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We all Know it's a Knock Off - Re-Evaluating the Need for the Post-Sale Confusion Doctrine in Trademark Law

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Counterfeit luxury goods have become an undeniable part of the global economy. It is estimated that these goods account for roughly seven percent of the global marketplace. With the emergence of the counterfeit market, consumers have become sophisticated shoppers who are knowledgeable and educated about their brand preferences as well as the availability of counterfeits, replicas and knock-off luxury goods. Indeed, research suggests that consumers are eager to purchase unauthentic products to gain status, without the cost. To combat this trade, trademark holders have sought infringement actions against the purveyors of counterfeit goods alleging post-sale confusion. Post-sale confusion provides a basis for finding a likelihood of confusion where the purchaser is aware that the product is fake, but the general consuming public may believe the counterfeit article to be a legitimate good. This Article evaluates whether the post-sale confusion doctrine is a legitimate expansion of trademark law and argues that such a doctrine is no longer necessary in a sophisticated marketplace where other remedies are available to curtail the trade in counterfeit goods.

I. INTRODUCTION

Canal Street\(^1\) exists almost everywhere. Whether at a mall

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\(^1\) Canal Street is the infamous street located in New York's Chinatown known for the availability of replica bags, watches, and other high-end goods. See Christine Hauser, City Agents Shut Down 32 Vendors of Fake Items, N.Y.
kiosk, at a street vendor, at a flea market, or on the Internet, vendors are making available to many consumers what they desire—counterfeit luxury goods. Many consumers are eager to obtain replicas of well-known designer products. These purchasers are neither deceived nor preyed upon—they are bargain-hunting, savvy consumers interested in achieving their desired social status. However, such savvy consumers are not the focal point of the post-sale trademark confusion doctrine. Rather, the post-sale trademark confusion doctrine targets a hypothetical, non-purchasing consumer that might be deceived by the consumer accomplices—the purchasers of counterfeit goods. Post-sale trademark confusion provides a remedy to the trademark holder when an inferior product bears a mark that is identical or confusingly similar to the trademark holder’s mark, which has the potential to diminish the reputation of the trademark holder’s brand by potentially confusing a non-purchaser that the inferior product belongs to the trademark holder. Indeed, much like traditional

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2 Luxury goods are goods that are expensive and associated with a high-prestige designer. See Arghavan Nia & Judith Lynne Zaichkowsky, Do Counterfeits Devalue the Ownership of Luxury Brands?, 9 J. PROD. & BRAND MGMT. 485, 485–86 (2000). The traditional definition of luxury goods defines these commodities as status goods—goods for which the mere use or display of the good conveys prestige upon the owner apart from any functionality or utility. Id. The mere use or display of a particular branded product brings prestige on the owner, apart from any functional utility. Id.


4 See U.S. v. Torkington, 812 F.2d 1347, 1352 (11th Cir. 1987) (explaining that post-sale confusion refers to the mistaken belief of potential consumers that a product is that of the trademark holder); see also Payless Shoesource, Inc. v. Reebok Int‘l Ltd., 998 F.2d 985, 988–90 (Fed. Cir. 1993) (commenting that post-sale confusion is found when a potential consumer is likely to associate the product with the trademark of another).


6 See, e.g., Gibson Guitar Corp. v. Paul Reed Smith Guitars, LP, 423 F.3d 539, 552 (6th Cir. 2005) (finding that post-sale confusion is appropriate when inferior products have the potential to damage one’s reputation in the
trademark confusion, post-sale confusion analysis must take into consideration the sophistication of the marketplace as well as the potential purchaser of the goods and services being counterfeited. As such, when evaluating the likelihood of post-sale confusion, the focus initially is on the ordinary or reasonably prudent consumer. However, in identifying the ordinary or reasonably prudent consumer, it is imperative to look to the degree of consumer care and the consumer's relative sophistication. If a consumer can be expected to exercise a high degree of care in the purchasing decision and is determined to be of above average sophistication, the likelihood of confusion is diminished.

In a society where counterfeits are not only sought out by consumers, but also recognized by the sophisticated shopper, it is important to re-evaluate trademark doctrine to ensure that it has not been expanded beyond its core policy principles. Research conducted by social scientists suggests that consumers are indeed aware of counterfeit goods and seek them out for a variety of reasons, ranging from price to status associated with the luxury brand. This Article argues that the post-sale confusion doctrine is unnecessary in a sophisticated marketplace and is not aligned with

8 Forum Corp. of N. Am. v. Forum, Ltd., 903 F.2d 434, 442 (7th Cir. 1990).
9 Savin Corp. v. Savin Group, 391 F.3d 439, 461 (2d Cir. 2004) ("[T]he pertinent question is whether numerous ordinary prudent purchasers would likely be misled or confused as to the source of the product in question because of the entrance in the marketplace of [Defendants'] mark.").
10 See id.
11 See Thomas R. Lee, Glenn L. Christensen & Eric D. DeRosia, Trademarks, Consumer Psychology and the Sophisticated Consumer, 57 EMORY L.J. 575, 579 (2008) (arguing that the more sophisticated a consumer the less likely it is that consumer confusion will occur); see also First Nat'l Bank in Sioux Falls v. First Nat'l Bank, S.D., 153 F.3d 885, 889–90 (8th Cir. 1998).
the core principles of trademark law. Purchasers of high-end goods are less likely to be confused in the post-sale context because of their keen awareness of their preferred brands and their knowledge of the existence and prevalence of counterfeit luxury goods in the marketplace.\footnote{Hermès Int’l v. Lederer de Paris Fifth Ave, Inc., 219 F.3d 104, 109 (2d Cir. 2000).} Moreover, trademark law was not established to create actionable confusion in the abstract.\footnote{See Blake Tierney, Missing the Mark: The Misplaced Reliance on Intent in Modern Trademark Law, 19 TEX. INTELL. PROP. L.J. 229, 246 (2011) (commenting that trademark cases are not abstract but are, and should be, subject to precise rules).} It is only when confusion is likely to persuade preferences that the law should intervene.\footnote{See Robert G. Bone, Taking the Confusion Out of “Likelihood of Confusion”: Toward a More Sensible Approach to Trademark Infringement, 106 NW. U. L. REV. 1307, 1347–48 (2012) (“Confusion is not a problem in itself. . . . Probability of confusion is certainly relevant to liability, but liability should also depend on the severity of the harm that confusion is likely to generate.”).}

This Article will proceed in five parts. Part II provides a synopsis of the two core policies of trademark law: consumer protection and protection of the goodwill of the mark. Part III examines the development of the post-sale confusion doctrine and identifies the principle that the courts sought to address when adopting the doctrine. Part IV evaluates post-sale confusion in the context of a sophisticated marketplace. Part V concludes by arguing that the post-sale confusion doctrine is an illegitimate expansion of trademark law and is unnecessary in a luxury goods context where the consumers are exceedingly sophisticated.

## II. POLICY OF TRADEMARK PROTECTION

Merchants have used trademarks to denote their goods and services for thousands of years.\footnote{See generally FRANK I. SCHECHTER, THE HISTORICAL FOUNDATIONS OF THE LAW RELATING TO TRADE-MARKS (1925) (detailing a history of the origins of trademark and its development).} Not surprisingly, debates regarding the restrictions and regulations on uses of these marks
date back equally as far. Throughout this extensive history, fluctuating policies and purposes have continually worked to alter the nature of trademark law. For example, trademark law initially developed to protect the trademark holder's interests from trade diversion. The law then shifted its focus to consumer protection, ultimately finding a balance between the two. The Lanham Act of 1946 is the first comprehensive statute that governs both the registration and the protection of trademarks. The Lanham Act grants a property right to the trademark holder, which enables the trademark holder to assert a cause of action for any use that causes a likelihood of consumer confusion.

In 1962, Congress amended the Lanham Act by striking out language which required confusion, mistake, or deception of "purchasers as to the source of origin of such goods or services" to state a claim for

17 See id.
19 Id. at 1863.
20 See id. at 1866–71.
22 15 U.S.C. § 1114(1) (2006). The overall scope of the Lanham Act invariably gets lost in the discussions about post-sale confusion and the 1962 Amendments. However, it is truly important not to lose sight of the Act as a whole.
23 Section 32(1) of the Lanham Act defines "infringement" as follows:
Any person who shall, without the consent of the registrant (a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or (b) reproduce, counterfeite, copy, or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles, or advertisements intended to be used in commerce upon or in connection with the sale offering for sale distribution or advertising of goods or services on or in connection with which such use is likely to cause confusion or to cause mistake or to deceive shall be liable in a civil action by the registrant for the remedies hereinafter provided.

Id.
Several courts have used this expansion to support infringement for non-purchasers in the post-sale context. This Part discusses the policy behind the protection of trademarks, the Lanham Act, and the Act's subsequent amendment.

A. Trademark Policy Basics

Likelihood of confusion is the essential element of trademark infringement, and over the years it has expanded significantly from its origins. Originally, the Lanham Act protected only purchasers that were likely to be confused or deceived about the source of the products. The most significant expansion of the Act took place with the broadening of the infringement definition found in 1962 Amendments to the Lanham Act, which deleted “purchasers” and “source of origin” from the definition of infringement. The deletions have spurred much debate about


27 The “likelihood of confusion” is determined by a multifactor test set forth by each circuit. Compare Tana v. Dantanna’s, 611 F.3d 767, 774–75 (11th Cir. 2010), with Lois Sportswear, U.S.A., Inc., v. Levi Strauss & Co., 799 F.2d 867, 871 (2d Cir. 1986), and Sullivan v. CBS Corp., 385 F.3d 772, 778 (7th Cir. 2004). According to the Seventh Circuit, the multifactor “likelihood of confusion” test is used “as a heuristic device to assist in determining whether confusion exists.” Sullivan, 385 F.3d at 778.


