

## The Perils of a Mental Association Standard of Liability: *The Case Against the Subliminal Confusion Cause of Action*

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### ABSTRACT

Subliminal confusion or subliminal trademark association is a cause of action that was born in 1973 and is sustained only in the Second Circuit and some district courts. Although the action is brought under sections 32 or 43(a) of the Lanham Act, its most radical version departs from traditional concepts of confusion as to the identity of the producer: the injury is that consumers are likely to mentally associate the mark of a newcomer on the market with that of a well-established producer and attribute to the newer mark the positive qualities of the senior mark. In contrast, the Second Circuit has attempted to shape the action into a type of unconscious source confusion. But neither variant of subliminal confusion is tenable. The Second Circuit's theory does not make sense from a cognitive psychological perspective. The more radical theory has shaky legal foundations, offers an end run around the proscription of a mental association standard of liability in *Moseley v. Victoria's Secret Catalogue*, overlooks the utility of trademark association to the consumer search process, is weakly linked to diversion of sales, and undermines trademark policy disfavoring the protection of conceptual uses of marks. This article thus argues that the subliminal confusion cause of action should be abolished.

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### I. INTRODUCTION

¶1 This article evaluates a cause of action called “subliminal confusion” or “subliminal trademark association” that was born in 1973 but has been recognized only in the Second Circuit and a few district courts in other circuits. The author urges that courts reject this cause of action. The concern is that trademark holders seeking a looser standard of liability than source confusion may, in the wake of the Supreme Court’s recent delimitation of the dilution cause of action, turn to some kind of subliminal trademark association claim. Under section 43(a)(1)(A) of the Lanham Act, trademark holders must demonstrate that the defendant used a word or symbol that is “likely to cause confusion” as to the “origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person . . .”<sup>1</sup> Holders of registered trademarks are entitled to bring suit under section 32(1), which contains broader language as to use that is “likely to cause confusion, or to cause mistake, or to deceive.”<sup>2</sup> Likelihood of confusion is assessed according to a multi-factor test that varies between jurisdictions, but that resembles the Second Circuit’s test in *Polaroid Corporation v. Polarad Electronics Corporation*.<sup>3</sup> Under this test the court considers 1) the strength of the mark; 2) the degree of similarity between the two marks; 3) the proximity of the products; 4) the likelihood that the prior owner will bridge the gap; 5) actual confusion; 6) bad faith; 7) the quality of defendant’s product; and 8) the sophistication of the

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1. 15 U.S.C. § 1125(a)(1)(A) (2005).  
2. 15 U.S.C. § 1114(1) (2005).  
3. 287 F.2d 492 (2d Cir. 1961).

buyers.<sup>4</sup> Trademark holders who are unable to present a case for source confusion may resort to the dilution cause of action, which is available when a defendant's commercial use causes "the lessening of the capacity of a famous mark to identify and distinguish goods or services."<sup>5</sup> In *Moseley v. Victoria's Secret Catalogue*,<sup>6</sup> the Supreme Court held not only that plaintiffs in dilution cases had to demonstrate actual dilution rather than a likelihood of dilution, but also that actual dilution involved more than a mere mental association between the two marks.<sup>7</sup> Thus, under *Moseley*, the only way that trademark holders can make out a case based upon mere mental association is to resort to a subliminal confusion cause of action. But an infringement action based upon subliminal trademark association would undermine *Moseley's* apparent policy objective: to balance the rights of well-established incumbents against those of newcomers.<sup>8</sup>

¶2 This article begins by pointing out that the only circuit that has upheld a cause of action for subliminal confusion, the Second Circuit, has attempted to reconnect it with the traditional concepts of source confusion.<sup>9</sup> Moreover, a number of district court subliminal confusion cases have mistakenly assumed that because the Second Circuit affirmed *Playboy Enterprises, Inc. v. Chuckleberry Publishing, Inc.*, it retained the trial court's theory of a sheer mental association standard.<sup>10</sup> These courts upheld a mental association cause of action, unaware that the only persuasive authority was the original District of New Jersey decision.<sup>11</sup> The author argues that the Second Circuit's theory is illogical and contradicts compelling research in cognitive psychology. However, the alternative of adopting a mental association standard is undesirable for both doctrinal and policy reasons. The doctrinal objection is that subliminal trademark association cannot be sustained by the language of section 43(a). The policy objections are threefold: 1) subliminal trademark association is vastly and irremediably overinclusive with regard to the consumer cognitive injury of "quality confusion," or mistaken attributions of characteristics of the brand name good to the imitator's good; 2) the secondary justification for the cause of action, eradication of free riding, lacks merit when there is

4. *Id.* at 495. *Compare* *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979) (strength of the mark, relatedness of the goods, similarity between the marks, actual confusion, marketing channels used, purchaser care, intent, likelihood of expansion of product lines); *SquirtCo v. Seven-Up Co.*, 628 F.2d 1086, 1091 (8th Cir. 1980) (strength of the mark, similarity between the marks, degree of competition between the goods, intent to confuse, care of the consumers, actual confusion); *Scott Paper Co. v. Scott's Liquid Gold, Inc.*, 589 F.2d 1225, 1229 (3d Cir. 1978) (similarity between the marks, strength of the mark, care of the consumers, length of time defendant has used the mark without actual confusion, intent, actual confusion, marketing channels, targets of sales efforts, relationship between the goods, bridging the gap).

5. 15 U.S.C. § 1127 (2005).

6. 537 U.S. 418 (2003).

7. *Id.* at 433, 434 (neither blurring nor tarnishment is a necessary consequence of mental association).

8. *See infra* at Part V.B.

