Nike therefore could not make effective use of this mark until they had educated consumers to learn the new meaning Nike had given the phrase. Similarly, Apple Computer had to teach consumers a new meaning for the sentence "I want an Apple." The same could be said for many other famous marks like "Fidelity" (investment services), "Horizon" (cars), and "Colt" (firearms).

121. "Private-label" and "store-brand" are terms used to identify products made or sold by retailers as substitutes for similar products made by known, name-brand manufacturers. See Store-Brand Taste-Off, CONSUMER REP. MAG., Oct. 2012, at 16–17.

122. For example, the CVS Pharmacy generally sells its store-brand pain relievers next to name brands, such as Tylenol, Advil, and Motrin. See CVS/pharmacy Brand Shop, CVS, http://cvs.com/shop/brand-shop/C/CVSpharmacy/_/N-3qZ1a78jo (last visited Nov. 25, 2014).

123. For lawsuits brought by brand-name trademark holders, see generally McNeil Nutritional, L.L.C. v. Heartland Sweeteners, L.L.C., 511 F.3d 350, 353–54 (3d Cir. 2007); Conopco, Inc. v. May Dep't Stores Co., 46 F.3d 1556 (Fed. Cir. 1994); Oral-B Labs., Inc., v. Mi-Lor Corp., 810 F.2d 20 (2d Cir. 1986), superseded by Paddington Corp. v. Attiki
were first litigated, courts often decided them in favor of the name-brand plaintiffs.\textsuperscript{124} After all, the private-label sellers deliberately chose similar packaging for directly competing goods, and the errors made by shoppers represented precisely the sort of confusion trademark is supposed to eliminate.

Over time, however, courts have come to understand these cases differently. Instead of finding that private-label packaging confuses consumers, opinions now generally state that consumers are not confused because they have learned from prior experience to distinguish private-label goods from their name-brand referents.\textsuperscript{125} For example, in \textit{Conopco, Inc. v. May Department Stores Company},\textsuperscript{126} the Federal Circuit rejected a trademark claim against a private-label seller of hand lotion by writing as follows:

\begin{quote}
The retailer packages its product in a manner to make it clear to the consumer that the product is similar to the national brand, and is intended for the same purposes. At the same time, the retailer clearly marks its product with its private logo, and expressly invites the consumer to compare its product with that of the national brand, by name. With the rise of regional and national discount retailers with established names and logos, retailers who market both national brands and their own private label brands in direct competition, \textit{this form of competition has become commonplace and well-known in the marketplace}. When such packaging is clearly labelled \textsuperscript{[sic]} and differentiated . . . we are unwilling to attribute to the Eighth Circuit, absent clear precedent so requiring, a rule that would make such competition presumptively unlawful.\textsuperscript{127}
\end{quote}

Look carefully at the premise of this argument. By rejecting the plaintiff's claim on the ground that consumers have become familiar with the practice of private-label packaging, \textit{Conopco} focuses on facts that can exist only after consumers have encountered confusion.\textsuperscript{128}

\begin{footnotesize}
\begin{enumerate}
\item See, e.g., Oral-B Labs., 810 F.2d at 21; McNeil-PPC, 984 F. Supp. at 1074; Majestic Drug Co., 1997 WL 37955, at *14; Kroger Co., 570 F. Supp. at 1061.
\item See McNeil Nutritional, 511 F.3d at 353–54 (stating that customers were aware of private-label packaging and affirming denial of preliminary injunction in favor of all but one defendant); Conopco, 46 F.3d at 1570 (denying claim of trademark infringement).
\item 46 F.3d 1556 (Fed. Cir. 1994).
\item Id. at 1565 (emphasis added).
\item Id.
\end{enumerate}
\end{footnotesize}
When private-label packaging was introduced, consumers certainly were confused because they were unfamiliar with the practice and did not pay attention to distinguishing characteristics that they now spot easily. Accordingly, if consumers are no longer confused, it is because they experienced and overcame confusion of the very sort that often supports a finding of trademark infringement.

3. Internet Domain Names

A similar embrace of confusion exists in the case law concerning Internet domain names. As readers are surely aware, it is quite common for two websites to share domain names that associate them with a recognized mark. This similarity could easily confuse consumers about the true proprietor of the site. For example, the URL “www.buyorleaselexus.com” could belong to the Toyota Motor Company or any other party selling Lexus cars. A consumer who encounters this website surely experiences the kind of confusion that trademarks have eliminated in other cases.

The Ninth Circuit, however, refused to find infringement on these very facts. In *Toyota Motor Sales, U.S.A., Inc. v. Tabari*, the court stated that consumers who use the Internet have become quite sophisticated about similar domain names and are fully prepared to discover that domain names do not always accurately identify the proprietor of a given website. This statement meant that consumers encountering “www.buyorleaselexus.com” would avoid premature conclusions about the website’s proprietor until more evidence became available. Importantly, the court did not consider this delay in accurate identification to be a form of confusion. Instead, the court called it “sensible agnosticism.” Other courts have reached similar results.

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129. *See supra* note 124 (identifying cases in which courts found consumers confused by private-label products).
130. 610 F.3d 1171 (9th Cir. 2010).
131. *Id.* at 1179.
132. *Id.*
133. *See* Network Automation, Inc. v. Advanced Sys. Concepts, Inc., 638 F.3d 1137, 1152 (9th Cir. 2011) (finding that consumers may have once behaved carelessly with respect to Internet domain names, but they no longer do so); Chatam Int’l, Inc. v. Bodum, Inc., 157 F. Supp. 2d 549, 559 (E.D. Pa. 2001) (explaining that internet surfers are accustomed to discovering that the domain name of a website may not accurately indicate its owner); Strick Corp. v. Strickland, 162 F. Supp. 2d 372, 377 (E.D. Pa. 2001) (arguing that internet users “are ‘unlikely to be dissuaded, or unnerved’ when, after ‘tak[ing] a stab at what they think is the most likely domain name for a particular web site’ guess wrong and bring up another’s webpage); Hasbro, Inc. v. Clue Computing, Inc., 66 F. Supp. 2d
Here, as in the case of private labeling, trademark law has again focused on facts that can exist only after consumers have experienced and overcome confusion. A consumer who does not know the proprietor of “www.buyorleaselexus.com” expends effort and resources to clear his confusion. This seems comparable to the market disruption caused by “Beer Nuts” and “Brew Nuts,” “Dairy Queen” and “Dairy Queens,” and “Pegasus Petroleum” and Mobil Oil’s red flying horse logo.134 By saying that confusion does not exist because consumers have become familiar with this lack of clarity, trademark law focuses on facts that cannot exist without confusing consumers first.

B. Trademark Law’s Inevitable Introduction of Confusion

Ironically, persistent consumer confusion also comes from the very process of assigning and enforcing trademark rights. Although federal law provides for the national registration of marks,135 our trademark system does a relatively poor job of making sure that only one producer claims ownership of a given mark. Indeed, our trademark law contemplates that, in some cases, multiple producers can use the same mark on competing products, and this permitted use practically guarantees the eventual confusion of consumers.136 Even in cases where ownership of a mark is clear, the very process of enforcing trademark rights confuses consumers. This confusion happens because findings of trademark infringement generally result in injunctions that force losing defendants to rebrand their products.137 This rebranding confuses consumers familiar with the defendant’s now-prohibited brand by making it impossible for those consumers to use the previously familiar, but now outlawed, mark to find their preferred goods.

1. Confusion Introduced by the Initial Assignment of Trademark Rights

According to trademark convention, consumers ideally should never have to consider two competitors who use the same mark on

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117, 125 (D. Mass. 1999) (“[C]onsumers will realize they are at the wrong site and go to an Internet search engine to find the right one.”).
134. See supra note 110 and accompanying text (describing the small amount of confusion associated with these cases).
136. See infra Part II.B.1.
137. See infra note 166 and accompanying text.
confusion in trademark competing products, for doing so implies confusion over the true maker of competing goods. Of course, trademark law cannot completely prevent rivals from independently using identical or similar marks. Nevertheless, the rules used to assign ownership of marks can make it easier for rivals to avoid claiming rights to similar marks.

For example, the law could assign ownership of a mark to the first claimant who registers the mark. Such a rule would be clear and relatively easy to enforce. More importantly, registration as a condition of ownership ensures that those adopting a new mark are practically certain to know if someone else already owns the mark. Such knowledge would make it highly unlikely that more than one party would use and claim ownership of a given mark.

Interestingly, U.S. law does not assign trademark rights on this basis. Instead, our trademark system grants rights to those who first make bona fide use of a trademark in commerce. This rule means that a producer adopting a new mark does not have to make a formal claim with the government to gain rights in the mark. It can simply affix the mark to goods that are sold to the public. The producer may apply to register the mark with the federal government, but the application will fail unless the producer has used the mark. Even if successful, registration does not guarantee complete rights to the mark, for anyone who has used the mark before registration becomes effective may continue to make limited use of the mark.

138. See Columbia Mill Co. v. Alcorn, 150 U.S. 460, 463-64 (1893) ("[T]he exclusive right to the use of the mark or device claimed as a trade-mark is founded on priority of appropriation; that is to say, the claimant of the trade-mark must have been the first to use or employ the same on like articles of production."); Lucent Info. Mgmt., Inc. v. Lucent Techs., Inc., 186 F.3d 311, 315 (3d Cir. 1999) (holding that priority of use establishes right to a trademark); Blue Bell, Inc. v. Farah Mfg. Co., Inc., 508 F.2d 1260, 1265 (5th Cir. 1975) ("The exclusive right to a trademark belongs to one who first uses it in connection with specified goods.").