29 Checkpoint Sys., Inc. v. Check Point Software Techs., Inc., 269 F.3d 270, 295 (3d Cir. 2001) (citing Esercizio v. Roberts, 944 F.2d 1235, 1245 (6th Cir. 1991)).

whether Congress intended to make room for types of confusion that extended beyond the point of sale and source confusion. The legislative history for the 1962 Amendments to the Lanham Act states that section 17 of the bill proposed to rewrite section 32(1) of the Act.

The legislative history suggests that Congress intended to remove the limitation of an actual purchaser to make the "likelihood of confusion" analysis the focal point in trademark infringement rather than the product purchase. However, many have read the deletion of the aforementioned language by Congress as an acknowledgment of the post-sale confusion doctrine. The major argument in support of this position has been that Congress’s deletion of "purchasers" evidences its intent to expand liability to any instance in which a likelihood of confusion could exist. To fully understand the rationale behind this "expansion by deletion theory" and to evaluate the legitimacy of such an expansion to include protection of the consuming public as a whole, it is important to begin with a brief discussion of the policy behind protection of trademarks generally.

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32 S. REP. NO. 2107 (1962), reprinted in 1962 U.S.C.C.A.N. 2844, 2847, 2850-51. One change is the omission of the underlined words from the following quotation from clause (a): "on or in connection with which such use is likely to cause confusion or mistake or to deceive purchasers as to the source of origin of such goods or services." Id. (emphasis added). The purpose of the proposed change is to coordinate the language here with that used elsewhere and to omit the word "purchasers," since the provision actually relates to potential purchasers as well as to actual purchasers; the word "purchasers" is eliminated so as to avoid the possibility of misconstruction of the present language of the statute. Id.
33 See Checkpoint, 269 F.3d at 295.
34 See McCarthy, supra note 31 at 3346-48; see also Karl Storz Endoscopy Am., Inc. v. Surgical Techs., Inc., 285 F.3d 848, 854 (9th Cir. 2002); Eldon Indus., Inc. v. Rubbermaid, Inc., 735 F. Supp. 786, 820 (N.D. Ill. 1990).
35 This argument shall be referred to hereinafter as the "expansion by deletion theory." See McCarthy, supra note 31, at 3348.
36 For an in-depth discussion of the origins of U.S. trademark law, see Frank I.
Contemporary trademark policy can be divided into two core approaches: consumer protection and protection of the goodwill of the mark. The consumer protection approach views the role of trademark law as preventing the use of similar marks to deceive or confuse consumers in the marketplace. The goals of the consumer protection approach to trademark policy are to provide accurate information to consumers about the nature and source of the goods and services bearing the mark, and to ensure that consumers are not deceived as to the nature and source of the goods and services. The goodwill approach seeks to protect the investment in a trademark by the owner from misappropriation and trade diversion. This approach does not focus on confusion by consumers, but rather seeks to protect the investment of the trademark owner. The protection of the goodwill developed in a trademark is also assured in the Lanham Act by providing a qualified property right to the owner for as long as the mark is used in commerce to designate the source of goods and services. The two approaches of trademark policy are embodied in the Lanham


38 Lemley, supra note 37.

39 Id. (noting that the Nike sign is thought by consumers to guarantee quality of the product).

40 Lemley, supra note 37, at 1707.

41 See S. REP No. 79-1333, at 3 (1946), reprinted in 1946 U.S.C.C.A.N. 1274, 1274 (stating that the purpose of the trademark statute is twofold: "to protect the public so that it may be confident that, in purchasing a product bearing a particular trade-mark which it favorably knows, it will get the product which it asks for and [it] wants to get; and, to ensure where the owner of a trade-mark has spent energy, time, and money in presenting to the public the product, he is protected in his investment from its misappropriation by pirates and cheats").

42 See id.
Act's definition of infringement. The Lanham Act protects the goodwill of the trademark by providing the remedy to the trademark holder for unauthorized use of a trademark. Likewise, the Lanham Act guards against deception in the marketplace and thereby protects the consumer.

William Landes and Richard Posner's article, *Trademark Law: An Economic Perspective,* suggests that the consumer protection and the goodwill approach work concurrently to create an efficient marketplace. The authors submit that trademarks, from a purely economic perspective, lower search costs and provide an incentive to the brand holder to invest monies in the brand. According to Landes and Posner, trademarks allow individuals to investigate a brand and subsequently enjoy repeat purchases based upon the use of the mark. As such, consumers are able to "make rational purchasing and repurchasing decisions with speed and assurance" while simultaneously creating "incentives for firms to create and market products of desirable qualities, particularly when these qualities are not observable before purchase." In addition to the incentive to innovate, trademarks provide the trademark holders the ability to enjoy the reputation that has been developed in the marketplace while protecting the investment of the holder by providing property rights inasmuch as the use of the trademark by another would cause consumer confusion.

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44 See id.
45 See id.
47 See id. at 269.
48 Id.
49 Id. at 270.
50 Id.
51 Leaffer, *supra* note 37, at 5–6.
52 Landes & Posner, *supra* note 46, at 270. But see Note, *Badwill,* 116 HARV. L. REV. 1845, 1851 (2003) (exploring the concept of badwill where trademark owners are allowed to abandon or change marks that have developed a negative reputation in the marketplace and discussing whether this practice is aligned with the consumer protection approach to trademark policy).
imply that the two theories must work together to achieve the goal of protection.\footnote{See id. at 265 (stating that the article is not meant to be normative, but rather positive). Commentators have instead viewed Trademark: An Economic Prospective as narrowing the normative nature of trademark law to search costs. See, e.g., Chad J. Doellinger, A New Theory of Trademarks, 111 PENN ST. L. REV. 823, 833 (2007) (commenting that rather than account for the normative depth of trademark law, the economic approach has stripped away much of that depth and reduced all of trademark philosophy to a single principle: reducing consumer search costs). However, when one reviews the foundations upon which the article is written, Landes and Posner are seeking to explain in purely economic terms the co-inherence of the two principles on which trademark law rests. While the use of the economic paradigm may seemingly over-simplify the dynamic concepts that are embodied in trademark protection, it is economic motivators that bind the two policies—consumer protection and goodwill—together. See generally Landes & Posner, supra note 46.} Indeed, the very early development of trademark law sought to achieve this goal.\footnote{101 U.S. 51 (1879).} Justice Clifford yielded to this position in his dissent in Amoskeag Manufacturing Co. v. D. Trainer & Sons,\footnote{Id. at 57.} urging strongly that "[e]quity courts in all civilized countries have for centuries afforded protection to trademarks, the object of such protection being not only to secure to the individual the fruits of his skill, industry, and enterprise, but also to protect the public against fraud."\footnote{S. REP No. 79-1333, at 3 (1946), reprinted in 1946 U.S.C.C.A.N. 1274, 1274.} The legislative history of the Lanham Act illustrates how this balancing continued and explains that the purpose of the Act is twofold: first, to protect the public from deception in the marketplace, and second, to preserve the goodwill and investment of the trademark holder.\footnote{"Co-inherence" is a term coined by Charles Williams in his theological writings discussing the trinity. ALICE MARY HATFIELD, CHARLES WILLIAMS: AN EXPLORATION OF HIS LIFE AND WORK 174 (1983). While the term "co-inherence" is used most often to describe the spiritual relationship between humans and the divine, the concept is much broader—indicating an essential} No doubt, Landes and Posner's observations about the interconnectedness of the two bodies of thought on trademark protection, which will be termed "co-inherence,"\footnote{"Co-inherence" is a term coined by Charles Williams in his theological writings discussing the trinity. ALICE MARY HATFIELD, CHARLES WILLIAMS: AN EXPLORATION OF HIS LIFE AND WORK 174 (1983). While the term "co-inherence" is used most often to describe the spiritual relationship between humans and the divine, the concept is much broader—indicating an essential} are valid. However, this idea of co-
inheritance of the two core principles of trademark law is often lost in practice and policy development by the courts, with courts favoring one principle over the other to justify a particular outcome.\textsuperscript{60} For instance, in \textit{Sullivan v. CBS Corp.},\textsuperscript{61} the Seventh Circuit's decision to rule in favor of the popular reality television series was based solely upon the consumer protection approach.\textsuperscript{62} The court found that CBS's use of the mark "Survivor" for the sale of a soundtrack featuring a compilation of original music from the television series did not infringe the "Survivor" trademark owned by Frank Sullivan used in connection with his pop music band.\textsuperscript{63} The court relied heavily on Sullivan's failure to submit evidence on consumer confusion.\textsuperscript{64} Indeed, the court acknowledged the validity of Sullivan's mark and its unique character as it related to music, but maintained that there was no likelihood of consumer confusion with regard to music from the television series and that of the 1980's pop band.\textsuperscript{65}

\textsuperscript{60} See, e.g., \textit{Two Pesos, Inc. v. Taco Cabana, Inc.}, 505 U.S. 763, 774 (1992) ("[T]he Act's purpose [was] to secure to the owner of the mark the goodwill of his business."); \textit{Hanover Star Milling Co. v. Metcalf}, 240 U.S. 403, 412 (1916) ("The redress that is accorded in trademark cases is based upon the party's right to be protected in the good will of a trade or business."); \textit{Trainer}, 101 U.S. 52, 56-57 (1879) (Clifford, J., dissenting) ("They are used in order that such products, manufactures or merchandise may be known as belonging to the owner of the symbol or device, and that he may secure the profits from its reputation or superiority."). \textit{But see} \textit{Saxlehner v. Nielsen}, 179 U.S. 43, 45 (1900) (finding infringement because a casual purchaser would easily mistake the brands); \textit{Columbia Mill Co. v. Alcorn}, 150 U.S. 460, 467 (1893) (explaining that confusion must be present to find liability).