9. *See* *Playboy Enters., Inc. v. Chuckleberry Publ'g, Inc. (Playboy III)*, 687 F.2d 563, 570 (2d Cir. 1982).

10. *See* *Verifine Products, Inc., v. Colon Bros., Inc.*, 799 F. Supp. 240, 251 (D. Puerto Rico, 1992); *Suncoast Tours, Inc. v. Lambert Group, Inc.*, No. CIV.A.98-5627, 1999 WL 1034683, at \*5 (D.N.J. 1999); *Resorts Int'l, Inc. v. Greate Bay Hotel & Casino, Inc.*, 830 F. Supp. 826 (D.N.J. 1992); *Oxford Indus., Inc. v. JBJ Fabrics, Inc.*, No. 84 CIV.2505, 1988 WL 9959, at \*3 (S.D.N.Y. 1988).

11. *Ortho Pharm. Corp. v. Am. Cyanamid Co.*, 361 F. Supp. 1032 (D.N.J. 1973).

an insufficient nexus to diversion of sales and the trademark holder's incentives are unaffected; and 3) consistent policies of the public domain in relation to intellectual property laws, particularly the non-protection of ideas, dictate that slight under-regulation is preferable to overregulation.

¶3 The first policy objection stems from an analysis of subliminal trademark association from the perspective of rational-choice versus behavioral economics and suggests that even behavioral economists might refrain from legal intervention. Subliminal trademark association is often positive adaptive behavior – i.e. the consumer is purchasing a substitute good with some of the atmospherics of the imitated trademark, possibly at a better price. The second policy objection is based upon the position that free riding in the marketplace is only undesirable if the trademark holder's incentives are affected, and concludes that subliminal trademark association does not meet this standard.

¶4 The third policy objection arises from the observation that the subliminal confusion cause of action has a tendency to fall within the gray area between ideas or generic concepts and trademarks. A cause of action founded upon subliminal trademark association would also allow trademark holders to appropriate all of the culturally determined paths of mental association that situate their marks in the context of popular cultural ideas, when they pertain to related goods. The author's position is that subliminal trademark association should accordingly be categorized as a conceptual, rather than source-signaling, borrowing of a trademark. The general principle of promoting desirable synergies by leaving important expressions of ideas unprotected is common not only to the trademark doctrines of genericism, fair use and non-protection of advertising ideas, but also certain copyright and patent doctrines. This article thus advocates a positive conception of the public domain as a set of consistent policy objectives. Given the choice between underprotection and overprotection, the public domain dictates a baseline of non-protection. Since the subliminal confusion cause of action cannot be more closely tailored to the harms it was meant to prevent, it should be abolished.

¶5 The first section consists of an analysis of the three theories of subliminal confusion in existing case law.

## II. THREE THEORIES OF SUBLIMINAL CONFUSION: THE CASE LAW

¶6 The trademark infringement action known as “subliminal trademark association” or “subliminal confusion” is an amorphous doctrine that targets free riding in the marketplace while purporting to remedy an elusive, cognitive consumer injury. The theory of consumer injury is that when the consumer is confronted with a brand name or trade dress that reminds him or her of an established trademark, “confusion or deception occurs on a subliminal or subconscious level, causing the consumer to identify the properties and reputation of one product with those of another, although he can identify

the particular manufacturer of each.”<sup>12</sup> Typically, accompanying this novel theory of confusion is extensive moralizing concerning the newcomer’s free-riding upon the positive mental associations consumers have with the established trademark:

The protection of trade-marks is the law’s recognition of the psychological function of symbols. If it is true that we live by symbols, it is no less true that we purchase goods by them. A trade-mark is a merchandising short-cut which induces a purchaser to select what he wants, or what he has been led to believe he wants. The owner of a mark exploits this human propensity by making every effort to impregnate the atmosphere of the market with the drawing power of a congenial symbol. . . . Once this is attained, the trade-mark owner has something of value. If another poaches upon the commercial magnetism of the symbol he has created, the owner can attain legal redress.<sup>13</sup>

¶7 As this section of the paper demonstrates, the subliminal confusion cause of action has been recognized only in the Second Circuit and in a few district courts in other circuits.<sup>14</sup> The accounts of the consumer injury in subliminal confusion cases tend to consist of a mixture of elements from three different, early versions of the doctrine as it coalesced in the 1970s and 1980s: 1) subliminal trademark association as a third category of confusion besides product confusion and source confusion, whether unconscious or conscious; 2) subliminal confusion as a form of unconscious source confusion; and 3) subliminal confusion as a subclass of initial interest confusion. Thus, the cases tend to be mutually or even internally inconsistent as to three issues: whether subliminal confusion is a form of source confusion, whether it is unconscious or includes conscious associations, and whether it involves initial interest or point of sale confusion.

### A. Subliminal Trademark Association As Distinct From Source Confusion

¶8 The first explicit statement of the subliminal confusion cause of action appeared in the District of New Jersey case, *Ortho Pharmaceutical Corp. v. American Cyanamid Co.*,<sup>15</sup> which seemed to depart precipitously from traditional principles of source confusion. A newcomer in the market for drugs that prevent a woman from developing antibodies to Rh positive cells (which cause Rh hemolytic disease in her fetus) decided to name its product “Rho-Imune.”<sup>16</sup> The first and dominant producer of Rh antibodies, Ortho, objected to the name “Rho-Imune” because it was similar to Ortho’s “RhoGAM” trademark, but the newcomer went ahead with its plans.<sup>17</sup> Although the newcomer claimed that the prefix “Rho” was generic for Rh immune globulin, the trial court found

12. *Ortho Pharm. Corp.*, 361 F. Supp. at 1044.