140. See Two Pesos, 505 U.S. at 768; Louis Vuitton Malleter, 454 F.3d at 115-16; Star Indus., 412 F.3d at 381.

141. See Aycock Eng'g, Inc. v. Airflite, Inc., 560 F.3d 1350, 1357 (Fed. Cir. 2009) ("The registration of a mark that does not meet the use requirement is void ab initio."); Mccarthy, supra note 10, at § 19:10 ("The mark must have been 'used in commerce' before the registration will issue [on the principal register].").

142. See Johnny Blastoff, Inc. v. L.A. Rams Football Co., 188 F.3d 427, 435 (7th Cir. 1999) ("[A] trademark application is always subject to previously established common law
Assigning trademark rights this way leads to consumer confusion. By making ownership dependent on use, our trademark system practically guarantees that rivals will sometimes try to claim ownership in the same mark. Those rivals will try to perfect their claims to the mark by using the marks in commerce. This frequently leads to competing marketing campaigns designed to make consumers aware of the new mark followed by the formal use of the mark on goods sold to the public. Of course, these rival campaigns and product launches mean that consumers will encounter and be confused by two producers using the same mark on competing goods.

In theory, this confusion might be short lived if trademark law quickly settled competing claims to the same mark and gave one party all rights to use the mark. This quick settlement does not happen, though, because our trademark system limits the initial award of trademark rights to the geographical areas where a trademark claimant has actually used the mark.

The cases of United Drug Co. v. Theodore Rectanus Co.143 and Dawn Donut Co. v. Hart's Food Stores144 illustrate this point. In United Drug, the petitioner's predecessor in interest began using the mark "Rex" in Massachusetts for the sale of medicine.145 That use began in 1877 and continued for some time as the plaintiff introduced its products in a wider geographic area.146 In 1883, the respondent began using "Rex" on medicine in and around Louisville, Kentucky.147 At that time, the plaintiff had not begun the sale of Rex medicines in Kentucky, and indeed, the defendant did not know about the plaintiff's use of "Rex" in remote areas.148 In 1912, the plaintiff began selling Rex medicine in the Louisville area.149 When the conflicting uses of the mark became apparent, litigation followed.150 The district court ruled that the petitioner's prior trademark rights of another party.")}; Daniel Group v. Service Performance Grp., Inc., 753 F. Supp. 2d 541, 546 (E.D.N.C. 2010) (citing and quoting McCarthy, supra note 10, with approval); McCarthy, supra note 10, at § 16:18.50 ("Neither application for nor registration of a mark at the federal level wipes out the prior nonregistered, common law rights of others. The nonregistered rights of a senior user continue and are not erased by the later federal registration of a junior user.").

143. 248 U.S. 90 (1918).
144. 267 F.2d 358 (2d Cir. 1959).
145. United Drug, 248 U.S. at 94.
146. Id.
147. Id. at 94.
148. Id. at 94–95.
149. Id. at 95.
150. See id. at 93–96.
adoption of the mark gave the petitioner exclusive rights to the mark. The court of appeals reversed, and the Supreme Court agreed.

In so ruling, the Court clearly established the principle that trademark rights arise from an established business use of the mark. Accordingly, use alone does not establish national rights to a trademark. Instead, the right extends only so far as the geographic reach of the trademark claimant’s actual use. This limitation means that a trademark claimant has no rights against good faith junior users of the same mark who conduct business in areas geographically remote from the claimant’s use. Indeed, the Court held that such a junior user would actually have rights superior to the senior user in the areas where the junior user moved first. This holding meant that the United Drug petitioner, despite adopting “Rex” as its mark before the respondent, actually had no right to use “Rex” in the Louisville, Kentucky area.

The principle laid down in United Drug practically guarantees that consumer confusion will eventually arise. Inevitably, two potential rivals will occasionally use the same or similar marks on competing goods in separate markets. If they do so in good faith, they both establish rights in the mark and will begin expanding their businesses. And, when the two businesses finally meet in a shared market, consumer confusion is certain because the two rivals will sell competing products under the same mark. Of course, this problem could be ameliorated if registration of a mark conferred national rights on the first person to register the mark. However, geographic limits on trademark rights exist even when a trademark owner successfully registers.

151. Id. at 96.
152. Id. at 96, 104.
153. Id. at 97 (“There is no such thing as property in a trade-mark except as a right appurtenant to an established business or trade in connection with which the mark is employed.”).
154. Id. at 98 (“[T]he adoption of a trade-mark does not, at least in the absence of some valid legislation enacted for the purpose, project the right of protection in advance of the extension of the trade, or operate as a claim of territorial rights over areas into which it thereafter may be deemed desirable to extend the trade.”).
155. Id. (“[T]he expression... that a trade-mark right is not limited in its enjoyment by territorial bounds, is true only in the sense that wherever the trade goes, attended by the use of the mark, the right of the trader to be protected against the sale by others of their wares in the place of his wares will be sustained.”).
156. Id. at 100-02.
157. Id. at 103-04.
For example, in *Dawn Donut*, the plaintiff, Dawn Donut, used the marks "Dawn" and "Dawn Donut" to sell doughnut mix and retail doughnuts in a number of states, including Michigan and New York. Dawn first used the marks in 1922 and registered them in 1927. Starting in 1951, the defendant, Hart's Food, used the "Dawn" mark to sell retail doughnuts in the area of Rochester, New York. Dawn Donut objected and filed suit.

Dawn Donut's claim was quite simple. Federal registration meant that the defendant had constructive notice of Dawn Donut's prior use of the mark, and Dawn Donut could therefore prevent Hart's from making use of the mark. The Second Circuit disagreed. In ruling for Hart's, the Second Circuit noted that Dawn Donut had not used the "Dawn" mark to sell retail doughnuts around Rochester for decades. Accordingly, Hart's use of the mark was highly unlikely to cause consumers confusion because Rochester area customers would not be familiar with Dawn Donuts sold at retail. Accordingly, Dawn Donuts could not stop Hart's from using the mark unless Dawn Donuts actually began using the "Dawn" mark on retail doughnuts in the Rochester area.

Note again that trademark's rules for assigning and enforcing ownership of marks practically guarantee confusion. Sooner or later, a mark owner like Dawn Donuts will move into an area analogous to Rochester where a business like Hart's will have already been using the mark. The senior user may enjoy the satisfaction of making the junior user of the mark stop, but confusion will already be inevitable because consumers who see the senior user's goods sold under the mark will naturally wonder if the goods were actually made by the junior user. This confusion cannot be easily reduced or avoided without changing existing law about the initial assignment and enforcement of trademark rights.

2. Confusion Introduced by Trademark Judgments

The process of assigning and enforcing trademark rights creates confusion even when rules of geographic priority have no effect. In

158. 267 F.2d 358, 361 (2d Cir. 1959).
159. Id. at 361–62.
160. Id. at 361.
161. Id. at 362.
162. Id.
163. Id. at 360.
164. Id. at 365.
165. Id.
almost every trademark case worth litigating, the plaintiff makes a plausible claim that consumers will be confused, and the defendant makes a credible claim to the contrary. Frequently, both litigants are right because consumers vary in their responses to trademarks. Some consumers will mistakenly believe that the plaintiff’s and defendant’s marks indicate the same source, while others will correctly distinguish between the marks. These contrasting responses set the stage for confusion.

If a court decides a case like this for the defendant, it obviously permits some degree of consumer confusion to continue. While the court may believe that, on the whole, most consumers are not confused, this does nothing to help the minority of consumers who are confused. The court’s decision for the defendant means that those consumers will continue to face confusion until they figure things out for themselves.

The persistence of confusion after a decision against infringement may help explain why judges seem willing to find infringement even when the likelihood of confusion seems small. Finding infringement seems to eliminate confusion at little cost. The minority of consumers who face confusion will no longer do so. And, presumably, the majority of consumers who were not confused will still be able to distinguish between the two marks.

Unfortunately, this thinking overlooks the likelihood that eliminating confusion for those unable to distinguish between the two marks will introduce new and different confusion for those who were not initially confused. Remember, the usual consequence of a decision in favor of the plaintiff is an injunction forbidding the defendant from using its mark.166 This injunction forces the defendant to rebrand its goods, impairing the ability of previously unconfused consumers to find their preferred products. As an initial matter, their preferred product disappears because it is pulled off the market as an infringing product. Then, when it is reintroduced to the market under a new name, consumers will be confused because they will not initially know that the product sold under the new name is actually their preferred brand made by their preferred manufacturer. In short, trademark law will, under the guise of reducing confusion, do the very

166. See MCCARTHY, supra note 10, at § 30:1 ("An injunction is the usual and standard remedy once trademark infringement has been found.").
thing it is supposed to prevent—namely, make it harder for some consumers to identify and purchase their preferred goods.167

To see a concrete example of how this might happen, consider *E. & J. Gallo Winery v. Consorzio del Gallo Nero*168 a case involving the well-known American wine producer, Gallo, and Consorzio del Gallo Nero, an Italian trade association promoting Italian Chianti Classico wines.169 Consorzio chose its name “Consorzio del Gallo Nero” because its members had used the symbol of a black rooster (“gallo nero” in Italian) on their wines.170 When Consorzio decided to mount a campaign to promote the sale of Chianti Classico wines in the United States, it used the words “Gallo Nero” in advertisements for its wine.171 Gallo objected and sent Consorzio a cease and desist letter, but Consorzio eventually went ahead with its campaign.172 Gallo then sued for trademark infringement.173

It is easy to imagine how this case could have come out in favor of either party. On the one hand, some consumers might have confused “Gallo” and “Gallo Nero,” perhaps believing that Gallo had begun marketing a special line of Gallo Nero wines. On the other hand, other consumers probably suffered no confusion at all. These consumers included those who already knew the precise identity of Consorzio del Gallo Nero as the trade association for Chianti Classico wines. Some of these consumers surely liked Consorzio del Gallo Nero wines (perhaps because they had experienced the wines in Italy), deliberately searched for them, and bought them.