\textsuperscript{61} 385 F.3d 772 (7th Cir. 2004).

\textsuperscript{62} \textit{Id.} at 779.

\textsuperscript{63} \textit{Id.}

\textsuperscript{64} \textit{Id.}

\textsuperscript{65} \textit{Id.}
Similarly, the Ninth Circuit in *Entrepreneur Media v. Smith* \(^{66}\) aligned its decision with the consumer protection approach, even after opining that consumers would use a higher degree of care in selecting the services of the defendant. \(^{67}\) The Ninth Circuit found that the use of *Entrepreneur Illustrated* for a magazine title would indeed lead to consumer confusion with the plaintiff’s mark. \(^{68}\) However, the Tenth Circuit in *Sally Beauty Company, Inc. v. Beautyco, Inc.* \(^{69}\) favored the goodwill approach to trademark protection and found that while the marks were arguably dissimilar (“Generic Value” versus “Generix”), the defendant’s intent in adopting the mark presented an issue of fact sufficient to withstand summary judgment. \(^{70}\) The court found that the dissimilarities between the marks were not dispositive in the infringement analysis; indeed, the court considered the bad faith in adoption as trading on the goodwill of the plaintiff’s brand. \(^{71}\) The policy of favoring goodwill investment over consumer confusion is overwhelmingly apparent in the expansion by deletion theory, which argues that Congress sought to protect the goodwill of the brand by affording protections to the trademark holder, even without a purchase by the consumer. \(^{72}\) Under this theory, trademark infringements shifted from consumer protection to protection of the goodwill. \(^{73}\) When applied, the expansion by deletion theory has led to a number of types of actionable confusion \(^{74}\) that, when viewed critically, focus on the protection of the trademark owner’s investment in the mark. \(^{75}\)

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\(^{66}\) 279 F.3d 1135 (9th Cir. 2002).

\(^{67}\) See id. at 1152.

\(^{68}\) Id.

\(^{69}\) 304 F.3d 964 (10th Cir. 2002).

\(^{70}\) Id. at 976.

\(^{71}\) Id.

\(^{72}\) McCarthy, supra note 31, at 3348–49.

\(^{73}\) Id. at 3349.

\(^{74}\) Examples of such types of actionable confusion that have been accepted based upon the expansion by deletion theory include initial interest confusion, sponsorship confusion, and post-sale confusion. Id. at 3349–52.

\(^{75}\) See Brookfield Commc’ns, Inc. v. W. Coast Entm’t Corp., 174 F.3d 1036, 1062 (9th Cir. 1999) (“[E]ven where people realize, immediately upon accessing
While courts deciding trademark infringement cases purport to evaluate each case using the appropriate standard, the courts’ review is nonetheless channeled through either the goodwill or consumer protection approach. The trend of favoring the goodwill approach or the consumer protection approach is at odds with the goals of the Lanham Act. Indeed, the 1962 Amendments sought to unify the two goals of trademark protection rather than favoring one goal over the other.

B. The Keystone: Likelihood of Confusion Test

The 1962 Amendments to the Lanham Act validated the principles of consumer protectionism and owner goodwill by expanding “confusion” beyond the point of purchase of a good or service. This expansion embraces “co-inherence” by protecting the unwitting consumer that may be confused prior to purchase, while simultaneously providing a remedy that considers the goodwill investment of the trademark owner. As discussed above, the 1962 Amendments put the focal point of an infringement action on the likelihood of consumer confusion, and thus on the psychology of the ordinary and prudent consumer. As such, trademark owners have advanced, and courts have widely accepted, that actionable trademark infringement includes (1) any use of a mark (2) that is identical to, or confusingly similar to, a registered trademark such that it (3) is likely to cause confusion.

moviebuff.com,” that they have reached a site operated by West Coast and wholly unrelated to Brookfield, West Coast will still have gained a customer by appropriating the goodwill that Brookfield has developed in its “MovieBuff mark.”); Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co., 799 F.2d 867, 872–73 (2d Cir. 1986); McCarthy, supra note 7, § 23:7; see also Network Automation, Inc. v. Advanced Sys. Concepts, Inc., 638 F.3d 1137, 1146–47 (9th Cir. 2011).

76 See McCarthy, supra note 31, at 3337.
77 Id. at 3354.
78 Id. at 3355–56.
79 Kevin H. Josel, New Wine in Old Bottles: The Protection of France’s Wine Classification System Beyond Its Borders, 12 B.U. INT’L L.J. 471, 486 (1994) (“Unlike patent law, where the relevant survey population would consist only of experts, or persons skilled in the particular art, trademark law focuses on the associations made by ordinary, reasonably prudent consumers of the product.”).
and (4) would injure the mark owner. These two concepts—goodwill and consumer protection—are embodied in the “likelihood of confusion test” developed by the Second Circuit in Polaroid Corp. v. Polarad Electronics Corp. \(^{82}\) In order to determine the likelihood of consumer confusion, according to the court in Polaroid, the following factors are considered: (1) the strength of the plaintiff’s mark; (2) the similarity of plaintiff’s and defendant's marks; (3) the competitive proximity of the products; (4) the likelihood that plaintiff will “bridge the gap” and offer a product like defendant’s; (5) actual confusion between products; (6) good faith on the defendant's part; (7) the quality of defendant's product; and (8) the sophistication of buyers. \(^{83}\)

While the above-listed factors are used to determine “likelihood of confusion,” the Polaroid court noted that no one factor is dispositive, but rather the factors are balanced on the whole. \(^{84}\) Following this decision, each circuit has adopted its own likelihood of confusion test necessitating a finding of a “likelihood of confusion” in order to establish infringement under the Lanham

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\(^{80}\) See Syntex Labs., Inc. v. Norwich Pharmacal Co., 437 F.2d 566, 568 (2d Cir. 1971) ("Congress eliminated the italicized, qualifying language, thereby evincing a clear purpose to outlaw the use of trademarks which are likely to cause confusion, mistake, or deception of any kind, not merely of purchasers nor simply as to source of origin."); see also Marathon Mfg. Co. v. Enerlite Prods. Corp., 767 F.2d 214, 221 (5th Cir. 1985) (viewing the 1962 amendment as “allow[ing] any kind of confusion in support of a trademark infringement action”); Boston Prof'I Hockey Ass’n v. Dallas Cap & Emblem Mfg. Inc., 510 F.2d 1004, 1012 (5th Cir. 1975) ("[T]he act was amended to eliminate the source of origin as being the only focal point of confusion.").

\(^{81}\) In determining whether there is trademark infringement, courts have employed a multifactor test to determine whether the defendant’s use is likely to cause confusion or to cause mistake or to deceive. See, e.g., R&B, Inc. v. Needa Parts Mfg. Inc., 50 F. App’x. 519, 525 (3d Cir. 2002); Downing v. Abercrombie & Fitch, 265 F.3d 994, 1007 (9th Cir. 2001).


\(^{83}\) Id.

\(^{84}\) See id.; see also Natural Organics, Inc. v. Nutraceutical Corp., 426 F.3d 576, 578 (2d Cir. 2005).
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Act. Each circuit has developed factors, which vary slightly from the Polaroid factors. Accordingly, “likelihood of confusion means a probability of confusion; it is not sufficient if confusion is merely possible.” Indeed, it is not how closely related the products or industries are that is determinative in the likelihood of confusion analysis, but rather “whether confusion is created so that an appreciable number of typical consumers will likely be confused.” Moreover, in a scenario where the typical consumer is sufficiently “sophisticated” to discern differences between two


86 See, e.g., Elvis Presley Enters., Inc. v. Capece, 141 F.3d 188, 194 (5th Cir. 1998) (including type of trademark, identity of the retail outlets and purchasers, advertising media used, and parody); Lone Star Steakhouse & Saloon, Inc. v. Longhorn Steaks, Inc., 122 F.3d 1379, 1382 (11th Cir. 1997) (including type of trademark; identity of the retail outlets and consumers; and advertising media used); Star Fin. Servs., Inc. v. Aastar Mortg. Corp., 89 F.3d 5, 10 (1st Cir. 1996) (including similarity of the goods or services, relationship between the parties’ advertising, and classes of prospective purchasers); Schwinn Bicycle Co. v. Ross Bicycles, Inc., 870 F.2d 622, 626 (8th Cir. 1989) (including type of trademark in issue, similarity of products, identity of retail outlets and purchasers, and identity of the advertising media utilized); Gen. Mills, Inc. v. Kellogg Co., 824 F.2d 622, 626 (8th Cir. 1987) (including the type of product, its cost, and the conditions of purchase); Pizzeria Uno Corp. v. Temple, 747 F.2d 1522, 1527 (7th Cir. 1984) (including similarity of the goods and services the marks identify, the facilities the two parties use in their businesses, and the advertising used by the two parties); Interpace Corp. v. Lapp, Inc., 721 F.2d 460, 463 (3d Cir. 1983) (including price of the goods and other factors indicative of the care and attention expected of consumers when making a purchase, length of time the defendant has used the mark without evidence of actual confusion arising, extent to which the targets of the parties’ sales efforts are the same, relationship of the goods in the minds of consumers because of the similarity of function); Beer Nuts, Inc. v. Clover Club Foods Co., 711 F.2d 934, 940 (10th Cir. 1983) (quoting list from RESTATEMENT OF TORTS § 729 (1938)); Frisch’s Rests., Inc. v. Elby’s Big Boy of Steubenville, Inc., 670 F.2d 642, 648 (6th Cir. 1982) (citing list from AMF Inc. v. Sleekcraft Boats); AMF Inc. v. Sleekcraft Boats, 599 F.2d 341, 348–49 (9th Cir. 1979) (including marketing channels used and the type of goods and the degree of care likely to be exercised by the purchaser).