13. *Ortho Pharm. Corp.*, 361 F. Supp. at 1044 (quoting *Mishawaka Rubber & Woolen Mfg. Co. v. S. S. Kresge Co.*, 316 U.S. 203, 205 (1942)).

14. *See infra* Part II.

15. *Ortho Pharm. Corp.*, 361 F. Supp. 1032.

16. *Id.* at 1037.

17. *Id.*

that the more common generic prefix for this type of drug was the letter “D.”<sup>18</sup> Since the two drugs were packaged quite differently, the trial court found that there was no likelihood of confusion among consumers as to the source or producer of “Rho-Imune.”<sup>19</sup> However, it held that the new brand infringed upon Ortho’s trademark under a theory of subliminal confusion: consumers were likely to be subconsciously attracted to “Rho-Imune” because they would mentally associate the name “Rho-Imune” with “RhoGAM,” the market leader. The court described subliminal confusion as “causing the consumer to identify the properties and reputation of one product with those of another, *although he can identify the particular manufacturer of each.*”<sup>20</sup> Thus, the court seemed to discard traditional concepts of source confusion. It is possible to read this statement as ambiguous as to whether the consumer must be *unconsciously* confused as to source, but the court apparently did not consider such a theory.

¶9 The conflict over the relationship between subliminal trademark association and source confusion can be traced back to *Playboy Enterprises, Inc. v. Chuckleberry Publishing, Inc.* (“*Playboy I*”).<sup>21</sup> The district court opinion in *Playboy I* approving a preliminary injunction is frequently cited for the proposition that subliminal trademark association is a third category of confusion unrelated to source confusion.<sup>22</sup> However, as discussed below, this proposition is erroneous because the Second Circuit in *Playboy III*<sup>23</sup> subsequently backed away from this assertion, explicitly refocusing the subliminal confusion inquiry around the question of source confusion.

¶10 In *Playboy I*, the publisher of “Playboy” magazine sued to enjoin Chuckleberry Publishing from publishing a male entertainment magazine called “Playmen.”<sup>24</sup> Chuckleberry had been granted exclusive worldwide rights to publish this magazine in the English language by the publisher of the Italian male entertainment magazine, “Playmen.”<sup>25</sup> Granting the preliminary injunction, the district court found that Chuckleberry would infringe upon the “Playboy” trademark by creating a likelihood of three types of confusion: confusion between the two products, i.e., the two magazines; confusion as to the source, i.e., the mistaken inference that “Playmen” was published by or associated with Playboy Enterprises; and “subliminal trademark association.”<sup>26</sup> The court described the third type of confusion as “defendants’ ability to gain a foothold in plaintiff’s market by exploiting subliminal *or conscious* association with plaintiff’s well-

18. *Id.* at 1038.

19. *Id.*

20. *Ortho Pharm. Corp. v. Am. Cyanamid Co.*, 361 F. Supp. 1032, 1044 (D.N.J. 1973) (emphasis added).

21. *Playboy Enters., Inc. v. Chuckleberry Publ’g, Inc. (Playboy I)*, 486 F. Supp. 414 (S.D.N.Y. 1980), *later proceeding at* 511 F. Supp. 486 (S.D.N.Y. 1981) (*Playboy II*), *aff’d*, 687 F.2d 563 (2d Cir. 1982) (*Playboy III*).

22. *See* *Verifine Products, Inc., v. Colon Bros., Inc.*, 799 F. Supp. 240, 251 (D. Puerto Rico, 1992); *Suncoast Tours, Inc. v. Lambert Group, Inc.*, No. CIV.A.98-5627, 1999 WL 1034683, at \*5 (D.N.J. 1999); *Resorts Int’l, Inc. v. Greate Bay Hotel & Casino, Inc.*, 830 F. Supp. 826 (D.N.J. 1992); *Oxford Indus., Inc. v. JBJ Fabrics, Inc.*, No. 84 CIV.2505, 1988 WL 9959, at \*3 (S.D.N.Y. 1988).

23. *Playboy III*, 687 F.2d 563.

24. *Playboy I*, 486 F. Supp. at 418.

25. *Id.*

26. *Id.* at 428-29.

known name.”<sup>27</sup> Upon the issuance of the permanent injunction in *Playboy II*, the district court again reiterated its finding as to these three categories of confusion.<sup>28</sup> The inclusion of *conscious* trademark association within so-called “subliminal trademark association” highlighted the fact that the court did not consider the consumer’s attribution of desirable qualities to the infringing product in terms of a deep-seated erroneous inference as to the identity of the producer. Otherwise, conscious trademark association would be indistinguishable from regular source confusion.

¶ 11 The district court’s complete doctrinal departure from the traditional basis of the confusion doctrine, source confusion, was even more evident when it considered an issue that arose only after the temporary injunction: whether Chuckleberry could alternatively publish the magazine under the name “Adelina,” accompanied by the subtitle, “America’s Edition of Italy’s Playmen.”<sup>29</sup> The district court found at trial that there was zero likelihood of product confusion and only ten percent or less likelihood of source confusion, resulting from this subtitle.<sup>30</sup> However, the court enjoined the subtitle because it found that the subtitle would help sell the defendants’ magazine through a play upon the “Playboy” name, especially if the defendants were free to increase the emphasis on the subtitle.<sup>31</sup>

## B. Subliminal Confusion As Unconscious Source Confusion

¶ 12 In reviewing the district court decisions in *Playboy I & II*, the Second Circuit affirmed the permanent injunction, but clearly upon different doctrinal grounds. The court attempted to rationalize the subliminal association doctrine in terms of traditional source confusion, by referencing a conventional confusion case that had merely referred to subliminal impressions as an explanation for how a competitor could cause source confusion by using a dissimilar mark with a synonymous meaning.<sup>32</sup> The Second Circuit relied upon the testimony of the plaintiff’s witness that although the likelihood of source confusion was low, it could increase if the defendants were to position and enlarge the subtitle so as to draw greater attention to it.<sup>33</sup> The plaintiff’s expert confirmed, upon questioning, that the consumer’s mind could swiftly connect “Adelina” with “Playmen” and “Playmen” with “Playboy,” and as a result “confuse[] Adelina . . . as a product that has its *source* in the publishing empire of Playboy[.]”<sup>34</sup> This approach is based on a considerably different cognitive theory than the one used by the district court, which only found that consumers could *prefer* “Playmen” as a result of their mental associations with

27. *Id.* at 428 (emphasis added).