The *Gallo* court found that a likelihood of confusion existed and enjoined Consorzio del Gallo Nero from using “Gallo” when marketing its wines in the United States.174 When Consorzio del Gallo Nero chose a new name under which to market its wines, consumers not confused by its use of “Gallo” probably experienced confusion

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167. The size and significance of this disruption is confirmed by the considerable literature that describes the problems associated with rebranding. This literature reflects the realization that consumers will not easily overcome the confusion associated with rebranding. See Aaron Perzanowski, *Unbranding, Confusion, and Deception*, 24 HARV. J.L. & TECH. 1, 17–31 (2010) (arguing that the structural features of trademark law are poorly positioned to serve as an effective restraint on the consumer confusion that rebranding can create).
169. *Id.* at 460.
170. *Id.*
171. *Id.*
172. *Id.*
173. *Id.*
174. *Id.* at 471.
when they encountered the new name. Even if that name bore reasonable resemblance to “Consorzio del Gallo Nero,” it is likely that consumers had to consider the possibility that a rival seller of Chianti Classico wines had entered the market. The time consumers spent learning the correct meaning of the new name therefore represents confusion caused by trademark law.¹⁷⁵

3. Confusion Introduced by the Abandonment of Trademark Rights

A trademark holder does not necessarily own rights in a mark forever. Among other things, a trademark holder risks forfeiting ownership of its marks if it stops using them. Under federal law, a trademark holder abandons its mark by discontinuing use with no intent to resume.¹⁷⁶ Three consecutive years of nonuse provides prima facie evidence of the intent to abandon.¹⁷⁷

At first blush, one might conclude that abandonment through nonuse carries little risk of consumer confusion. A mark that disappears from use for three years surely loses a great deal of its value as a source identifier. If a new producer then comes forward to use an abandoned mark and establish new rights, one might think that consumers will adopt the new meaning for the mark fairly easily.

Closer reflection suggests that consumer confusion is not so easily avoided. In many cases, trademarks retain considerable source identification power long after they are no longer in use. For example, the mark “Pan-Am” evokes strong memories of the defunct airline.¹⁷⁸ If this mark is considered abandoned, new users of “Pan-Am” will surely confuse consumers, who will wonder if the old airline has somehow come back into business. This suggests that marks retaining power as source identifiers should not be considered abandoned, even

¹⁷⁵. See Michael Grynberg, Trademark Litigation as Consumer Conflict, 83 N.Y.U. L. REV. 60, 78–87 (2008) (arguing that trademark law inadequately recognizes and protects the interests of non-confused consumers, leading to the expansion of trademark rights).
¹⁷⁷. Id.
¹⁷⁸. The Pan-Am mark has been re-used a number of times by unaffiliated airlines capitalizing on consumer familiarity with and affection for the original airline. See Bill Chappell, Pan-Am Airline Set To Return to the Air Next Month, NPR (Oct. 20, 2010, 8:18 PM), http://npr.org/blogs/thetwo-way/2010/10/29/130926486/pan-am-airline-will-return-to-the-air-next-month (mentioning five attempted revivals of the Pan-Am brand); Bruce Drum, Pan American Airways To Revive the Pan Am Brand with Boeing 737-800s, WORLD AIRLINE NEWS (Apr. 17, 2014), http://worldairlinenews.com/2014/04/17/pan-american-airways-to-revive-the-pan-am-brand-with-boeing-737-800s/ (showing a recent attempt to revive the Pan-Am brand).
if use has been stopped with no intent to resume. For better or worse, courts have not interpreted the law in this way.

In Silverman v. CBS Inc.,179 the Second Circuit found that the plaintiff, CBS, could not stop the defendant, Silverman, from developing a musical based on the Amos ‘N’ Andy radio and television shows created by CBS.180 Among other things, the court ruled that CBS had abandoned the Amos ‘N’ Andy Show trademark because the network had not commercially exploited the mark in twenty years.181 CBS’s case had considerable equitable appeal. The network stopped broadcasting the show primarily because the show caused racial controversy.182 Accordingly, CBS could plausibly argue that it had no intent to abandon the work and that it hoped to revive the show someday.183 This argument fell on deaf ears. The court held that because CBS had no reasonably foreseeable plans to use its mark, the necessary intent to abandon existed.184 CBS therefore no longer had rights to the mark.185

Whatever one thinks about whether CBS had the statutorily defined intent to cause abandonment, it is quite likely that the public had not forgotten about the Amos ‘N’ Andy show and its affiliation with CBS. The show originated on radio as one of the country’s most popular programs,186 and the television series was shown from 1951 to 1966.187 Accordingly, when Silverman brought his show to the public, consumers surely would wonder if CBS had revived the Amos ‘N’ Andy show or was otherwise involved in the musical. Such confusion is precisely the kind of confusion that trademark law considers actionable in other cases, but this confusion obviously did not stop the court from ruling against CBS. Accordingly, it is quite clear that, in at least some cases, judicial findings of abandonment introduce consumer confusion.188

179. 870 F.2d 40 (2d Cir. 1989).
180. Id. at 43 (holding that the plaintiff’s trademarks were invalid).
181. Id. at 47.
182. Id. at 45.
183. Id.
184. Id. at 47.
185. Id. at 47–48.
186. Id. at 42.
187. Id.
188. Other abandonment cases that create confusion include Rust Environment & Infrastructure, Inc. v. Teunissen, 131 F.3d 1210, 1219–20. (7th Cir. 1997) (holding that former employees of the plaintiff consulting firm formerly called “Donahue & Associates” were entitled to call the new consulting firm “Donahue & Associates” because the plaintiff had abandoned the mark); Intrawest Fin. Corp. v. W. Nat’l Bank of Denver, 610 F. Supp. 950, 961 (D. Colo. 1985) (holding that the plaintiff bank, having changed its name
C. Deliberately Accepting Consumer Confusion

A final source of persistent consumer confusion comes from accepting such confusion in order to prevent undue harm to free competition. Such a phenomenon should come as no surprise. After all, the purpose of trademark law is the prevention of confusion that damages the operation of markets. It therefore makes sense for trademark law to avoid imposing liability if doing so would undermine the very competition that makes markets work in the first place. Nevertheless, trademark plaintiffs have argued that preventing consumer confusion is more important than other competition-related concerns, and courts have often rejected these arguments by refusing to follow the eradicate confusion norm as vigorously as they could. The doctrines of fair use and functionality offer good examples of how trademark law violates the eradicate confusion norm by accepting consumer confusion.

1. Fair Use

A previously known word may acquire sufficient distinctiveness to become a trademark, but this does not mean that old meanings associated with the word completely disappear. It is therefore possible that a potential defendant will use a mark merely to describe the defendant’s goods in a non-source-identifying way and that the trademark holder will nevertheless consider such a use confusing. For example, a candy manufacturer could gain a trademark in the word “Sweetart” for candies, and a juice manufacturer might use the word “sweet-tart” to describe its juice. Such behavior arguably creates a likelihood of confusion over whether the same manufacturer makes the candies and juice. However, trademark law generally excuses

from “First National Bank of Denver” to “IntraWest Bank of Denver,” could not prevent the defendant from using the name “First National Bank of Denver”). Courts occasionally prevent a subsequent user of an abandoned mark from using the mark in order to prevent public confusion. See Indianapolis Colts v. Metro. Balt. Football Club Ltd. P’ship, 34 F.3d 410, 416 (7th Cir. 1994) (holding that a National Football League team, the “Indianapolis Colts,” had the right to prevent a Canadian Football League team from using the abandoned name “Baltimore Colts” because the public would be confused). However, subsequent decisions limit the reach of such holdings, leaving abandoned marks generally free for adoption. See Rust Envt’l & Infrastructure, 131 F.3d at 1215 (finding in favor of the defendant and characterizing the facts of Indianapolis Colts as “unique”).
defendants in cases like this under the affirmative defense of fair use if the mark has been used in good faith and solely in a manner "descriptive of the actor's goods." 193

The fair use defense raises an important question about the priorities of trademark law. If the defense did not exist, defendants could not make good faith, descriptive uses of marks, and this restriction would impair the ability of defendants to inform consumers about the basic qualities of their products. At the same time, however, the fair use defense could prevent trademark holders from eliminating consumer confusion. This issue raises the question of whether a defendant first should have to establish that its behavior creates no likelihood of consumer confusion before claiming fair use. If trademark law values the elimination of confusion more than the accurate description of products, the answer to this question would presumably be "yes." Conversely, if accurate description is more important than eliminating confusion, the answer would be "no."

The Supreme Court considered this very question in KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc. 194 KP Permanent Make-Up involved a dispute between two make-up manufacturers who both used a version of the term "micro color" in marketing their products. 195 The defendant, Lasting, registered the term as a mark in 1992, and the plaintiff, KP, produced a brochure using "micro color" in prominent type in 1999. 196 KP justified its use of "micro color" under the fair use defense. 197 Lasting countered KP's fair use claim by arguing that fair use could not exist unless the defendant had proved the absence of a likelihood of confusion. 198 Such an argument would, if accepted, shield consumers from the confusion of seeing the term "micro color" used in different ways.