marks, the law forecloses protection for the trademark holder.\textsuperscript{89}

The concept of likelihood of confusion has expanded significantly over the years and has grown to include various types of confusion that are beyond the scope initially advanced by the circuit courts.\textsuperscript{90} While courts have maintained the tradition of evaluating the factors of their respective circuit's likelihood of confusion test,\textsuperscript{91} the judiciary frequently uses its own personal experience in deciding whether ordinary consumers are likely to be confused.\textsuperscript{92} Often, judges neglect to consider who the ordinary consumer of the goods and services is and whether that target consumer is likely to be confused.\textsuperscript{93} The result has been the creation by the trademark holder of the fictional consumer who is "gullible, careless, and easily deceived."\textsuperscript{94} Courts have been liberal in assessing the characteristics of the "ordinary and prudent" consumer, as well as the scope of confusion from which the Lanham Act seeks to shield these naive purchasers.\textsuperscript{95} The expansion of consumer confusion, as previously discussed,\textsuperscript{96} can be directly linked to courts' interpretation of the purpose behind the


\textsuperscript{90} McKenna, supra note 18, at 1899.

\textsuperscript{91} Compare R&B, Inc. v. Needa Parts Mfg., Inc., 50 F. App'x. 519, 525 (3d Cir. 2002), with Downing v. Abercrombie & Fitch, 265 F.3d 994, 1007 (9th Cir. 2001), and Planetary Motion, Inc. v. Techplosion, Inc., 261 F.3d 1188, 1200 (11th Cir. 2001).


\textsuperscript{93} MCCARTHY, supra note 7, § 23:92.


\textsuperscript{95} Id. ("Courts have been generous in interpreting the scope of confusion from which today's credulous purchasers must be protected. Not only must they be shielded from confusion about the source of a product at the point of sale, they must also be protected from after-market confusion, reverse confusion, subliminal confusion, confusion about the possibility of sponsorship or acquiescence, and even confusion about what confusion the law makes actionable."
(citations omitted)).

\textsuperscript{96} See Litman supra notes 94–95 and accompanying text.
1962 Amendments to the Lanham Act. Indeed, it was this Amendment that seemingly validated post-sale confusion under the expansion by deletion theory. The deletion of "purchasers" had a considerable expansive effect resulting in the justification of post-sale confusion. It was advanced that because trademark law is based upon the policy of creating an efficient marketplace where observers are prospective customers, their mistaken impressions as to origins or affiliation may have a meaningful impact on future purchasing decisions. As such, it was argued that post-sale confusion was directly linked to subsequent purchasing behavior, and post-sale damage to the reputation of a trademark owner is no less injurious than confusion occurring exclusively at the point-of-sale. For these reasons, courts have interpreted the deletion of the Amendment to validate the position that post-sale confusion by non-purchasers is encompassed within the Lanham Act's infringement provisions.

C. Evolution of Post-Sale Confusion

Post-sale confusion is based upon the idea that while purchasers may not be confused at the time they purchase counterfeit goods or goods bearing a confusingly similar mark, the consuming public may believe that the goods are genuine and may be unimpressed as to the quality or prestige of the original goods.

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97 See, e.g., Utah Lighthouse Ministry v. Found. for Apologetic Info. & Res., 527 F.3d 1045, 1053 (10th Cir. 2008).
98 Post-sale confusion occurs when use of an identical or confusingly similar trademark is likely to cause consumers other than the buyer to mistakenly believe the product is manufactured by the original trademark holder. ACI Int'l, Inc. v. Adidas–Salomon AG, 359 F. Supp. 2d 918, 921 (C.D. Cal. 2005).
100 See S. Rep. No. 79-1333 (1946), reprinted in 1946 U.S.C. Cong. Serv. 1274, 1275 ("Trade-marks, indeed, trademarks are the essence of competition.").
102 Karl Storz Endoscopy Am., Inc. v. Surgical Techs., Inc., 285 F.3d 848, 854 (9th Cir. 2002).
As a result, the potential consumer is dissuaded from purchasing the authentic goods. Indeed, once the counterfeit or deceptive goods enter the stream of commerce, "there is no bar to confusion, mistake, or deception occurring at some future point in time." The premise of post-sale confusion is not that anyone is confused or that there is a likelihood of consumer confusion, but rather the owner of the mark may lose sales due to inferior products in the marketplace or the reduction of the product's prestige.

Post-sale confusion was first explored in *Mastercrafters Clock & Radio Co. v. Vacheron & Constantin-Le Coultre Watches, Inc.*, in an unfair competition claim, not on trademark theory. Here, a competitor produced knock-offs of the prestigious atmospheric clock manufactured by Vacheron. The court in *Mastercrafters* recognized that the loss of potential customers or reputation from the marketing of an inferior substitute would be actionable as unfair competition under common law.

Post-sale confusion theory under the common law doctrine of unfair competition was overruled by the Supreme Court in *Sears, Roebuck & Co. v. Stifel Co.* The Court in *Sears* evaluated the doctrine of post-sale under patent law and copyright law. Justice Black, expressing the view of eight members of the Court, stated that, while a state may require that "precautionary steps be taken to prevent customers from being misled as to the source" of products, it cannot prevent the copying of unpatentable articles because to do so would conflict with the federal patent laws. As a result, post-sale confusion doctrine did not proceed as a part of a theory of unfair competition, but rather took root as a trademark theory.

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105 Id. at 495.
106 Id. at 493.
108 221 F.2d 464, 467 (2d Cir. 1955).
109 Id. at 465.
110 Id. at 466.
112 Id.
113 Id.
114 McCarthy, *supra* note 31, at 3351–52. Justice Black’s emphasis on
As discussed above, the 1962 Amendments to Lanham Act arguably opened trademark law to this misplaced doctrine. Congress expressed its intent behind the Lanham Act to create a cause of action for deceptive and misleading use of trademarks, fraud, and unfair competition. Based upon the amendments and the expressed intent of Congress, courts began to broadly interpret the scope of the Lanham Act to include post-sale confusion.

The first major case that addressed post-sale confusion after the 1962 Amendment of the Lanham Act was *Syntex Laboratories v. Norwich Pharmacal Co.* Although *Syntex* did not use the specific words “post-sale confusion,” it broadened the scope of protection beyond ultimate purchasers.

After *Syntex*, other cases began to acknowledge the post-sale confusion doctrine. *Levi Strauss & Co. v. Blue Bell, Inc.* set the stage for wholesale adoption of the post-sale confusion doctrine by the courts. In *Blue Bell*, Levi sued Wrangler, a competing manufacturer of blue jean pants, for infringing its pocket tab property rights in *Sears* makes it important to note that both *Mastercrafters* and *Sears* were not argued as trademark infringement cases, as neither party had secured trademark protection for the products in question. See *Sears*, 376 U.S. at 229–30; *Mastercrafters*, 221 F.2d at 465.


> The intent of this chapter is to regulate commerce within the control of Congress by making actionable the deceptive and misleading use of marks in such commerce; to protect registered marks used in such commerce from interference by State, or territorial legislation; to protect persons engaged in such commerce against unfair competition; to prevent fraud and deception in such commerce by the use of reproductions, copies, counterfeits, or colorable imitations of registered marks; and to provide rights and remedies stipulated by treaties and conventions respecting trademarks, trade names, and unfair competition entered into between the United States and foreign nations.

*Id.*

437 F.2d 566, 568 (2d Cir. 1971).


*Levi Strauss & Co. v. Blue Bell, Inc.*, 632 F.2d 817, 822 (9th Cir. 1980).
Adopted in 1936, this pocket tab trademark consisted of “a folded ribbon sewn with its ends captured in the seam of a rear patch pocket.” The court noted that one purpose of the pocket tab was to be “a permanent identifier and advertisement visible while the pants were being worn.” The court’s decision in the case relied heavily upon the fact that “billboards and other point of sale materials are removed by the purchaser and have no confusion-obviating effect when the pants are worn.” Wrangler’s use of a similar label, the court concluded, was “likely to cause confusion among prospective purchasers who carry even an imperfect recollection of Strauss’s Levi’s mark and who observe Wrangler’s projecting label after the point of sale.”