28. *Playboy Enters., Inc. v. Chuckleberry Publ’g, Inc. (Playboy II)*, 511 F. Supp. 486, 491 (S.D.N.Y. 1981).

29. *Id.* at 492-93.

30. *Id.* at 494.

31. *Id.* at 495.

32. *Playboy Enters., Inc. v. Chuckleberry Publ’g, Inc. (Playboy III)*, 687 F.2d 563, 570 (2d Cir. 1982) (citing *Londontown Mfg. Co. v. Cable Raincoat Co.*, 371 F. Supp. 1114 (S.D.N.Y. 1974) (involving infringement of “Smog” for raincoats on “London Fog” mark)).

33. *Id.*

34. *Id.*

“Playboy.”<sup>35</sup> The Second Circuit seemed to find that consumers could unconsciously *infer* the source of a product incorrectly although they had no trouble consciously identifying the producer.<sup>36</sup>

¶ 13 Subsequent cases throughout the next two decades have either cited the *Playboy* district court opinions in order to support the existence of a subliminal confusion cause of action independent of source confusion,<sup>37</sup> or assumed that a consumer’s choice of product based upon trademark association implies (factually or legally) an erroneous unconscious inference as to the origin, sponsorship or affiliation of the producer.<sup>38</sup> The former is not founded upon good law; while the latter is incoherent both conceptually and in terms of cognitive psychology, as this paper argues below. Aside from the precedent formed from inappropriate citations to *Playboy I & II*, only the *Ortho* case may have allowed for the existence of a new type of confusion unrelated to source or affiliation. Yet, this radical theory of subliminal trademark association has taken on a life of its own.

### C. Subliminal Confusion As Initial Interest Confusion

¶ 14 Another early case formulated a different version of the subliminal confusion doctrine—as a type of initial interest confusion. In contrast to the *Playboy* cases, which dealt with the problem of impulse purchases made on the basis of trademark association, the Second Circuit in *Grotrian, Helfferich, Schultz, Th. Steinweg Nachf. v. Steinway & Sons (Steinway II)*<sup>39</sup> considered the injury complete when the purchaser was likely to be attracted to the allegedly infringing good due to subliminal association.<sup>40</sup> *Steinway* involved the German-made “Grotrian-Steinweg” piano, which was less expensive than the famous “Steinway & Sons” piano but nevertheless a high-end product competing in the same market.<sup>41</sup> The district court found that, despite the sophistication and care of potential purchasers, “[i]t is the subliminal confusion apparent in the record as to the relationship, past and present, between the corporate entities and the products that can transcend the competence of even the most sophisticated consumer.”<sup>42</sup> Upon appeal, the Second Circuit seemed to uphold the district court’s view of subliminal initial interest confusion as a type of source confusion.<sup>43</sup>

35. *Playboy Enters., Inc. v. Chuckleberry Publ’g, Inc. (Playboy II)*, 511 F. Supp. 486, 491 (S.D.N.Y. 1981) (stating that there was a third category of confusion based upon mental association).

36. *See Playboy III*, 687 F.2d at 570.

37. *See Verifine Products, Inc., v. Colon Bros., Inc.*, 799 F. Supp. 240, 251 (D. Puerto Rico, 1992); *Suncoast Tours, Inc. v. Lambert Group, Inc.*, No. CIV.A.98-5627, 1999 WL 1034683, at \*5 (D.N.J. 1999); *Resorts Int’l, Inc. v. Greate Bay Hotel & Casino, Inc.*, 830 F. Supp. 826 (D.N.J. 1992); *Oxford Indus., Inc. v. JBJ Fabrics, Inc.*, No. 84 CIV.2505, 1988 WL 9959, at \*3 (S.D.N.Y. 1988).

38. *Nipon v. Leslie Fay Cos., Inc.*, 216 B.R. 117, 127-132 (S.D.N.Y. 1997) (finding a likelihood of subliminal confusion as to the producer); *Farberware, Inc. v. Mr. Coffee, Inc.*, 740 F. Supp. 291, 302 (D. Del. 1990) (citing *Ortho*, 361 F. Supp. at 1044, but describing subliminal confusion as leading consumers to believe that the producers of the two products were affiliated).

39. 523 F.2d 1331 (2d Cir. 1975).

40. *Id.* at 1342.

41. *Id.* at 1341-42.

42. *Id.* at 1341 (quoting *Grotrian, Helfferich, Schulz, Th. Steinweg Nachf. v. Steinway & Sons (Steinway I)*, 365 F. Supp. 707, 717 (S.D.N.Y. 1973)).

43. *Steinway II*, 523 F.2d at 1342.