The Supreme Court rejected Lasting's contention, holding instead that some undefined level of confusion was entirely compatible with a finding of fair use. 199 The Court recognized that consumer confusion could affect whether a given use was fair, but the mere existence of confusion could not automatically negate the defense because of the interests served by the accurate descriptions of

195. Id. at 114.
196. Id. at 115.
197. Id.
198. Id. at 118–20.
199. Id. at 119–20.
The Court supported this reasoning by noting that "the common law of unfair competition also tolerated some degree of confusion from a descriptive use of words contained in another person's trademark." This led to the conclusion "that some possibility of consumer confusion must be compatible with fair use."

2. Functionality

Like fair use, the doctrine of functionality also permits some degree of consumer confusion in order to preserve free competition. Functionality assumes importance when a plaintiff makes a trademark claim over a product feature that not only has acquired distinctiveness but also serves an important physical purpose in the value of the product itself. If trademark law protected such product features, it would prevent consumer confusion by preserving an exclusive association between the product feature and the trademark claimant. However, this would also prevent competitors from making competing products with the same desired features, thus hindering free-market competition.

For example, in Traffix Devices, Inc. v. Marketing Displays, Inc., the plaintiff, Marketing Displays, made temporary road signs with an unusual dual-spring design that kept the signs from blowing down in strong gusts of wind. Because Marketing Displays held patents over this technology, it was the only producer of these signs and consumers arguably came to rely on these springs as source identifiers associated with Marketing Displays. When Marketing Displays' patents expired, the defendant, Traffix, began making and selling signs using the same dual-spring technology. Marketing Displays then sued for trade-dress infringement.

200. Id. at 111, 118–23.
201. Id. at 119.
202. Id. at 121. Note that the Court did not specify how much confusion would be tolerated. The notion that there is some upper limit on how much confusion would be excused by fair use makes sense from a teaching perspective, as there are limits on what people can learn.
205. Id. at 25.
206. Id.
207. Id. at 26.
208. Id.
The Supreme Court found in favor of Traffix.\textsuperscript{209} In so ruling, the Court expressed concern that allowing protection for functional features, like the dual-spring, would harm free competition.\textsuperscript{210} Preventing competitors like Traffix from using the dual-spring feature would be tantamount to giving patent protection to Marketing Displays despite the springs being part of the public domain.\textsuperscript{211} The Court refused to accept this result, stating that concerns about competition were, at least in this case, more important than preventing consumer confusion.\textsuperscript{212} Trademark protection would therefore be denied even if the dual-spring technology had acquired distinctiveness.\textsuperscript{213} This meant accepting the confusion of any consumers who used the dual-spring feature as a source identifier.\textsuperscript{214}

The pervasive and persistent confusion described in this Part challenges conventional wisdom about consumer confusion. As noted earlier, trademark convention advocates eliminating modest confusion precisely because such confusion supposedly impairs the proper operation of markets.\textsuperscript{215} This impairment implies that widespread failure to eliminate such confusion would leave our markets seriously damaged. Indeed, the aggressive expansion of trademark rights and the eradicate confusion norm can be seen as the implementation of this very line of thinking.

What then are we to make of the many instances of confusion that trademark law accepts or even encourages? If trademark law's conventional wisdom about confusion is correct, then our trademark system ought to have some pretty significant problems because—as Part II has described—consumers face minor confusion all the time and trademark law accepts it. If modest confusion really does damage markets, then we should see consumer preferences regularly

\begin{itemize}
\item \textsuperscript{209} Id. at 35.
\item \textsuperscript{210} Id. at 29 (expressing concern that there is generally no prohibition against the copying of products because it is important to preserve competition).
\item \textsuperscript{211} \textit{Id.} at 30–31 (holding that the claims at the heart of the plaintiff's trademark claim were covered by the expired patents).
\item \textsuperscript{212} \textit{Id.} at 32–33 (noting the importance of preserving competition in cases where the plaintiff seeks trademark protection for functional product features).
\item \textsuperscript{213} \textit{Id.} at 35 ("[Plaintiff] cannot gain the exclusive right to produce sign stands using the dual-spring design by asserting that consumers associate it with the look of the invention itself.").
\item \textsuperscript{214} \textit{Id.} at 33 ("In the instant case, beyond serving the purpose of informing consumers that the sign stands are made by [Marketing Displays] (assuming it does so), the dual-spring design provides a unique and useful mechanism to resist the force of the wind. Functionality having been established, whether [Marketing Display's] dual-spring design has acquired secondary meaning need not be considered.").
\item \textsuperscript{215} See supra Part I.
\end{itemize}
frustrated by the confusion that trademark law fails to eliminate. Of course, this does not happen. On the whole, consumers find the goods they want, which suggests that trademark convention is wrong about the harms associated with modest consumer confusion. Indeed, as Part III shall argue, it is far more likely that modest consumer confusion actually plays a constructive role for our trademark system and, by extension, our markets.

III. THE BENEFITS OF PERSISTENT CONFUSION IN TRADEMARK

The constructive value of confusion emerges from realizing that trademark law can reduce consumer confusion only if consumers have some basic ability to identify and distinguish between trademarks. At first blush, one might think that consumers are born with a full understanding of trademarks and naturally know how to navigate a modern commercial marketplace. In fact, however, even the most basic consumer abilities develop over time from exposure to trademarks encountered in daily life.216

This process begins during childhood.217 As consumer researchers explain, a child progresses through many stages of consumer socialization that reflect a growing awareness of and ability to deal with the complex messages found in commercial marketplaces.218 Although the relevant research does not focus specifically on trademarks, it does say a great deal about the development of consumer knowledge, decision making, and brand awareness.219 It therefore seems appropriate to apply knowledge about general

216. See J. Wesley Hutchinson & Eric M. Eisenstein, Consumer Learning and Expertise, in HANDBOOK OF CONSUMER PSYCHOLOGY 103, 103-04 (Curtis P. Haugtvedt et al. eds., 2008).


218. See, e.g., MCNEAL, supra note 217, at 27-31 (describing the multi-stage process of consumer development beginning shortly after birth); John, supra note 217, at 186-87; Valkenburg & Cantor, supra note 217, at 63-69 (presenting the four-stage process of consumer development in children).

219. See, e.g., Deborah Roedder John, Stages of Consumer Socialization: The Development of Consumer Knowledge, Skills, and Values From Childhood to Adolescence, in HANDBOOK OF CONSUMER PSYCHOLOGY 221, 237 (Curtis P. Haugtvedt et al. eds., 2008) (describing levels of consumer knowledge, decision making, and brand awareness at each stage of consumer socialization).
consumer development and learning to our understanding of trademark law.

Professor Deborah Roedder John presents the development of the child consumer in three stages: the perceptual stage (ages three to seven), the analytical stage (ages seven to eleven), and the reflective stage (age eleven to adult). In the perceptual stage, children begin their development as consumers with a relatively simple egocentric outlook that does not recognize how others perceive products or the consumer process. Consumers in the perceptual stage focus on what they can readily perceive and develop familiarity with brands, but they rarely exhibit complex decision making skills or strategies. These consumers often make choices on the basis of limited information that is easy to perceive and comprehend, such as size. Nevertheless, these children begin to develop brand preferences and an understanding of the consumer search process.

Things change rapidly as young consumers progress through the analytical stage, in which children learn to consider multiple perspectives about products and choices. These young consumers can name multiple brands, develop abstract and detailed knowledge of products, and learn more sophisticated search strategies that focus attention on relevant information. These children even begin to understand the subtle meanings society attaches to possessions, a skill crucial to the effective comprehension of modern trademarks.

By the time a young consumer reaches the reflective stage, he has begun to acquire adult consumer habits and skills. Brand knowledge becomes more detailed and sophisticated as the awareness and recall of brand names rises. The consumer pays even more attention to the social aspects of consumption and understands the status and prestige associated with certain brands. Search sophistication increases as well. Consumers in the reflective stage

220. Id. at 224–25.
221. Id. at 225.
222. Id.
223. Id.
224. Id. at 227–28.
225. See id. at 229.
226. Id. at 230–32.
227. Id. at 230–31.
228. Id. at 233.
229. Id.
230. Id. at 234.
231. Id. at 234–35.
adapt search strategies to different situations. They respond to complex situations by focusing more effectively on the relevant information, and they seek out additional information from trusted sources.

Of course, consumer development does not end with adulthood. Rather, the skills developed in childhood allow adult consumers to continue adapting to the trademarks they encounter. Research on adult-consumer learning confirms the common intuition that continued exposure to products increases consumer familiarity with those products. That familiarity leads to expertise, as consumers learn from their accumulated product experiences. Finally, and most importantly, increased expertise makes people better at finding the products they want quickly and accurately. In short, consumers learn to navigate the markets they encounter, and they get better and better at doing so over time.

The process by which this improvement occurs involves the combination of unconscious and conscious thought. As Professor Daniel Kahneman explains, the human mind operates simultaneously in two different modes. The first, which he labels System 1, "operates automatically and quickly, with little or no effort and no sense of voluntary control." The second, which he calls System 2, "allocates attention to the effortful mental activities that demand it, ..."
including complex computations. The operations of System 2 are often associated with the subjective experience of agency, choice, and concentration.241 Both of these systems operate when a person is awake.242 System 1 handles most functions.243 It governs the tasks that are familiar, routine, and automatic.244 These include understanding simple sentences, walking, and recognizing facial expressions.245 By contrast, System 2 handles complex, novel, and challenging tasks that require significant thought and concentration.246 These tasks include logical argument, math problems, and searching memory when confronted with a surprising situation.247

System 1 and System 2 matter to the study of trademark law because consumers use both to understand marks. A consumer walking through a grocery store has a number of ingrained shopping preferences that System 1 executes. If she eats Kellogg’s Frosted Flakes every day, System 1 probably scans the shelf quickly for something like Tony the Tiger, and she puts the cereal in her shopping cart without further reflection.