The Levi court did not reference any cases in support of the theory of post-sale confusion. Notwithstanding the lack of precedence or an opinion written to guide the development, Blue Bell became authority for what was to become the leading case on post-sale confusion, Lois Sportswear, U.S.A. Inc. v. Levi Strauss & Co. The win for Levi Strauss in Blue Bell provided the company with the confidence to press the courts to further develop the theory upon which its victory rested, and as such Lois Sportswear became the first major case to articulate the post-sale confusion doctrine.

In Lois Sportswear, Levi Strauss instituted a trademark infringement action against Lois Sportswear for the production of jeans that bore a similar pocket pattern to its federally-registered pocket stitch. In deciding the case, the Second Circuit stated that there were two types of confusion that can be caused by Lois’ use

121 Id. at 817.
122 Id. at 818.
123 Id.
124 Id. at 822.
125 Id. (emphasis added).
126 Id.
127 799 F.2d 867, 873 (2d Cir. 1986).
128 Id. Considering that the post-sale confusion doctrine developed out of one trademark owner’s successful win in dicta, it is no wonder it has emerged as an increasingly trademark owner-centered rule.
129 Id.
of Levi’s stitching pattern. The first, “the likelihood that jeans consumers will be confused as to the relationship between appellants and appellee;” and the second, “the likelihood that consumers will be confused as to the source of appellants’ jeans when the jeans are observed in the post-sale context.” In order to assess whether post-sale confusion existed in Lois Sportswear, the court stated that the “Polaroid factors must be applied with an eye towards post-sale confusion also.” The Second Circuit held that while Lois Sportswear’s trade dress would distinguish its product from Levi’s at the point of sale, there was nevertheless a possibility that after the sale, consumers may view the defendant’s jeans and mistakenly associate the jeans with those produced by Levi.

After Lois Sportswear, the post-sale doctrine spread quickly to other circuits. Courts relied on the rationale presented in Lois Sportswear and the 1962 Amendments to the Lanham Act as justification to expand the doctrine of post-sale confusion. For example, in Ferrari S.P.A. v. Roberts, the court stated:

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130 Id. at 871.
131 Id. at 872–73 (“[T]his post-sale confusion would involve consumers seeing [Lois’] jeans outside of the retail store, perhaps being worn by a passer-by. The confusion the Act seeks to prevent in this context is that a consumer seeing the familiar stitching pattern will associate the jeans with [Levi’s] and that association will influence his buying decision. Clearly, in this post-sale context, the labels, most of which having been long since discarded, will be of no help.” (citations omitted)).
132 Polaroid Corp. v. Polarad Elecs. Corp., 287 F.2d 492 (2d Cir. 1961) (discussing factors used to determine the likelihood of confusion in the Second Circuit).
133 Lois Sportswear, 799 F.2d at 873.
134 See id. at 877.
135 See, e.g., Polo Fashions, Inc. v. Craftex, Inc., 816 F.2d 145 (4th Cir. 1987) (adopting the rationale articulated in Lois Sportswear that confusion in the post-sale context is damaging to the trademark holders reputation and thusly actionable under the Lanham Act).
The Lanham Act, however, was intended to do more than protect consumers at the point of sale. When the Lanham Act was enacted in 1946, its protection was limited to the use of marks "likely to cause confusion or mistake or to deceive purchasers as to the source of origin of such goods and services." In 1967, Congress deleted this language and broadened the Act's protection to include the use of marks "likely to cause confusion or mistake or to deceive."138

The court stated that Congress intended "to regulate commerce within its control by making actionable the deceptive and misleading use of marks in such commerce; and to protect persons engaged in such commerce against 'unfair competition' according to 15 U.S.C.A. Section 1127."139 As illustrated by the discussion of the court in Ferrari, support of the post-sale confusion doctrine was heavily influenced by the arguments made in Blue Bell and Lois Sportswear.140

While some courts were eager to adopt the post-sale confusion doctrine, other courts have recognized that some situations do not include a significant degree of likely post-sale confusion.141 For example, post-sale confusion does not come into play if the mark is

944 F.2d 1235, 1244 (6th Cir. 1991). "Ferrari is the world famous designer and manufacturer of racing automobiles and upscale cars. Between 1969 and 1973, Ferrari produced the 365 GTB/4 Daytona" and the Daytona Spyder. Id. at 1237. Ferrari also produced a car called the Testarossa in 1984. Id. at 1238. "Production of these cars is also intentionally limited to preserve exclusivity." Id. There are waiting periods of over five years to purchase one of these vehicles, and they sell for at least $230,000. Id. Roberts engaged in a business that manufactures fiberglass kits that replicate the features of the Ferrari Spyder and Testarossa automobiles. Id. He called them the "Miami Spyder" and the "Miami Coupe." Id. Roberts sells these kits from $8,500 to approximately $50,000. Id.

Id. at 1244.

138 Id.

139 Id.

140 See McCarthy, supra note 7, § 23:7 (collection of cases discussing post-sale confusion).

not highly visible to third persons when the product is being used. Additionally, a junior user prevents post-sale confusion where it employs an adequately distinguishing mark that is permanently attached to the junior user’s products so that it cannot be removed after sale. Some cases have also declined to consider post-sale confusion when the mark-holder’s business interests were not affected. For example, in U.S. Surgical Corp. v. Orris Inc., the surgeons did not have a way to distinguish certain instruments after they had been re-sterilized from the new instruments. In deciding that post-sale confusion did not exist in this case, the Federal Circuit stated that “[t]he surgeons’ confusion is only relevant to the extent that it influences the hospital’s purchasing decisions.” Accordingly, “[t]he circumstances here are such that any confusion on the part of the surgeons will not affect the hospital’s purchasing decisions.” Similarly in Gibson Guitar Co. v. Paul Reed Smith Guitars, the Sixth Circuit declined to apply the post-sale confusion to a claim of infringement made by Gibson Guitar Company. The court held that post-sale confusion cannot be used as a substitute for point-of-sale confusion, particularly when there is no reputation damage to the trademark holder.

This line of cases begs two questions: (1) Precisely what

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142 See Munsingwear, Inc. v. Jockey Int’l, Inc., Civ. No. 4-93-538, 1994 WL 422280 (D. Minn. Apr. 21, 1994), aff’d, 39 F.3d 1184 (8th Cir. 1994) (deciding that underwear, because of its inherently concealed nature, does not pose a sufficiently great risk of post-sale confusion).

143 A “junior user” is a party that starts to use a mark that is deceptively similar to the senior user’s after the senior user starts to use its distinctive mark. MCCARTHY, supra note 7, § 26:1.

144 L.A. Gear, Inc. v. Thom McAn Shoe Co., 988 F.2d 1117, 1134 (Fed. Cir. 1993).


146 Id. at 1203.

147 Id. at 1211.

148 Id.

149 423 F.3d 539 (6th Cir. 2005).

150 Id. at 552.

151 Id.
confusion is being addressed in the post-sale context, and (2) how does post-sale confusion advance trademark policy? Answering these questions is no easy task. As will be discussed in Part III, post-sale confusion is not about confusion at all, but rather about the protection of the trademark owner’s investment in its mark—the goodwill of the trademark.152

III. POST-SALE CONFUSION IS NOT CONFUSION AT ALL

Post-sale confusion is a misnomer at best in the Lanham Act context. There is no confusion at all. Rather, the post-sale confusion is an assertion by the trademark holder that his reputation within the market will be damaged by the presence of an inferior product that bears a confusingly similar mark.153 Post-sale confusion is based solely on non-deceptive transactions between consumer and the alleged infringer.154 In the non-deceptive transaction context, consumers are aware that the product or good being purchased is not a good by the trademark holder at issue.155 This is the only situation to which post-sale confusion is applicable.156 In the deceptive transaction, the consumers are unaware that they are purchasing a product or good that is not the legitimate good of the trademark holder.157 This type of transaction is actionable because there is consumer confusion.

An analysis of court decisions on the post-sale confusion is informative. A review of the cases reveals that there are a number of situations where courts have found post-sale confusion is not likely or should be limited in its scope of protection.158 In these

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152 See MCCARTHY, supra note 7, § 2:16 (defining the concept of goodwill).
154 See id. at 345–47 (describing the post-sale confusion doctrine and illustrating the concept with case examples).
155 MCCARTHY, supra note 7, § 23.7.
156 Id.
157 Id.
158 The Seventh Circuit, while recognizing the post-sale doctrine, has declined to apply the doctrine in a manner that does not consider the potential market for both the original goods and the defendant’s goods. See, e.g., Dorr-Oliver, Inc. v.
cases, courts have stated that a Lanham Act claim should be based upon customer confusion when deciding to purchase, or not to purchase an item, but not on confusion from viewing goods from afar. Some cases provided that the prospective market for the trademark goods must be considered when deciding if there is a likelihood of confusion. Specifically, the universe of potential consumers must be identified.

Notwithstanding the limitations, many courts have held that post-sale confusion is within the foundation of the Lanham Act. In justifying the doctrine, courts often cite to extreme examples in advocating for post-sale confusion. These include cases dealing with the sale of counterfeit formula to mothers whose infants are subsequently harmed, the sale of mouthwash that contains banned ingredients, or the sale of hazardous light bulbs. However, these examples confuse post-sale with the sale and resale of counterfeit goods. As discussed earlier in this Part, post-sale confusion occurs when the purchaser of a good is not confused as to the source or sponsorship at the time of purchase, but others who later see the infringing mark are confused. As one can deduce, selling counterfeit toothpaste or mouthwash to unsuspecting purchasers does not fit the definition of post-sale confusion. If resale and post-sale were synonymous, then this instance of third-party confusion would be a legitimate protection of the consuming public. But, resale and post-sale are not the

Fluid-Quip, Inc., 94 F.3d 376, 382 (7th Cir. 1996); Nike, Inc. v. “Just Did It” Enters., 6 F.3d 1225, 1231 (7th Cir. 1993).