¶ 15 Although some later subliminal initial interest confusion cases paralleled *Steinway* in cleaving to the concept of source confusion,<sup>44</sup> not all of them have done so.<sup>45</sup> For example, in *Philip Morris Inc. v. Star Tobacco Corp.*,<sup>46</sup> the district court attempted to sew together all of the Second Circuit's doctrinal strands, including the initial interest variant.<sup>47</sup> The court concluded that the packaging for "Gunsmoke" cigarettes infringed upon the trade dress for "Marlboro" cigarettes, by trading upon the consumer's awareness of the "Marlboro Man" and "Marlboro Country" motifs.<sup>48</sup> However, the opinion's amalgamation of case quotations resulted in some internal conflicts. On the one hand, the court reported that subliminal confusion consists of "subliminal or conscious association with plaintiff's well-known name."<sup>49</sup> If the consumer is consciously drawing associations between trademarks, but is not consciously confused as to the identity of the producers, these associations cannot be explained by traditional concepts of source confusion. In other words, the quoted statement implies that the consumer experiences conscious mental association between the marks, without making an erroneous inference as to the identity of the producer. Yet, in *Philip Morris* the court quoted extensively from *Steinway's* initial interest/source confusion version of the doctrine.<sup>50</sup> Moreover, it attempted to incorporate an early case that explained the private injury of subliminal confusion in terms of dilution.<sup>51</sup> Thus, it is no wonder that practitioners refer to subliminal confusion, with some bewilderment, as "an amorphous concept akin to dilution."<sup>52</sup>

44. See *Sunquest Info. Sys., Inc. v. Park City Solutions, Inc.*, 130 F. Supp. 2d 680, 696 (W.D. Pa. 2000):

When confronted with the same person, selling the same services, and sporting a similar logo, many of these customers are apt to think, at least initially, that they are dealing with the same company. . . . In this case, Park City sought to gain a foothold in plaintiff's market by exploiting subliminal or conscious association with plaintiff's well-known name.

See also *Sara Lee Corp. v. Kayser-Roth Corp.*, No. 6:92CV00460, 1992 WL 436279, at \*24 (M.D.N.C. 1992) ("The harm to plaintiff is in the likelihood that a consumer seeing the Leg Looks name and package will think it has some connection with L'eggs and Sheer Energy pantyhose and consider the package because of this. . . . This confusion may also work on a subliminal level. . . .").

45. See *Toys 'R' Us, Inc. v. Canarsie Kiddie Shop, Inc.*, 559 F. Supp. 1189, 1200-01 (E.D.N.Y. 1983) (finding that "purchasers who do not consciously assume that the plaintiff and defendants are related entities will be attracted to the defendants' store on the basis of the goodwill established by the plaintiff," and citing *Playboy I*, 486 F. Supp. at 428, for "subliminal or conscious association" concept).

46. 879 F. Supp. 379 (S.D.N.Y. 1995).

47. *Id.* at 384-88.

48. *Id.* at 386, 388.

49. *Id.* at 384.

50. *Id.* at 385.

51. *Id.* (referring to *Dreyfus Fund, Inc. v. Royal Bank of Canada*, 525 F. Supp. 1108 (S.D.N.Y. 1981)).

52. Richard L. Kirkpatrick, *Principles of Likelihood of Confusion*, 663 PRACTICING L. INST. 299, 322 (2001) (describing subliminal confusion as "an amorphous concept akin to dilution").

### III. IN SEARCH OF A CONSUMER INJURY: DISTINGUISHING ASSOCIATION AND CONFUSION

#### A. Cognitive Psychological Difficulties in the Subliminal Confusion Doctrine

¶ 16 If the subliminal confusion cause of action is doctrinally indeterminate, then how do its various theories stand up under the scrutiny of empirical cognitive psychology? Recent studies, particularly the work of John A. Bargh, suggest that people can automatically process perceptions of which they are not consciously aware, automatically connect these perceptions to memories connected with positive or negative evaluations, and then automatically react positively or negatively.<sup>53</sup> For example, participants who saw quickly flashed images of young male African-Americans “subsequently reacted with greater hostility . . . to a mild provocation, compared with the control. . .”<sup>54</sup> The images subliminally reminded the test subjects of their stereotypical evaluations of African-American males and triggered behavior consistent with those evaluations.<sup>55</sup> This experiment can be compared to when a consumer sees in his peripheral vision an imitation of a distinctive trademark, is unconsciously reminded of the brand name, unconsciously reacts positively to the memory, and then reaches for the imitation good.<sup>56</sup> The subliminal activation of an evaluation of an object upon perception of the object is called “category-based affect.”<sup>57</sup> Moreover, test subjects exhibit automatic muscular reactions to such evaluations, tending to push away negatively evaluated stimuli and pull toward them positively evaluated stimuli.<sup>58</sup>

¶ 17 However, the attempt of the Second Circuit in *Playboy* and other cases to square the psychological phenomenon of subliminal trademark association with the Lanham Act’s requirement of likelihood of confusion as to source or affiliation conflicts with the premises of cognitive psychology studies concerning the phenomenon of “implicit memory.” “Implicit memories” are memories whose existence can be inferred from the test subject’s behavior although they are not consciously experienced.<sup>59</sup> L.L. Jacoby has

53. John A. Bargh & Tanya L. Chartrand, *The Unbearable Automaticity of Being*, 54 AM. PSYCHOLOGIST 462, 466-67, 476 (1999) (citing John A. Bargh et al., *Automaticity of Social Behavior: Direct Effects of Trait Construct and Stereotype Activation*, 71 JOURNAL OF PERSONALITY & SOC. PSYCHOLOGY 230, 230-44 (1996)). The automatic perception-behavior link was suggested by an earlier experiment showing that when test subjects were placed in a Prisoner’s Dilemma game, subjects who were flashed cards with words connoting aggressive behavior tended to choose non-cooperative behavior in the game. See S.L. Neuberg, *Behavioral Implications of Information Presented Outside of Conscious Awareness: The Effect of Subliminal Presentation of Trait Information on Behavior in the Prisoner’s Dilemma Game*, 6 SOCIAL COGNITION 207, 207-30 (1988).