Importantly, however, System 1 is doing more than searching for Tony the Tiger in supermarkets. System 1 is also busy collecting impressions of everything the consumer encounters. Using System 1 is not a process of conscious memorization. Rather, System 1 unconsciously notices things, associates them with other things, and files the associations away for future use.248 These associations include spontaneous evaluations of product qualities (“Frosted Flakes taste sweet”), impressions collected from casual encounters with advertisements (“Apple computers are cool”), and information

241. Id. at 21.
242. Id. at 24.
244. See KAHNEMAN, supra note 239, at 21.
245. See id. at 19, 21.
246. See id. at 22.
247. See id. at 20–22.
248. See id. at 50–52; Stijn M. J. van Osselaer & Chris Janiszewski, Two Ways of Learning Brand Associations, 28 J. CONSUMER RES. 202, 205–06 (2001) (describing “Human Associative Memory” as a process that consumers generally use to store information when they are not heavily focused on making predictions).
gleaned from daily life ("Harvard is a prestigious university"). It is entirely possible, and even likely, that this hypothetical consumer learned in this very manner to buy Frosted Flakes by searching for Tony the Tiger. She liked the cereal, noticed the packaging, and formed an association confirmed over time by the experience of many satisfactory purchases. Because the human mind tends to be lazy, it will allow System 1 to continue accumulating and acting on unexamined information in this very manner as long as the results are satisfactory. As long as the consumer gets her Frosted Flakes and other desired products, she will shop with whatever strategies System 1 has produced, including System 1’s approach to trademarks.

Things work differently, however, when consumers encounter surprises and challenges. Because System 1 deals with the familiar and routine, surprises and challenges give System 1 trouble. When this happens, System 2 gets involved and formulates a strategy for dealing with the problem at hand. For example, our hypothetical consumer might be jolted from her System 1 shopping habits by encountering new packaging for Kellogg’s Frosted Flakes. If she came across a box without Tony the Tiger on it, she might be unsure about what was inside. System 2 would then examine the new package carefully, looking for clues about the meaning of the new packaging. If System 2 concluded that the box did contain Kellogg’s Frosted Flakes, she would buy the product, and, if System 2’s prediction

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249. See Jonah Berger & Gráinne Fitzsimons, Dogs on the Street, Pumas on Your Feet: How Cues in the Environment Affect Product Evaluation and Choice, 45 J. MARKETING RES. 1, 1, 11–12 (2008) (demonstrating that incidental exposure to everyday items creates associations that affect consumers’ evaluation and choice of products); van Osselaer et al., supra note 248, at 205 (referring to the basic Hebbian principle that “what fires together, wires together” to make the point that consumers often learn simply by unconsciously remembering stimuli that occurred together).

250. See Wayne D. Hoyer, An Examination of Consumer Decision Making for a Common Repeat Purchase Product, 11 J. CONSUMER RES. 822, 823–24 (1984) (stating that consumers use simple decision heuristics for routine purchases in order to reduce their cognitive effort).

251. See KAHNEMAN, supra note 239, at 164 (referring to the laziness of System 2); Robert S. Wyer, Jr., The Role of Knowledge Accessibility and Behavior Implications for Consumer Information Processing, in HANDBOOK OF CONSUMER PSYCHOLOGY 31, 34 (Curtis P. Haugtvedt et al. eds., 2008) (“People rarely retrieve and use more knowledge than is necessary to attain the objective they are pursuing.”).

252. See Hoyer, supra note 250, at 824; see also KAHNEMAN, supra note 239, at 24–25 (stating that System 2 is uninvolved in decision-making as long as results gained by relying on System 1 remain satisfactory).

253. KAHNEMAN, supra note 239, at 21, 24.

254. See id. at 24–25 (arguing that System 2 is activated in conditions of surprise or other events inconsistent with expectations of System 1).
proved correct, she would begin associating the new packaging with Kellogg's Frosted Flakes. Remembering this new association and acting upon it might take effort at first. However, as she repeated her new System 2 strategy, it would become progressively easier to execute. Eventually, System 1 would learn from System 2 and adopt the previously costly and difficult System 2 association. The new packaging would become as familiar and easy to use as the old packaging graced by Tony the Tiger.255

Over time, unconscious and conscious adaptations of the sort described above result in consumers whose behaviors and skills reflect the trademark environments in which they live. This adaptation makes perfect sense. Consumers must learn to navigate marketplaces to live successfully in modern society. Indeed, consumers have the incentive to improve their skills because nuanced and sophisticated understandings of marketplace signals like trademarks help consumers identify the goods they want more quickly and more accurately. Consumer researchers describe several ways in which this happens.

First, market experience speeds up consumer decision making because a person can recall a memorized fact more quickly than he can derive it. A person responds almost instantly to "What is 2 + 2?" because he used System 2 to learn and commit the answer to his memory long ago, and System 1 can now quickly retrieve it. By contrast, giving the answer to "What is 17 x 24?" takes much longer because he has not memorized the answer and System 2 must figure it out.256 When it comes to the functioning of our trademark system, things work well in part because consumers remember various marks through repeated exposure. This allows consumers to quickly identify and distinguish marks from one another, even when considerable similarities exist.257

Second, market experience helps consumers remember and make sense of new situations they encounter. A chess master

255. See Alba & Hutchinson, supra note 236, at 412–14 (arguing that repetition enables consumers to perform tasks more quickly, more effectively, and with less mental effort); Kahneman, supra note 239, at 35 (arguing that development of skill in a particular task allows a person to execute that task with less effort); James Shanteau, Competence in Experts: The Role of Task Characteristics, 53 ORGANIZATIONAL BEHAV. & HUM. DECISION PROCESSES 252, 254–55 (1992) (“Expertise is gained in stages. In the last stage, the skills of an expert ‘become practiced and rapid.’”).

256. See Kahneman, supra note 239, at 20–22, 24.

257. For example, through repeated exposure, one can become extremely adept at distinguishing between identical marks used on different products such as United (airline and moving services), Delta (airline and faucets), and Dell (computers and books).
remembers chess positions better than a chess novice because the many positions seen and studied by the master give her a larger set of experiences from which to draw.\textsuperscript{258} Prior exposure to and analysis of multiple games give the master ways to connect new situations (i.e., new chess positions) to knowledge she already has. She understands deeper structures that make it easier for her to remember and analyze new situations. By contrast, the chess novice has no such experience to draw from, so his ability to remember and analyze new chess positions effectively is comparatively weak. Similarly, for trademarks, repeated exposure to trademarks gives consumers a frame of reference in which to place new marks. Someone already familiar with how producers use marks will understand quickly how to make sense of new marks and their relationship to existing ones. By contrast, someone who knows little about marks and their use will be easily confused.\textsuperscript{259}

Third, experience helps consumers generate new knowledge about products, both consciously and unconsciously. Psychological studies have shown that people subconsciously acquire knowledge about the systematically organized patterns they are exposed to, even if they are completely unaware that any organized pattern exists.\textsuperscript{260} In particular, their ability to act on the basis of that pattern actually increases with exposure to the pattern, even though they have no conscious awareness of learning or improvement.\textsuperscript{261} This suggests that people will get better at responding to subtle cues about trademarks with repeated exposure to marks—precisely the kind of exposure that begins with early childhood and continues into adulthood. They will, whether consciously or unconsciously, learn to predict how producers signal their use of a trademark, how trademarks can be distinguished, and how to determine just what those trademarks mean.

Fourth, and perhaps most importantly, consumers will change their search strategies to make them more effective. To be sure,

\textsuperscript{258} See Shanteau, supra note 255, at 254 (arguing that chess masters perceive patterns of play and remember positions better than novices do).

\textsuperscript{259} See Johnson & Russo, supra note 238, at 549 (stating that experienced consumers are better able to make good decisions by focusing on the information most predictive of product performance); Mita Sujan, Consumer Knowledge: Effects on Evaluation Strategies Mediating Consumer Judgments, 12 J. CONSUMER RES. 31, 43-44 (1985) (writing that, compared to novice consumers, expert consumers make more effective use of prior knowledge when evaluating new products).


\textsuperscript{261} Id. at 529.
consumers at any given time use ingrained, habitual search strategies that System 1 executes, and System 1 continues to use and reinforce them as long as the strategy works. However, when System 1 makes an error or encounters an unfamiliar situation, System 2 steps in to figure out a search strategy that avoids the problem. If System 2 comes up with a successful strategy, our consumer will plan to use this strategy the next time he is in a similar situation. This may require effort, for ingrained, familiar behavior can be difficult to change. However, if this new strategy proves successful, the consumer will use it more and more frequently until System 1 adopts it as routine. The end result is a change in consumer behavior brought about by adaptation to the trademark “puzzle.”