159 See generally Nike, 6 F.3d 1225, 1231; Dorr-Oliver, 94 F.3d 376, 382.

160 See Dorr-Oliver, 94 F.3d at 382.

161 See id.

162 See supra Part II.C (discussing the development of the post-sale confusion doctrine).

163 See, e.g., U.S. v. Hanafy, 302 F.3d 485 (5th Cir. 2002).


166 See MCCARTHY, supra note 7.
Indeed, the scenario is addressed in a standard trademark infringement likelihood of confusion test. However, the remedies that are available for trademark infringement are in fact inadequate to curtail counterfeits and protect the public at large. The remedies available once an infringement of a trademark is found are limited in scope: First, the trademark owner can obtain a permanent injunction prohibiting the infringer from using the infringing mark or any other mark that is confusingly similar to the trademark owner's mark. Second, courts can award monetary damages to compensate the trademark owner for the infringement. Third, courts have the discretion to award to the trademark owner its attorney's fees for bringing the action. The remedies afforded for trademark infringement are those that are typical in tort cases, and they are tailored to compensate for losses and admonish the wrongdoer. Indeed, protection of the general public from harm has most often been left to the penal system of criminal law.

The policies of trademark law and post-sale confusion are like a square peg in a round hole. They simply do not fit.

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167 See Checkpoint Sys., Inc. v. Check Point Software Techs., Inc., 269 F.3d 270 (3d Cir. 2001) (discussing different types of confusion); MCCARTHY, supra note 7, § 23:6 (analyzing types of confusion and types of purchasers).

168 See Checkpoint Sys., 269 F.3d at 280 (exemplifying a likelihood of confusion test and analysis in an infringement and trademark case).


170 See MCCARTHY, supra note 7, § 30:1.

171 See id. § 30:57. These damages can be increased up to three times if the trademark infringement is deemed to be willful. See Lanham Act, 15 U.S.C. § 1117(b) (discussing the availability of treble damages in an infringement action).

172 See MCCARTHY, supra note 7, § 30:99.

173 See id. § 30:1, 30:2. Trademark infringement is a tort cause of action. See id. § 1:12.

174 74 AM. JUR. 2D Torts § 2 (2012).


176 In this Part, the discussion of the policies of trademark law refers to both
Assuming, *arguendo*, that the post-sale doctrine is a legitimate expansion of the Lanham Act’s protection, in analyzing a case or claim or issue, it must be determined whether there is a likelihood of post-sale confusion. In doing so, each of the likelihood of confusion factors must be evaluated. While no one factor is dispositive in the analysis, each factor must be considered, and if a particular factor is not applicable, the court must explain why.

The factors evaluated in a “likelihood of consumer confusion” context address the aims of trademark law, protection of consumers, and the goodwill of the trademark owner; as such, so should the analysis of the “likelihood of post-sale confusion.”

Realistically however, when determining the likelihood of consumer confusion in the post-sale context, the standard reduces to this basic question: If counterfeits of the mark are permitted to remain in the marketplace, would the mark owner lose a substantial number of consumers? This question can only be answered by a thorough and careful evaluation of the last factor in the likelihood of confusion test, the sophistication of the consumer and the consuming public’s probability of being a potential consumer of the trademark owner’s goods.

### IV. Luxury Counterfeits and Post-Sale Confusion in a Sophisticated Market

Sophistication of consumers is but one factor in the “likelihood

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177 See Polaroid Corp. v. Polarad Elecs. Corp., 287 F.2d 492, 497 (2d Cir. 1961) (establishing the factors of the likelihood of confusion test).
178 See id. at 492 (explicating the factors for use in this line of analysis).
179 See Heartsprings, Inc. v. Heartspring, Inc., 143 F.3d 550, 554 (10th Cir. 1998) (discussing the importance of the factors in the likelihood of confusion analysis).
180 See *McCarthy*, supra note 4, § 23:1.
182 See Polaroid, 287 F.2d at 497 (establishing the factors used in this analysis).
of confusion” analysis. This factor encompasses several considerations that are believed to influence the care consumers devote to their purchases. The sophisticated consumer has been deemed by courts not to act on “impulse,” but rather out of “careful consideration of the reliability and dependability of the manufacturer and seller of the product.” Courts have generally considered a correlation between sophistication of the consumer and the following: price of the purchase, the complexity of the purchase, infrequency of the purchase, and the personal characteristics of the purchaser, including the education, age, gender and income of the potential purchaser. A few courts have suggested that where the consumer market for goods and services is highly sophisticated, the sophistication of the consumer in the likelihood of confusion takes precedent over other factors in the test. Indeed, where the ordinary consumer is found to be sufficiently “sophisticated” to discern the difference between marks, trademark law does provide a protection to the trademark complainant.

In the context of the post-sale confusion, sophistication of the consumer is overwhelmingly the most important. Because post-sale confusion seeks to protect the general consuming public and not an actual or potential purchaser, it is imperative to consider the

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183 See Checkpoint Sys., Inc. v. Check Point Software Techs., Inc., 269 F.3d 270, 284–85 (3d Cir. 2001) (analyzing the sophistication of the consumer factor).


185 See Astra Pharm. Prods., Inc. v. Beckman Instruments, Inc., 718 F.2d 1201, 1206 (1st Cir. 1983).

186 See Lee et al., supra note 184, at 581–82 (providing a detailed discussion of the ad hoc impressions courts have used to determine consumer sophistication).

187 See Sara Lee Corp. v. Kysar-Roth Corp., 81 F.3d 455, 467 (4th Cir. 1996) (stating that the sophistication of the market may override other factors in the likelihood of confusion test).

188 See MCCARTHY, supra note 7, § 23:91.

psychology of the consuming public and the attention that a consumer from the general public will give to a particular purchase. The rationale behind the post-sale doctrine is to protect the brand holder from a loss of sales and a loss of prestige in the marketplace. Both of these losses are dependent upon the psychology of the consumer. As such, an evaluation of the consumer is not only necessary, but paramount. Notwithstanding, there is a lack of a well-developed theory of the consumer’s perspective, behaviors or psychology. What has become abundantly clear is that trademark decisions have not been modernized to match the changed populous.

Today’s consumers are armed with information and technology. Savvy shoppers leverage more technology, tools, resources, and information than ever before to inform purchasing decisions. According to GfK Custom Research, the new generation of consumers is capable of integrating retail and online information “when deciding how, when and where they access the information needed to evaluate products and services, and

\[190\] MCCARTHY, supra note 7, § 23:5 (addressing who needs to be confused to qualify as post-sale confusion).

\[191\] See Hermes Int’l v. Lederer de Paris Fifth Ave., Inc., 219 F.3d 104 (2d Cir. 2000) (applying and discussing the post-sale doctrine).

\[192\] See Lee et al., supra note 184, at 646–47.

\[193\] See generally Ann Bartow, supra note 92, at 723 (2004) (asserting that judicial interpretation has trumped the development of a standard for consumer sophistication).

\[194\] See generally Barton Beebe, Search and Persuasion in Trademark Law, 103 MICH. L. REV. 2020, 2042 (2005) (using the terminology to describe the disagreement among trademark scholars). Scholarship in the area has been marked by two positions—the “apologist” and the “restrictionist” position. Id. at 2023–24. The apologist views the consumer as a “fool” receptive to the smallest suggestion of a connection between marks, while the restrictionist paints a picture of an informed consumer who is less likely to be confused because of their experience in the marketplace. Id. at 2025.


\[196\] Id.
ultimately make a purchase." These consumers are not passive purchasers who succumb to marketing ploys, but are rather highly engaged, informed and passionate about finding the best value for their money. This consumer behavior is characteristic of consumers making general, everyday purchasing decisions.

Luxury goods are unique, are overwhelmingly pricey, and convey a sense of prestige to the owner of the commodity. A study conducted in the late 1990’s identified the main characteristics of luxury brand consumers. This study identified these consumers as being self-conscious, affluent, and in search of goods to distinguish themselves. As such, it has been surmised that decisions to purchase luxury goods are deliberate and motivated by both the psychological and physical attributes of the goods. Today’s consumer purchase behavior, coupled with the psychology associated with the purchase of luxury goods, creates an inference that consumers in luxury goods purchases would be even more extreme in purchasing decisions. This inference directly correlates to some courts’ position that when goods are very expensive and exclusive, consumers exercise a higher degree of care in purchasing. As such, consumer sophistication analysis merits dispositive weight rather than the nominal mention it receives in discussions of post-sale confusion.