54. Bargh & Chartrand, *supra* note 53, at 467.

55. *Id.*

56. See Jacob Jacoby, *The Psychological Foundations of Trademark Law: Secondary Meaning, Genericism, Fame, Confusion and Dilution*, 91 TRADEMARK REP. 1013, 1045-46 (2001) (“While some of these decisions may be using the term subliminal confusion to refer to one of the previously discussed forms of confusion, psychological theory and research suggest that confusion may occur at levels that are not consciously retrievable.”).

57. See generally Bargh & Chartrand, *supra* note 53.

58. *Id.*

59. D. L. Schachter, *Understanding Implicit Memory: A Cognitive Neuroscience Approach*, 47 AM. PSYCHOL. 559 (1992).

pioneered a “process-dissociation procedure” for empirically distinguishing between conscious and implicit memories.<sup>60</sup> The basic premise of the procedure is that there are two types of memory processes: “recollection,” in which the test subject slowly and consciously recalls an item complete with the original context in which it was experienced and “familiarity,” in which the test subject is rapidly and automatically reminded of an item but without recalling contextual information, such as the source of the item.<sup>61</sup> In other words, the fact that a consumer mentally associates one trademark with another trademark stored in his or her memory, and attributes desirable qualities to the imitation trademark as a result, does not in itself imply that he or she draws any inference at all as to the source of the imitation trademark. The consumer may automatically react to the trade dress of “Gunsmoke” cigarettes (which evokes the “Marlboro Man” and “Marlboro Country”) by showing a preference for “Gunsmoke,” without thereby drawing any inferences about the characteristics of “Gunsmoke” cigarettes or their source. The consumer may be reminded of “Marlboro” as a “congenial symbol” without calling to mind that “Marlboro” cigarettes have a particular taste or that they are made by Philip Morris.

¶ 18 Thus, without even delving deeply into cognitive psychology, the idea that subliminal trademark association must be a form of source confusion does not make a great deal of sense, since it involves the consumer drawing an unconscious inference about a matter that contradicts his conscious inference. In subliminal confusion cases, the factors usually weighed by courts in assessing the likelihood of regular, conscious source confusion may show that such conscious confusion unlikely.<sup>62</sup> However, some courts will then appeal to the concept of subliminal confusion to explain why they nevertheless decide in favor of confusion.<sup>63</sup> In so doing, courts following the Second Circuit construe subliminal confusion as being simply an unconscious or low level form of traditional source confusion.<sup>64</sup> Consciously, the consumer knows that the imitation good is not made by the same producer as the brand name good. Yet, unconsciously, the consumer draws the contrary inference. This theory amounts essentially to the hypothesis that just because a woman is likely to marry a man who reminds her of her father, on some deep level she must think that this man is her father. In contrast, if the consumer’s unconscious *preference* is distinguished from his conscious *inference*, the

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60. L.L. Jacoby, *A Process Dissociation Framework: Separating Automatic From Intentional Uses of Memory*, 30 JOURNAL OF MEMORY & LANGUAGE 513, 513-41 (1992); L.L. Jacoby, *Invariance in Automatic Influences of Memory: Toward A User’s Guide for the Process-Dissociation Procedure*, 24 JOURNAL OF EXPERIMENTAL PSYCHOLOGY: LEARNING, MEMORY, AND COGNITION 3, 3-26 (1997).

61. See generally *id.*

62. Sunquest Info. Sys., Inc. v. Park City Solutions, Inc., 130 F. Supp. 2d 680, 695 (W.D. Pa. 2000); Upjohn Co. v. Am. Home Prods. Corp., No. 1:95CV237, 1996 WL 33322175, at \*22 (W.D. Mich. April 5, 1996); Playboy Enters., Inc. v. Chuckleberry Publ’g, Inc. (*Playboy III*), 687 F.2d 563, 570 (2d Cir. 1982).

63. *Sunquest*, 130 F. Supp. 2d at 696.

64. *Id.* See also Dreyfus Fund Inc. v. Royal Bank of Canada, 525 F. Supp. 1108, 1122-23 (S.D.N.Y. 1981) (“In this case, plaintiffs’ advertising could be detrimental to Dreyfus in that potential customers could be confused as to the source of the services offered, or as to sponsorship. . . . The confusion caused by Royal Bank’s ads need not, moreover, be overt or obvious to warrant preliminary relief. . . .”).

contradiction disappears.<sup>65</sup> The consumer may prefer a product because of an association between its brand name and a trademark he or she likes, without drawing any inferences as to whether they are produced by the same entity.

¶ 19 The contradiction inherent in classifying subliminal trademark association as a form of source confusion presents less of a problem in initial interest confusion cases. Initial interest subliminal confusion cases do not assert that the consumer is capable of identifying the producer of the alleged infringing trademark at the same time that he or she is subliminally confused.<sup>66</sup> Instead, a plaintiff need only claim that “*given time* [a consumer] can identify the particular manufacturer” of the alleged infringed trademark as opposed to the brand name.<sup>67</sup>

¶ 20 What does the concept of subliminal confusion add, then, to the initial interest confusion doctrine? First, it adds a plausible psychological wrinkle to the initial interest confusion cause of action, since consumers do not consciously inquire at all stages of the search process into the source of the good. For example, in *Sunquest Information Systems, Inc. v. Park City Solutions, Inc.*,<sup>68</sup> the plaintiff trademark holder was an established medical software company, while the defendant was a newcomer that provided a variety of health care consulting services, including implementation and optimization of software produced by the plaintiff as well as the provision of medical software.<sup>69</sup> Hospital selection committees deliberate over their choice of medical software during a six- to eighteen-month sales cycle.<sup>70</sup> The defendant marketed its services and goods under a triangular logo consisting of a sun setting over a mountain, which replicated the subject matter of the plaintiff’s logo but not the precise details of design and color.<sup>71</sup> Due to the care with which hospitals selected software and software consultants, confusion at the point of sale seemed unlikely.<sup>72</sup>