The interplay between System 1 and System 2 reveals how modest confusion plays a vital role in helping consumers develop important cognitive skills. In order for our trademark system to work, consumers must gain two crucial skills. First, they need the ability to identify and distinguish between trademarks. Second, they must be able to receive and understand the subtle messages conveyed by trademarks. Both of these skills develop because consumers experience confusion. Inexperienced consumers make mistakes because they fail to perceive distinctions between marks or do not understand the informational significance of perceived features of marks. Consumers experience these problems as confusion that arises when using System 1, but that confusion spurs System 2 to create solutions that ultimately improve the performance of System 1 and—by extension—our trademark system.

Consider an analogy to the reading of written texts. Like trademarks, written texts often have obvious meanings as well as less obvious, subtle ones. Indeed, the majority of our society’s most important and communicative texts fit this general description. Because writers use texts to convey information explicitly and implicitly, our system of written texts cannot function at its highest level unless readers have the ability to identify and distinguish similar words (such as “there” and “their” or “affect” and “effect”) and understand the varied and subtle meanings conveyed when those words are strung together. Of course, people are not born with the ability to read effectively. Instead, people develop as readers by being exposed to textual challenges that confuse them and by learning from

262. See supra note 252 and accompanying text.
263. See supra notes 253–55 and accompanying text.
264. See supra notes 253–55 and accompanying text.
the experience. For example, early readers learn first to sound out words, letter by letter, before progressing to whole-word reading and then more advanced, fluent comprehension. Over time, this process creates the sophisticated reader with the vocabulary and comprehension skills that our system of written texts requires.

The same can be said for trademarks. Unless consumers encounter challenging (i.e., confusing) trademark situations, they will not develop into sophisticated “readers” of trademarks. It may be tempting to use trademark law for the purpose of simplifying trademarks to the point that consumers can rely solely on System 1 to comprehend all of the information that trademarks convey. It is, of course, highly questionable whether such an effort would succeed. However, if it did, the result would be consumers who lack the ability to identify and distinguish trademarks or comprehend the messages that trademarks convey. By contrast, exposing consumers to occasional trademark confusion will activate the use of System 2 to resolve confusion and, over time, teach System 1 to deal with such complexity automatically and routinely. In short, society benefits from allowing confusion to develop sophisticated “readers” of trademarks, just as society benefits from allowing confusion to develop sophisticated readers of written texts.

The foregoing generally explains how confusion plays an important and constructive role in our trademark system. At the very least, modest confusion concerning trademarks actually helps consumers avoid confusion by helping them develop valuable

265. See Kerry A. Chalmers & Jennifer S. Burt, Phonological and Semantic Information in Adults’ Orthographic Learning, 128 ACTA PSYCHOLOGICA 162, 171–73 (2008) (concluding that adults learn new words in a manner similar to children); Anne E. Cunningham, Accounting for Children’s Orthographic Learning While Reading Text: Do Children Self-Teach?, 95 J. EXPERIMENTAL CHILD. PSYCHOL. 56, 56–57 (2006) (confirming the hypothesis that children learn to recognize words incidentally while reading independently); Anniek Vassen & Leo Blomert, Long-Term Cognitive Dynamics of Fluent Reading Development, 105 J. EXPERIMENTAL CHILD. PSYCHOL. 213, 225–26 (2010) (asserting that children become better readers over time by initially decoding words letter by letter and gradually developing more efficient reading strategies that include whole-word recognition).

266. See Chalmers & Burt, supra note 265, at 163 (“[O]rthographic representations are then consolidated and refined over many reading exposures to support highly fluent lexical processing.”); Peter A. Schreiber, On the Acquisition of Reading Fluency, 12 J. OF READING BEHAV. 177, 182–83 (1980) (arguing that readers acquire fluency by repeated readings of challenging texts and improve fluency by, among other things, developing strategies to compensate for the lack of prosodic cues in written texts).

267. Courts arguably succumb to this temptation when they use trademark law to shield consumers from confronting and sorting out multiple meanings associated with trademarks. See supra Part I.B.
cognitive skills that make distinguishing and understanding trademarks possible. This process of education occurs over the consumers' entire lives and, although individual instances of confusion may be challenging and costly to overcome, the intellectual habits developed become ingrained to the point that System 1 uses them effectively as "second nature," allowing consumers to avoid confusion more easily in the long run. More importantly, in some cases, increased consumer abilities actually improve our trademark system by making it possible for the system to transmit more information to consumers more efficiently. We can see these beneficial effects arise in a number of areas where modest confusion persists.

A. Protection of Marks Lacking Inherent Distinctiveness

Let us return again to the protection of marks that lack inherent distinctiveness. If producers used trademarks only to convey identity, there would be relatively little reason to protect marks that lack inherent distinctiveness because inherently distinctive marks can identify producers more effectively and with fewer social costs.

As noted earlier, consumers instantly recognize inherently distinctive marks as source identifiers. Protecting these marks makes sense because they are very good at helping consumers make the desired associations between producers and their products. Consumers immediately know that they are dealing with a source identifier, so they do not consider the possibility that the mark is simply a descriptive term or a product feature. The connection between producer and product therefore emerges quickly and with a low possibility of error.

By contrast, the case for protecting marks that lack inherent distinctiveness is much weaker. Consumers do not normally regard descriptive words, colors, odors, or other product features as source identifiers. Accordingly, these marks do not always create the desired association between producer and product because consumers must consider the possibility that they are dealing with something other than a trademark. For example, as noted earlier, consumers

268. See supra note 255 and accompanying text.
269. Deven Desai has also suggested reforming trademark law in order to increase the flow of information in markets. See Desai, supra note 114, at 2124–29 (arguing, from the perspectives of information theory and network theory, that proper reform of trademark law will increase the information available in marketplaces).
270. See supra note 37 and accompanying text.
271. See supra notes 40–49 and accompanying text.
may not immediately understand that a "Safari hat" is a product sold by a particular manufacturer, instead of a hat designed for hunting trips in Africa. This raises a real possibility of error.

Moreover, even if consumers figure out that they are dealing with source identifiers, marks lacking inherent distinctiveness also frequently embody characteristics that consumers value for reasons other than source identification. A scent, color, or decorative fabric pattern may be aesthetically pleasing. Distinctive product configuration also may have functional significance that affects the quality of the good. This makes trademark protection socially costly. If the proposed mark is a word, then there is the risk that the trademark holder will prevent or hinder competitors from using the same word to convey non-source-related information about similar goods. If the proposed mark is a product feature, we must worry that trademark holders will prevent competition—not in information about goods, but in the goods themselves. For example, if a bicycle maker somehow gets protection for the color of its bikes, no one else can sell bikes in the same color. If consumers are indifferent to bike color, this may pose no problem. But if consumers prefer bikes in the trademark holder’s color (perhaps because consumers find the color attractive or valuable for being seen in traffic), then the trademark holder will face reduced competition for its goods and can raise its prices.

The foregoing shows that there are good reasons to protect only inherently distinctive marks, for those marks convey the simple identity of a producer more effectively and at lower social cost than marks lacking inherent distinctiveness. Nevertheless, trademark law protects both kinds of marks and for good reason. Subtle messages that producers want to convey often lend themselves to marks that lack inherent distinctiveness. For instance, the red sole on the bottom of a shoe associates the product and the producer with glamour and sexiness. The label “Safari shoe” captures not only the general style of the product, but also the mystery and adventure of African safaris. If trademarks are to convey messages like this, then trademark law

272. See supra notes 42–50 and accompanying text.
274. See Christian Louboutin S.A. v. Yves Saint Laurent Am. Holding, Inc., 696 F.3d 206, 227 (2d Cir. 2012) (noting that red outsoles on black high-heeled shoes “flaunt a glamorous statement” (internal quotation marks omitted)).
will have to protect marks lacking inherent distinctiveness. This protection of course requires exposing consumers to confusion.\(^\text{275}\)

At first blush, one might think that this confusion impairs the trademark system by causing error and delay in the identification of producers. In truth, however, the confusion actually increases the value of the system by helping consumers develop cognitive skills that support the transmission of subtle messages through trademarks. Granted, consumers may experience occasional confusion when confronted with new trademarks that lack inherent distinctiveness, but working through that confusion is precisely how consumers learn that descriptive terms and product features are sometimes used as source identifiers.\(^\text{276}\) More importantly, confusion teaches consumers to use context and other social cues to identify and comprehend various messages encoded in trademarks. Once consumers learn these skills, they become more fluent at them through repetition. Eventually, responding to trademarks in a sophisticated manner becomes second nature and routine, allowing our trademark system to carry more information than it would in the absence of exposure to confusion.

**B. Private-Label Goods**

The case of private-label goods offers a slightly different illustration of how confusion improves the functioning of our trademark system. Again, if trademarks exist only to distinguish one producer from the other, it would make sense to force private-label sellers not to use packaging that resembles name-brand packaging. This would make the packaging of the two producers very easy to tell apart and greatly reduce, if not eliminate, the likelihood of mistaken purchases. Of course, trademark law generally allows the use of private-label packaging that resembles name-brand packaging, exposing consumers to confusion.\(^\text{277}\) However, there is a payoff for this confusion, for it helps consumers develop the cognitive skills to receive more information efficiently through the trademark system.

As courts have recognized, the point of private-label packaging is to inform consumers that the private-label good is effectively identical to the name-brand good.\(^\text{278}\) The use of packaging that resembles name-brand packaging clearly reminds consumers of the name brand,

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\(^\text{275}\)  See *supra* notes 116–20 and accompanying text.

\(^\text{276}\)  See *supra* notes 116–20 and accompanying text.

\(^\text{277}\)  See *supra* note 125 and accompanying text.