197 Id.
198 See id.
199 See id.
200 Wilcox et al., supra note 3, at 249.
202 Id.
203 Wilcox et al., supra note 3, at 249.
204 Franck Vigneron & Lester W. Johnson, A Review and a Conceptual Framework of Prestige-Seeking Consumer Behavior, 1999 ACAD. MKTG. SCI. 1, 2.
205 See e.g., Ford Motor Co. v. Summit Motor Prod., Inc., 930 F.2d 277, 293 (3d Cir. 1991) (stating that “consumers of very expensive goods, will be held to a higher standard of care than others”).
Luxury goods dominate Lanham Act cases involving post-sale confusion.\textsuperscript{207} It is claimed that roughly seven percent of the global market consists of counterfeit luxury goods.\textsuperscript{208} Shows such as the \textit{Today Show}, \textit{WealthTV Special Reports} and \textit{BBC Watchdog} have all conducted “consumer beware segments” that educate consumers on counterfeits in the marketplace and the risks associated with purchasing such goods.\textsuperscript{209} Indeed, companies such as buySAFE, Inc.\textsuperscript{210} and Authentics Foundation\textsuperscript{211} have developed to ensure that consumers are capable of determining whether an item is legitimate prior to purchase.\textsuperscript{212} Education on counterfeits in the marketplace is abundant and ranges from checklists on how to avoid the purchase of counterfeits,\textsuperscript{213} to interactive websites that allow consumers to demonstrate their counterfeit acumen.\textsuperscript{214}

The general consuming public is more sophisticated than ever.\textsuperscript{215} Technology and the vast amount of information readily available to consumers prior to making purchases have created an extremely savvy consuming public,\textsuperscript{216} particularly those who


\textsuperscript{208} Wilcox et al., \textit{supra} note 3, at 247.


\textsuperscript{210} \textsc{buySAFE, Inc.}, http://www.buysafe.com/ (last visited Oct. 5, 2012).

\textsuperscript{211} \textsc{AUTHENTICS FOUNDATION}, http://www.authenticsfoundation.org/ (last visited Oct 5, 2012).

\textsuperscript{212} \textit{id}.


\textsuperscript{215} See \textsc{GfK Custom Research}, \textit{supra} note 195.

purchase luxury goods.\textsuperscript{217} The consumer is a major factor in the post-sale confusion test, but consumer-purchasing behavior has been neglected and not explored in many of the case discussions of post-sale confusion.\textsuperscript{218} Studies such as those conducted by GfK Custom Research indicate that brand holders and marketers are well aware of the change in the degree of care consumers take with respect to purchases,\textsuperscript{219} yet the case law for post-sale confusion has remained static.\textsuperscript{220}

Rather than assessing the psychology and behavior of consumers in the post-sale analysis, the focal point of the discussion has become the potential of a lost sale or reputation of the trademark holder.\textsuperscript{221} When one maintains the focus of the post-sale confusion as a lost sale or reputation, it becomes even more imperative that the consumers are identified.\textsuperscript{222} In order to determine the veracity of a claim of lost sales or reputation, it is necessary to determine whether a consumer is dissuaded from purchase by the presence of counterfeit goods.\textsuperscript{223} Research indicates that the purchase of counterfeit goods often results in the consumers developing a preference of genuine luxury products.\textsuperscript{224} A study of the behavior of purchasers of counterfeit goods suggests that these consumers experience discomfort when others recognize their purchases as counterfeits.\textsuperscript{225} The detection of counterfeits is derived from the poor physical quality, materials, and slight design differences of counterfeits, in addition to the vast amount of

\textsuperscript{217} See Nia & Zaichkowsky, supra note 2, at 486. Luxury goods are those that are associated with status, prestige, or exclusivity. \textit{Id.} They generally are expensive and range from clothing and cars to accessories. \textit{Id.} Some examples include Cartier, Rolex, Tiffany, and Louis Vuitton. \textit{Id.}

\textsuperscript{218} See Lee et al., supra note 184.

\textsuperscript{219} GfK Custom Research, supra note 195.

\textsuperscript{220} See Lee et al., supra note 184.

\textsuperscript{221} See McCarthy, supra note 31, at 3366–68.

\textsuperscript{222} \textit{Id.} at 3366–67.

\textsuperscript{223} \textit{Id.} at 3367.

\textsuperscript{224} See Boonghee Yoo & Seung-Hee Lee, \textit{Buy Genuine Luxury Fashion Products or Counterfeits?}, 36 ADVANCES IN CONSUMER RES. 280, 282 (2009).

\textsuperscript{225} \textit{Id.}
information educating consumers on recognizing fake goods.\textsuperscript{226} There is a belief amongst purchasers that counterfeiting validates the prestige of the luxury goods and thus makes the ownership of an authentic good even more prestigious.\textsuperscript{227} Research by Arghavan Nia and Judith Lynne Zaichkowsky indicates that counterfeits in the marketplace have limited effect on legitimate brands\textsuperscript{228} and challenges the assumption implicit in most post-sale confusion arguments that the availability of counterfeit brands diminishes demand for the real brands.\textsuperscript{229}

Similar studies of luxury consumer behavior are not as plentiful as those of consumers of counterfeit goods.\textsuperscript{230} However, a few studies have attempted to characterize qualities of high-end purchasers.\textsuperscript{231} A study conducted by Suraj Commuri of luxury consumer behavior has indicated that luxury good consumers typically exhibit three behavior attitudes toward counterfeits.\textsuperscript{232} The first attitude identified in this study is flight.\textsuperscript{233} Individuals demonstrating this behavior abandon the brand for a new brand when the preferred brand is counterfeited.\textsuperscript{234} The second behavior classification is study reclamation.\textsuperscript{235} Consumers from this group are loyal customers of the counterfeited brand, are defensive, and

\textsuperscript{226} Id.
\textsuperscript{227} See Nia & Zaichkowsky, supra note 2 at 495.
\textsuperscript{228} Id.
\textsuperscript{229} Id. at 494.
\textsuperscript{230} Id. at 485.
\textsuperscript{233} Id. at 88.
\textsuperscript{234} Id.
\textsuperscript{235} Id. at 92.
deplore the loss of exclusivity and absence of recognition.236 The last attitude is abranding.237 These consumers wish to be unique and “the brand may carry high personal meaning, but neither its identity nor the meaning is readily accessible to others.”238 While this study outlines the types of behavior, it did not truly assess whether these behaviors and attitudes actuate in the marketplace. While the studies of consumers of counterfeit goods and luxury goods provide insight into the attitudes of purchasers, the overwhelming conclusion is that consumers are savvier than ever.

V. WHY THE POST-SALE CONFUSION DOCTRINE IS UNNECESSARY

The post-sale confusion doctrine arguably developed as a mechanism to protect the goodwill investment of the brand holder as well as to protect the general consuming public.239 It must be noted that, at the time of the doctrine’s advancement, unfair competition and trademark infringement were the only mechanisms to hold individuals accountable for counterfeiting and trading off of the goodwill developed by trademark owners.240 Today, there are remedies available to redress these wrongs. These remedies include the Trademark Counterfeiting Act of 1984,241 the Anti-Counterfeiting Consumer Protection Act of 1996,242 and the Trademark Dilution Revision Act of 2006.243 Indeed, these laws filled the void that the post-sale doctrine attempted to fill. The anti-counterfeiting statute protects the general consuming public244

236 Id.
237 Id. at 93.
238 Id.
239 See McCarthy, supra note 31, at 3337.
240 See id. at 3351 (describing how the doctrine was created in the 1950’s).
244 Anti-Counterfeiting Consumer Protection Act §§ 104–153.
while the dilution act protects the trademark owner’s goodwill.\textsuperscript{245} These legal advancements render an ill-placed doctrine like post-sale confusion unnecessary.

A. True Protection of the General Public from Knock-offs and Counterfeits

In response to the lack of ability of the Lanham Act to protect and redress the potential harm to consumers, Congress addressed criminal counterfeiting sentencing guidelines in the context of terrorism.\textsuperscript{246} According to Congress, sales of counterfeit goods not only cause injury to the trademark holder but to the general consuming public.\textsuperscript{247} The operative language in the criminal statute regarding trademarks mirrors section 32(1) of the Lanham Act exactly.\textsuperscript{248} Congress, in drafting the Trademark Counterfeiting Act relied on the “concepts and definitions of the Lanham Act.”\textsuperscript{249} As such, the goals as stated in the Lanham Act are specifically incorporated into the Trademark Counterfeiting Act.\textsuperscript{250} Moreover, Congress repeatedly indicated that the Lanham Act was the background against which the Counterfeiting Act should be interpreted.\textsuperscript{251} Given this legislative history, courts deciding criminal cases have utilized cases decided under the Lanham Act.\textsuperscript{252} In fact, courts have interpreted the criminal statute

\textsuperscript{245} Trademark Dilution Revision Act §§ 109–312.


\textsuperscript{247} Anti-Counterfeiting Consumer Protection Act of 1996 § 1136.


\textsuperscript{251} See, e.g., Joint Statement on Trademark Counterfeiting Legislation, 130 CONG. REC. H12076, H12078 (daily ed. Oct. 10, 1984) (stating that “no conduct will be criminalized by this act that does not constitute trademark infringement under the Lanham Act”).

\textsuperscript{252} See, e.g., United States v. Petrosian, 126 F.3d 1232, 1234 (9th Cir. 1997) (upholding a defendant’s section 2320 conviction by relying not only on the criminal statute’s legislative history, but also on two civil Lanham Act cases, noting that the “definition of the term ‘counterfeit mark’ in the Lanham Act is
identically to the *Syntex* interpretation of section 32 of the Lanham Act. The court in *United States v. Infurnari* set forth requirements for a cause of action under the criminal counterfeit statute:

> It is the court's view that in a prosecution under 18 U.S.C. § 2320, the government must prove that the defendant knew the mark is counterfeit: that he knew that the mark is spurious, that it is used in connection with trafficking in goods or services, that it is identical to or virtually indistinguishable from another mark, and that it is likely to cause confusion, mistake, or to deceive.