¶ 21 However, the court concluded that, in the initial stages, customers were likely to think, either subliminally or consciously, that the defendant’s services and goods were produced by the plaintiff.<sup>73</sup> By including subliminal trademark association as a type of initial interest confusion, the court seemed to acknowledge that while initially consumers may not consciously ask themselves whether the defendant’s good is produced by the

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65. R.B. Zajonc, *Feeling and Thinking: Preferences Need No Inferences*, 35 AMERICAN PSYCHOLOGIST 151, 151-75 (1980) (describing empirical proof that the higher cognitive activity of inference is not required for positive evaluation of a stimulus).

66. *Compare* Ortho Pharm. Corp. v. Am. Cyanamid Co., 361 F. Supp. 1032, 1044 (D.N.J. 1973) (subliminal confusion occurs although the consumer “can identify the particular manufacturer of each” product).

67. *Sara Lee Corp. v. Kayser-Roth Corp.*, No. 6:92CV00460, 1992 WL 436279, at \*24 (M.D.N.C. 1992) (misquoting *Koppers Co. v. Krupp-Koppers*, 517 F. Supp. 836 (W.D. Pa. 1981) and *Ortho Pharm. Corp. v. Am. Cyanamid Co.*, 361 F. Supp. 1032 (D.N.J. 1973)).

68. *Sunquest Info. Sys., Inc. v. Park City Solutions, Inc.*, 130 F. Supp. 2d 680 (W.D. Pa. 2000).

69. *Id.* at 682-89.

70. *Id.* at 695.

71. *Id.* at 684, 686-87. The plaintiff’s logo was square instead of triangular, contained two mountains instead of one, and depicted the sun setting at the right rather than left side of the logo; it also had different colors from the defendant’s logo.

72. *Id.* at 695.

73. *Id.* at 698.

plaintiff, they may not have consciously ruled out that possibility. No conceptual contradiction would result if subliminal trademark association were to be legally designated as a form of source confusion under this theory: the consumer initially draws a mental association between two symbols, and does not yet consider consciously whether they issue from the same producer. Thus, the consumer is not unconsciously confused at the same time that he or she is consciously free from confusion.

¶ 22 However, it remains clear that as a matter of psychological description, this legal designation would be inaccurate in many cases. The consumer's initial mental association between symbols may not indicate any association between these symbols and a particular producer. Moreover, a legal theory is surely suspect when it involves speculation as to such obscure distinctions between mental states.

¶ 23 Subliminal trademark association, then, may make more sense as a psychological phenomenon unrelated to source confusion, whether in the form of initial interest confusion or point of sale confusion. As an alternative to a form of source confusion, one scholar describes subliminal confusion as "quality confusion," in which the characteristics of the trademark holder's good (apart from the trademark itself as a good) are erroneously attributed to the imitation good.<sup>74</sup> This description, however, is an inaccurate generalization insofar as consumers may only attribute to the imitation good positive feelings they have for the brand name, and may fall short of recollecting particular characteristics of the independent good.

¶ 24 Assuming now that the cognitive phenomenon of subliminal trademark association does not imply source confusion, the next section proceeds to evaluate whether subliminal trademark association involves a type of cognitive bias that trademark law should eliminate from the marketplace. This section argues that subliminal trademark association is often a useful adaptation to positive information costs or deliberation costs that present themselves in the search process. Although trademark evocations<sup>75</sup> may sometimes mislead consumers, it is not possible to narrowly tailor this cause of action so that it can even do rough justice. Moreover, the final sections of this paper argue that, given the choice between underprotection and overprotection, courts should opt for underprotection and treat trademark evocations as falling within the public domain.

## B. Subliminal Trademark Association as Information and Adaptation

¶ 25 Since the inception of this new confusion doctrine, courts in subliminal confusion cases have made it clear that they did not see themselves as defenders of rational consumer choice in any naïve sense:

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74. Jonathan E. Moskin, *Dilution or Delusion: The Rational Limits of Trademark Protection*, 83 TRADEMARK REP. 122, 144 (1993).

75. The term "trademark evocation" is used throughout the paper to refer to the junior user's recourse to trademark resemblances that provoke mental associations between marks without causing source confusion.

The creation of a market through an established symbol implies that people float on a psychological current engendered by the various advertising devices which give a trade-mark its potency. It is that which the Trade-Mark Act of 1905 protects.<sup>76</sup>

¶ 26 The premise for the subliminal confusion cause of action, consumers' susceptibility to subliminal manipulation by producers trading upon the goodwill of an established trademark, could not be maintained without the premise that consumption is driven by unconscious responses to persuasive advertising:

Such poaching is possible because the "commercial magnetism" of a "congenial symbol" creates a favorable impression in the minds of consumers. That is the whole purpose of the exercise. It is the purpose that explains the existence of the advertising industry, marketing consultants, product pollsters, and related types. The consumer may not be fully aware of the effect of these efforts upon him, but he need not be. In the words of District Judge Gurfein (as he then was): "The consumer does not memorize the mark. He has a feeling about it from past exposure. That feeling may be vague, subliminal it is said, but it comes to consciousness when the article is seen with the trademark affixed."<sup>77</sup>