\(^\text{278}\)  See *supra* note 127 and accompanying text.
but differences in packaging, such as a different product name and label, inform the consumer that the producer of the good is not the same. If trademark law forced private-label producers to use packaging that did not resemble name-brand packaging, initial consumer confusion would clearly be reduced. However, consumers would also lose an efficient way of being informed about private-label goods and their basic qualities. Consumers could, in theory, be asked to read labels directly comparing private-label goods to name-brand goods. However, reading these labels would be more cumbersome and slower than looking for private-label packaging.

This is why it makes sense for trademark law to expose consumers to confusion over private-label goods. Without question, allowing the use of private-label packaging risks consumer error, particularly when consumers hastily buy goods while on “autopilot.” Over time, however, consumers have discovered their errors, and they have consciously learned how to avoid mistakes when confronting private-label goods. Indeed, as Kahneman and others predicted, consumers have adopted new cognitive strategies that are now routine because of repetition and practice.\textsuperscript{279} This has greatly reduced the likelihood of consumer error, and, more importantly, it has given consumers the ability to receive information about the source and qualities of private-label merchandise more efficiently than they could if private-label packaging could not resemble name-brand packaging. In other words, it is again important to expose consumers to confusion in order to develop the consumer skills that allow our trademark system—and, by extension, markets—to function efficiently.

C. Fair Use

Fair use offers one more example of how confusion improves our trademark system. The conflict addressed by this doctrine arises because people sometimes give trademarks more than one meaning. For example, in \textit{KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.},\textsuperscript{280} the plaintiff and defendant used “micro color” in two different ways.\textsuperscript{281} The plaintiff used the term as a trademark identifying its cosmetics, while the defendant used the term to describe its

\begin{footnotesize}
279. \textit{See supra} notes 127–29 and accompanying text.
281. \textit{Id.} at 114.
\end{footnotesize}
Trademark holders understandably object to the creation of unauthorized meanings for their trademarks. If successful, their claims of infringement would not only deprive consumers of the information conveyed by the defendants, but also would eliminate the possibility of consumer confusion over the proper meaning to attribute to terms like “micro color.”

Trademark convention would generally regard the confusion created by fair use as a social cost that permanently offsets the social benefits of trademark law. Society benefits from allowing others to use trademarks to fairly describe goods, but those gains must be weighed against a permanent barrage of confusion that consumers face when they encounter terms like “micro color” in varying contexts. Closer reflection reveals, however, that trademark convention is wrong and that confusion itself creates social benefits.

Once again, the key to seeing this conclusion comes from consumer adaptation to confusion. Consumers may indeed be unsure about the meaning of terms like “micro color,” but this lack of certainty will not lead to permanent confusion. Consumers who sense uncertainty will devote conscious thought to figuring out exactly what “micro color” means, and this effort will improve consumer resistance to confusion in two ways. First, consumers will understand the different ways in which “micro color” gets used, reducing the likelihood of confusion over the use of this and similar terms in the future. Second, consumers will become aware of and more attuned to the contextual cues that signal when a term is being used as a source identifier or a descriptor. This process is similar to the one that enables consumers to recognize things that lack inherent distinctiveness as trademarks, and it makes consumers resistant to future confusion when they encounter trademarks used as plain descriptors. In short, consumer adaptation to confusion increases the value of our trademark system because it actually lowers consumer susceptibility to confusion in the long run. This adaptation allows our trademark law to permit descriptive uses of marks as fair use, and this usage increases the amount of information consumers receive.

IV. PERSISTENT CONFUSION, TRADEMARK CONVENTION, AND OPPORTUNITIES FOR REFORM

The persistence of confusion in our trademark system and its beneficial effects challenge modern trademark’s embrace of the
eradicate confusion norm. If, as modern trademark convention holds, the eradicate confusion norm truly governs trademark, then the law would diligently eliminate almost all confusion as pernicious to the proper operation of markets. However, the persistent and ubiquitous existence of confusion shows that trademark law conforms to modern trademark theory sporadically at best. Instead of consistently shielding consumers from confusion, trademark law frequently accepts and even encourages behavior that exposes consumers to confusion of the very sort that supposedly harms markets. This exposes a meaningful gap between significant portions of trademark law and modern trademark theory.

If modern trademark convention is correct in its assertion that even modest amounts of confusion damage markets enough to warrant a legal remedy, the gap between trademark law and trademark theory should signal fairly considerable and observable market harm. After all, consumers regularly confront multiple meanings for marks, and trademark theory predicts that this confusion should delay the satisfaction of consumer preferences. However, this delay does not generally happen. Markets may not be perfect, but consumers usually find what they want and learn to use trademarks quite effectively, despite frequently encountering confusion. This outcome implies that modern trademark theory's claim about the danger of confusion is overstated, and that the value of the eradicate confusion norm is much lower than trademark convention would have us believe. Indeed, the relatively smooth operation of modern marketplaces suggests that, as noted earlier, modest amounts of confusion are not only relatively harmless but also beneficial because they help consumers learn to avoid confusion in the first place. Trademark theory should therefore abandon the

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283. See supra Part I, notes 6-12 and accompanying text (describing trademark convention).

284. Psychology experiments have measured delays in recognition of trademarks when consumers in experiments are exposed to similar marks that are unlikely to confuse them over the long run. These delays could correspond to or create delays for satisfaction of consumer preferences, but the delays appear quite short, on the order of about 100 milliseconds. See Maureen Morrin & Jacob Jacoby, Trademark Dilution: Empirical Measures for an Elusive Concept, 19 J. PUB. POL'Y & MARKETING 265, 269 tbl.1 (2000) (reporting that consumers experienced delays of 79 to 129 milliseconds in recognizing Godiva chocolates after exposure to Dogiva biscuits). Rebecca Tushnet considers whether these delays are serious enough to warrant legal intervention and concludes that they are not, noting that consumers are quite good at distinguishing very similar marks on the basis of clues provided by context. See Tushnet, supra note 33, at 527-32. This ability is precisely the kind of cognitive skill that consumers develop when regularly exposed to modest levels of confusion.
eradicate confusion norm and replace it with a more nuanced understanding of trademark law that improves the operation of the trademark system by appropriately exposing consumers to modest, manageable amounts of confusion.

Implementing this change requires the conscious balancing of market disruption caused by confusion against market improvements that arise because exposure to confusion makes consumers better at avoiding confusion and at understanding subtle messages conveyed through the trademark system. In some cases, this balance will clearly favor the use of trademark law to prevent confusion. Consider a typical dispute in which the defendant and plaintiff use identical or nearly identical marks on similar, directly competing goods. In this situation, the harm to markets is clear and substantial. Consumers surely will not know whether the defendant or plaintiff makes the goods in question, and it is therefore likely that many mistaken purchases will be made. More importantly, the hypothesized facts indicate that the benefits associated with exposing consumers to confusion are unlikely to materialize. Because the two marks are identical and used on directly competing merchandise, consumers will find it difficult to come up with an effective strategy for accurately identifying the manufacturer. Without such a strategy, System 2 cannot help System 1 learn to quickly and reliably identify producers, making the benefits of increased consumer skill elusive. In short, the harm of exposing consumers to confusion surely outweighs the benefits of doing so.

In other cases, particularly when consumers are likely to resolve confusion on their own, the balance comes out very differently. For example, when the defendant and plaintiff use similar but distinguishable marks, the harm to markets becomes far more speculative because consumers will probably distinguish between the

285. See, e.g., Sands, Taylor & Wood Co. v. Quaker Oats Co., 978 F.2d 947, 950, 954 (7th Cir. 1992) (holding that infringement occurred where the plaintiff and the defendant used “THIRST-AID” for beverages); Union Carbide Corp. v. Ever-Ready, Inc., 531 F.2d 366 (7th Cir. 1976) (finding infringement where the plaintiff and the defendant used “Eveready” and “Ever-Ready” on flashlights, lamps, and bulbs); Aveda Corp. v. Evita Mktg., Inc., 706 F. Supp. 1419 (D. Minn. 1989) (finding infringement where the plaintiff and the defendant used “Aveda” and “Avita” on hair products).

286. See, e.g., Mobil Oil Corp. v. Pegasus Petroleum Corp., 818 F.2d 254, 256–57 (2d Cir. 1987) (finding infringement where the plaintiff used an image of a flying horse and the defendant used the word “Pegasus” within the petroleum industry); E. & J. Gallo Winery v. Consorzio del Gallo Nero, 782 F. Supp. 457, 459–60 (N.D. Cal. 1991) (finding infringement where the plaintiff and the defendant used “Gallo” and “Gallo Nero,” respectively, in marketing for wine).
two producers successfully. Consumers may experience momentary confusion and incur search costs to overcome it, but that confusion does not disrupt markets as badly as mistaken purchases from the wrong manufacturer would. More importantly, in cases where consumers figure things out for themselves, exposure to minor confusion will probably improve consumer abilities, leading to less confusion and a better-functioning trademark system over the long run. Whenever a consumer encounters confusion and successfully overcomes it, her System 2 has come to the aid of System 1 by creating a strategy for getting the information the consumer needs. Over time, System 1 learns to execute the strategies created by System 2 automatically, making the consumer more astute when encountering similar marks. Accordingly, it seems likely that the benefits of exposing consumers to low levels of confusion outweigh the modest and speculative harm that this confusion may cause.

The confusion that persists in our trademark system and the associated benefits suggest that trademark law already implements the balance proposed here in many important areas. In other areas, however, trademark law seems to have paid insufficient attention to the relationship between this balance and the proper functioning of our trademark system. These areas offer meaningful opportunities for reform.