Despite the many similarities between the Lanham and Trademark Counterfeiting Acts, their differences merit distinction. The differences worthy of distinction are that the counterfeiting statute goals are to dissuade potential counterfeiters and to address the public wrong. These goals cannot be achieved by a Lanham Act infringement action because civil penalties are inadequate. Congressional legislating with respect to the public at large was for the protection of the welfare of those that may encounter a counterfeit good. Indeed, the protection of the trademark owners' market position or reputation was not a consideration as such claims could be addressed civilly. As such, the legitimacy of post-sale confusion in the criminal context is not as murky

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254 *Id.* at 59.
255 *See*, e.g., *United States v. Hanafy*, 302 F.3d 485, 488 (5th Cir. 2002) (recognizing the District Court's holding that Lanham Act cases "should not be used as authoritative in interpreting a criminal statute"); *United States v. Giles*, 213 F.3d 1247, 1249–50 (10th Cir. 2000) (declining to follow a civil case in part because section 2320, as a criminal statute, must be construed more narrowly); *United States v. Torkington*, 812 F.2d 1347, 1350 (11th Cir. 1987) (noting that section 2320 is "narrower in scope" than the Lanham Act).
256 *Torkington*, 812 F.2d at 1350.
257 *Id.*
258 *Id.*
259 *Id.*
because the examples articulated by Congress provide the backdrop for the extension to third parties who are not the purchasing consumer or a potential consumer.

B. True Protection of Goodwill

Trademark dilution, unlike infringement, which primarily considers the interests of the consumer, is trademark holder-focused rather than consumer-focused.\(^{260}\) It seeks to preserve the value of a famous mark by prohibiting use of a mark that’s similar or same by third parties.\(^{261}\) The underlying assumption is that unauthorized use of a famous mark without consumer confusion can diminish the mark’s value because the mark is no longer associated with a single source.\(^{262}\) Congress centered the Federal Trademark Dilution Act on the investment of the owner and the commercial value of the mark itself.\(^{263}\) Indeed the Supreme Court acknowledged the differences, stating that “[u]nlike traditional infringement law, the prohibitions against trademark dilution are not the product of common-law development, and are not


\(^{261}\) Id. It is worth noting that notwithstanding Congressional intent, courts have nonetheless inserted the idea of consumer confusion in the dilution analysis. Compare Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208, 219 (2d Cir. 1999), abrogated by Moseley v. V Secret Catalogue, Inc., 537 U.S. 418 (2003) (stating that “[c]onsumer confusion would undoubtedly dilute the distinctive selling power of a trademark”), and Tri-Star Pictures, Inc. v. Unger, 14 F. Supp. 2d 339, 363 (S.D.N.Y. 1998) (noting that presence of confusion is relevant to showing dilution), with Playboy Enters., Inc. v. Welles, 279 F.3d 796, 805 (9th Cir. 2002) (stating that “[d]ilution works its harm not by causing confusion in consumers’ minds regarding the source of a good or service, but by creating an association in consumers’ minds between a mark and a different good or service”).

\(^{262}\) See 15 U.S.C. § 1127 (2006) (defining dilution as “lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of (1) competition between the owner of the famous mark and other parties; or (2) likelihood of confusion, mistake, or deception”).

motivated by an interest in protecting consumers. 264 Dilution on its face appears to be the precise cause of action that advocates of the post-sale confusion doctrine sought to enlist. However, bound by the consumer-oriented policies, advocates stretched the bounds of the existing law to create a cause of action where “confusion” was remote to non-existent. 265 The introduction of trademark dilution and the subsequent revisions to the Trademark Dilution Act 266 changed the landscape. The Trademark Dilution Act created a cause of action that protects the trademark owner and does not require a finding of confusion. The arguable necessity to stretch the trademark confusion doctrine simply does not exist in the current legal climate.

VI. CONCLUSION

Continued acknowledgement of the post-sale confusion doctrine obfuscates the fundamental principles of trademark. The touchstone for liability under the Lanham Act is likelihood of confusion. 267 The idea that the Lanham Act can protect the general public from “confusion” is not and has never been the goal of the Lanham Act and is inapposite to the core policies surrounding trademark protection. Chief Justice Holmes captured the essence of the purpose of trademark law—to protect the consuming public from confusion—in his dissent in Continental Wall Paper Co. v. Lois Voight & Sons Co 268: “A man does not make conduct otherwise lawful, unlawful simply by yearning that it should be so.” 269 Since the 1962 Amendments, courts have heard the

265 See supra Part III (discussing post-sale confusion as a misnomer).
269 Id. at 271.
yearning of trademark and obliged. However, the post-sale confusion doctrine takes out of context the purpose behind the amendments. The removal of the purchaser’s language sought to unify the idea that an actual purchase was not required. The post-sale confusion analysis removes the consumer from any type of purchasing decision. And because the allegedly confused consumers in the post-sale confusion context are not purchasers or even potential purchasers of the luxury goods at issue, their confusion cannot impact their decisions regarding the trademark holder’s goods. The doctrine defines as actionable any presence in commerce of a good that bears a similar or identical mark without regard to any consumer confusion.\(^\text{270}\) It is now time to re-evaluate the post-sale confusion doctrine’s legitimacy and necessity. The doctrine is far removed from the intent of trademark policy and cannot be reconciled with the policies behind trademark protection. The post-sale confusion doctrine was an expansion made in an attempt to address issues of unfair competition and criminal conduct that has been addressed by subsequent legislation of Congress.\(^\text{271}\)

The traditional view of the 1962 Amendments to the Lanham Act is overly broad. As discussed in Part II.A, the Amendments have been interpreted to provide the basis for any form of confusion in the marketplace. The purpose of the 1962 Amendments, as expressed by Congress, was to ensure that the Lanham Act was not limited to only point-of-sale confusion, “since the provision actually relates to potential purchasers, as well as to actual purchasers.”\(^\text{272}\) While Congress stated that the Lanham Act is twofold—to protect the consumers and the investment by the mark owner\(^\text{273}\)—Congress specifically stated that this was the goal of the entire statute, not simply section 32(1) of the Lanham Act.\(^\text{274}\)

\(^\text{270}\) See McCarthy, supra note 31.
\(^\text{274}\) See generally id.
At the onset of the likelihood of confusion test, some jurisdictions correctly limited the analysis to purchasers and potential purchasers.\textsuperscript{275} This limitation by these jurisdictions was aligned with the legislative intent behind the amendments to section 32(1).\textsuperscript{276}

A comprehensive review of the Lanham Act reveals that the statute governs both the registration and the protection of trademarks.\textsuperscript{277} Thus, it is important to look at the Lanham Act’s grant of a property right to the trademark holder in section 22.\textsuperscript{278} This section provides that “[r]egistration of a mark on the principal register provided by this Act . . . shall be constructive notice of the registrant's claim of ownership thereof.”\textsuperscript{279} This grant of a property right in the mark that is used in commerce to designate source of goods and services entitles owners to seek remedies available under the trademark statute, as well as those available under unfair competition and all other property remedies.\textsuperscript{280} Moreover, it is important to point out that the Lanham Act provides the remedy to the trademark holder.\textsuperscript{281} This is significant in light of the Lanham Act’s stated goals and approaches to trademark policy. While it is true that the consumer protection approach is aimed at protecting the potential consumers from deception, it is the owner who enforces and receives the relief, not the consumer.\textsuperscript{282} This factor is extremely important as it meets the stated goal of providing an

\textsuperscript{275} See Ferrari S.P.A. v. Roberts, 944 F.2d 1235, 1249 (6th Cir. 1991).


\textsuperscript{277} Id. at 57 (“Theoretically, the post-1962 statute permits infringement actions premised on confusion of the general public. However, the legislative history unambiguously indicates that the confusion to which the statute is directed is the confusion of purchasers and potential purchasers.”).


\textsuperscript{279} Id.

\textsuperscript{280} See Fred S. McChesney, Deception, Trademark Infringement, and the Lanham Act: A Property-Rights Reconciliation, 78 VA. L. REV. 49 (1992) (commenting that the Lanham Act provides a different rationale for deception and does not displace common law causes of actions).


\textsuperscript{282} Id.
incentive to the mark holder to continue investment knowing that it has a remedy available at law.\textsuperscript{283}

Trademark law by its nature cannot protect the general public. Causes of action arising out of trademark infringement are torts, and tort law does not serve the general public but seeks to compensate for the injury incurred. In the case of trademark infringement, loss of reputation and goodwill associated with the brand is the injury seeking redress. While it is arguable that there are deterrent aspects in trademark infringement actions, the deterrent effects are limited for which post-sale confusion is most often used to address—counterfeits.

Post-sale confusion for many years has been used as a mechanism in which trademark holders sought to deter counterfeits and knock-offs. This doctrine is ill-suited for this purpose for the following reasons: (1) criminal laws exist today which protect the public at large from the scurrilous practices of those that trade in counterfeit and knock-off goods; (2) trademark law has evolved, creating causes of action for dilution which protects the interest necessitating the creation of post-sale confusion; and (3) consumers are more sophisticated than ever. Under the current analysis for post-sale confusion, sophistication of the consumer lessens the likelihood of confusion. As such a trademark infringement action must fail in the sophisticated marketplace, particularly when consumers all know it is a knock-off.

\textsuperscript{283} See Landes & Posner, \textit{supra} note 46.