Consider the cases in which courts base infringement on a plausible but somewhat speculative possibility of confusion. Trademark convention states that these decisions improve our trademark system by making it even easier for consumers to avoid confusion. Perhaps most consumers can tell the difference between Beer Nuts and Brew Nuts, but a few consumers will have difficulty doing so, and it makes conventional sense to follow the eradicate confusion norm because that norm will reduce the overall number of confused consumers.

The benefits of exposing consumers to modest confusion suggest that cases like Brew Nuts were wrongly decided. Over the long run, there is reason to doubt whether preventing modest confusion of the sort created by the simultaneous use of "Beer Nuts" and "Brew Nuts" really helps markets function more effectively. In situations where two marks can be distinguished with a modest amount of attention,

287. See supra Parts II–III.
288. See supra notes 84–114 and accompanying text.
289. See supra notes 112–14 and accompanying text.
290. See supra note 101 and accompanying text.
consumers are quite adaptable. They can easily learn that Beer Nuts and Brew Nuts are similar products made by different producers, or they can learn that there is only one maker of nuts whose name refers to beer. The specific lesson learned greatly affects how consumers behave, especially when reinforced by other cases with similar results.

If consumers learn that the difference between “Beer Nuts” and “Brew Nuts” has no commercial significance, they will learn to ignore that difference and others like it. This eventually will make consumers relatively insensitive to easily perceptible differences between marks, and this insensitivity will render consumers susceptible to becoming confused whenever they see marks that evoke similar associations. By contrast, if consumers learn that Beer Nuts and Brew Nuts are different, they will learn that modest differences between marks matter. If trademark law consistently reinforces this lesson in similar cases, consumers will become sensitive to this degree of difference and will become less susceptible to confusion in the future. This sensitivity will improve the operation of markets in two ways.

First, more information will flow through the trademark system. If consumers learn that “Beer Nuts” and “Brew Nuts” are effectively identical, then trademark law will prevent competitors of Beer Nuts from calling their products “Brew Nuts” or any other similar name. This protection makes it hard for more than one nut producer to quickly inform consumers that its nuts go well with beer. It increases the risk that consumers will not know valuable information about the products they buy, hampering the prompt satisfaction of consumer preferences. Conversely, if consumers learn to differentiate between marks like “Beer Nuts” and those like “Brew Nuts,” then trademark law has no reason to intervene because consumer confusion will not exist. This allows many rival producers to use “Beer Nuts,” “Brew Nuts,” “Lager Nuts,” or any other reference that informs consumers that their nuts go well with beer. This association provides valuable information to consumers and improves the operation of markets because consumers can more easily understand the nature of products they encounter.

Second, markets will avoid the confusion and disruption that accompany trademark judgments. As noted earlier, any finding of trademark infringement both reduces and creates consumer confusion. Some consumers will have no trouble distinguishing “Beer Nuts” from “Brew Nuts,” and some of those consumers will

291. See supra notes 166–75 and accompanying text.
look for "Brew Nuts" as their preferred brand of nuts. If a court finds
the use of "Brew Nuts" infringing, the losing defendant must stop
using the mark and rebrand its products. Those consumers who
preferred "Brew Nuts" will be frustrated because they cannot use
"Brew Nuts" to find the product they want to buy. Indeed, they will
remain confused until they discover and learn whatever new mark the
maker of "Brew Nuts" decides to use on its product. However, if
trademark law teaches consumers to distinguish between marks like
"Beer Nuts" and "Brew Nuts," the incidence of trademark
infringement will fall. This reduction will lower the amount of forced
rebranding, allowing consumers who prefer "Brew Nuts" to continue
buying their desired product without disruption. The market will
therefore operate more smoothly because consumers can immediately
satisfy their preferences.

Similar observations can be made about cases where aggressive
interpretations of confusion have been used to prevent satirical
depictions of trademarks. For example, in Anheuser-Busch, Inc. v.
Balducci Publications, the plaintiff, Anheuser-Busch, sued the
defendant, Balducci, over a fake advertisement that appeared on the
back cover of Balducci's humor magazine, Snicker. The fake
advertisement purported to promote a beer called "Michelob Oily,"
and it was intended to make a sly reference to an oil spill in the
Gasconade River—a source for the water used in Anheuser-Busch's
beer. To support its claim, the plaintiff introduced the results of a
survey indicating that consumers did not recognize that Balducci's
work was a humorous fake. Slightly over half of the survey
respondents thought that Balducci needed Anheuser-Busch's
permission to use its logos and trademarks. Six percent thought the
advertisement was authentic. Nevertheless, the district court
rejected Anheuser-Busch's claim and found that no infringement
existed. However, the Eighth Circuit reversed.

Leaving aside the significant problems about reliability and
objectivity that plague surveys prepared for litigation, the Eighth
Circuit's decision makes sense only under a very expansive view of
confusion. It may be appropriate for trademark law to shield consumers from indistinguishable fakes, but here consumers did not generally accept the defendant’s advertisement as authentic because only six percent of the survey responses reflected this kind of confusion. Granted, the finding of infringement against Balducci protected a small number of consumers from confusion, but it is not at all clear that doing so benefitted our trademark system.

The very premise of parodies and satires like Balducci’s is the point driven home by the viewer’s recognition of the fake as resembling the original. The viewer of the advertisement briefly entertains the possibility that he is looking at an original, but then figures out that it is a fake conveying a humorous message about the original. This process means that every parody operates on a form of confusion that trademark law arguably should remedy. However, if trademark law remedies this confusion, it will become very difficult to create effective parodies and satires because the necessary moment of confusion will become evidence of trademark infringement. Once the trademark system makes this change, fewer and fewer parodies and satires will be published, and consumers will have fewer and fewer reasons to develop, use, or maintain the cognitive skills that enable their identification and appreciation of parodies. This will make consumers even more prone to confusion, and over time the art form will wither because the law prohibits producing it. Instead, if courts permit the publication of fake advertisements like Balducci’s, a few consumers will surely face immediate confusion. However, consumers will also eventually develop the ability to recognize parodies and satires, making them less prone to confusion in the future. This will improve the operation of our trademark system by increasing the amount of information available to consumers.

Of course, like all challenges to convention, the proposal made here will meet objections. In particular, defenders of the eradicate confusion norm will likely make two claims. First, they may argue that consumers will not meaningfully adapt to confusion because they are permanently susceptible to confusion. Time pressure, boredom, and low involvement are permanent features of marketplaces that distract consumers from the potentially meaningful features of trademarks. Second, they may claim that the costs of any present confusion and concomitant consumer adaptation outweigh any benefits that may be gained. I think that both of these arguments are plausible but insufficiently persuasive to truly support the eradicate confusion norm.
I agree that consumers frequently do not pay full attention when shopping, but this lack of attention does not mean that consumers cannot improve the skills they use when they are not paying full attention. Consumer shopping behavior develops because it generates results that consumers deem acceptable given their level of interest and other constraints. If we allow consumers to occasionally face a surprise, they will learn and adopt strategies that produce better results. More important, the adaptations become automatic over time, eventually becoming skills that can be executed routinely while distracted. Indeed, this adaption is precisely what has happened in the cases of marks that lack inherent distinctiveness and private-label goods.\footnote{See supra notes 270–79 and accompanying text.}

Furthermore, although there are costs associated with exposing consumers to confusion, those costs have modest effects on the operation of markets and are very much worth incurring. Remember, a great deal of consumer learning happens during day-to-day activities.\footnote{See supra notes 248–64 and accompanying text.} As long as the confusion encountered is reasonable, consumers may buy the wrong products or have mistaken impressions for a short while, but they will not make these errors for long. One could take the position that the entire point of trademarks are to relieve consumers of this very burden and that eliminating confusion makes our trademark system work better. However, this argument is shortsighted because it forgets that our trademark system's ability to convey information is determined by the skills of the consumers who participate in markets, and it is a good idea to have skilled, perceptive consumers.

**CONCLUSION**

In this Article, I have identified the conventional wisdom that trademark law exists to eradicate consumer confusion. I have further argued that this goal rests on an incorrect understanding of the relationship between consumer confusion and the effective functioning of our trademark system.

Trademark convention embraces the elimination of confusion because it wrongly believes that confusion has no constructive role to play in our trademark system. It may be tempting to shield consumers from all confusion in order to make their lives as easy as possible but doing so is surely a mistake. Consumers cannot learn to identify and
distinguish between trademarks without occasional exposure to confusion. Shielding consumers from all confusion deprives consumers of the very skills needed to function in modern markets. A trademark system that truly eliminated all confusion would therefore make consumers’ lives harder, not easier. This insight enabled the identification of many instances in which trademark law has pursued the elimination of confusion too aggressively, at least in part because trademark convention blinds courts to the constructive benefits of modest confusion. All of this leads to the conclusion that confusion has an important and constructive role to play in our trademark system.

It is my hope that this insight will affect the future of trademark in two ways. First, a new understanding about the effects of confusion opens up opportunities for future scholarship. Perhaps psychologists and educators can help us determine whether consumers are particularly likely or unlikely to learn from certain forms of confusion. Empirical work may also be possible to determine the extent to which consumers exposed to confusion acquire stronger cognitive skills.

Second, and more importantly, courts will hopefully recognize the importance of confusion and change the way they understand and interpret trademark law. Doing so may initially confuse consumers who are presently inattentive and harm the commercial interests of those who own trademarks. Over the long run, however, all of society will benefit because consumers with improved cognitive skills can better navigate modern markets in ways that support the sophisticated and constructive use of trademarks.