¶ 27 However, consumer susceptibility to advertising would seem to be an equally compelling reason to minimize trademark protection so as to maximize the market disciplinary effects of competition. The economist John Kenneth Galbraith has described the central function of advertising as the creation of "wants that previously did not exist."<sup>78</sup> This extreme view of the consumer as eminently manipulable creates complexities for the basic tenet of the most enduring economic theory for trademark protection, that trademarks minimize the costs of the consumer's search for products of consistent quality that correspond to his rational preferences.<sup>79</sup> This search-costs rationale originates from the law and economics view that consumers rationally seek the information that they need in order to make purchases that will express their true preferences, ensuring that goods land in the hands of the parties that desire them the most, thereby maximizing the efficiency of the market.<sup>80</sup> If consumers typically make irrational purchasing decisions based upon advertising atmospherics rather than the

76. *Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co.*, 316 U.S. 203, 208 (1942) (receiving substantial citation in the first subliminal confusion case, *Ortho Pharm. Corp. v. Am. Cyanamid Co.*, 361 F. Supp. 1032, 1044 (D.N.J. 1973)).

77. *Philip Morris Inc. v. Star Tobacco Corp.*, 879 F. Supp. 379, 384-85 (S.D.N.Y. 1995) (quoting *Londontown Mfg. Co. v. Cable Raincoat Co.*, 371 F. Supp. 1114, 1118 (S.D.N.Y. 1974)).

78. JOHN KENNETH GALBRAITH, *THE AFFLUENT SOCIETY* 127 (4th ed. 1998). See Graeme W. Austin, *Trademarks and the Burdened Imagination*, 69 BROOK. L. REV. 827, 855 n.128 (2004).

79. See William M. Landes & Richard A. Posner, *The Economics of Trademark Law*, 78 TRADEMARK REP. 267, 270-72 (1988); William M. Landes & Richard A. Posner, *Trademark Law: An Economic Perspective*, 30 J.L. & ECON. 265, 269-70 (1987). See generally Stacey Dogan & Mark Lemley, *Trademarks and Consumer Search Costs on the Internet*, 41 HOUS. L. REV. 777 (2004).

80. See GARY S. BECKER, *THE ECONOMIC APPROACH TO HUMAN BEHAVIOR* 14 (1976) ("[A]ll human behavior can be viewed as involving participants who maximize their utility from a stable set of preferences and accumulate an optimal amount of information and other inputs in a variety of markets.").

signaling function of the trademark as to the quality of the goods, a real conundrum arises as to whether and how trademark law could conceptualize its goal of giving consumers what they really want.<sup>81</sup> As Landes and Posner have described the problem:

We have assumed that a trademark induces its owner to invest in maintaining uniform product quality; but another interpretation is that it induces the owner to spend money on creating, through advertising and promotion, a spurious image of high quality that enables monopoly rents to be obtained by deflecting consumers from lower-price substitutes of equal or even higher quality.<sup>82</sup>

¶ 28 Consumer susceptibility to persuasive advertising was once famously emphasized by Ralph Brown as a reason to strictly limit legal protection to the source-identifying function of trademarks, i.e. to the prevention of confusion.<sup>83</sup> The rhetoric of consumer susceptibility in subliminal confusion cases brings these problems of defining and measuring consumer utility to the forefront, as these cases extend the confusion doctrine beyond the traditional concepts of product and source/affiliation confusion.<sup>84</sup> Is subliminal trademark association a form of consumer deception?

¶ 29 These issues involving the manipulability of consumer preferences have been disputed throughout the past few decades by the so-called rational choice economists and behavioral economists, but these arguments have not led to any concrete policy discussions in trademark circles.<sup>85</sup> The question for trademark law is whether consumers need to be protected against cognitive heuristics and biases that rational choice economists deny exist and that behavioral economists describe as “substantial and

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81. Austin, *supra* note 78, at 858.

82. Landes & Posner, *The Economics of Trademark Law*, *supra* note 50, at 276. See also Glynn S. Lunney, *Trademark Monopolies*, 48 EMORY L.J. 367, 426-430 (1999) (describing the anticompetitive effects of market power in trademark law).

83. See Ralph S. Brown, Jr., *Advertising and the Public Interest: Legal Protection of Trade Symbols*, 57 YALE L.J. 1165, 1206 (1948), reprinted in 108 YALE L.J. 1619, 1659 (1999); Jessica Litman, *Breakfast with Batman: The Public Interest in the Advertising Age*, 108 YALE L.J. 1717, 1719-20 (1999).

84. See *Verifine Products, Inc., v. Colon Bros., Inc.*, 799 F. Supp. 240, 251 (D. Puerto Rico, 1992); *Suncoast Tours, Inc. v. Lambert Group, Inc.*, No. CIV.A.98-5627, 1999 WL 1034683, at \*5 (D.N.J. 1999); *Resorts Int’l, Inc. v. Greate Bay Hotel & Casino, Inc.*, 830 F. Supp. 826 (D.N.J. 1992); *Oxford Indus., Inc. v. JBJ Fabrics, Inc.*, No. 84 CIV.2505, 1988 WL 9959, at \*3 (S.D.N.Y. 1988). These cases all assert that subliminal trademark association is a third category of confusion besides product confusion and source confusion.

85. The literature is too extensive to summarize here. The foundations of law and economics can be gleaned from RONALD H. COASE, *THE FIRM, THE MARKET, AND THE LAW: ESSAYS ON THE INSTITUTIONAL STRUCTURE OF PRODUCTION* (1988); Richard A. Coase, *The New Institutional Economics*, 140 J. INSTITUTIONAL & THEORETICAL ECON. 229 (1984). See also, e.g., RICHARD POSNER, *ECONOMIC ANALYSIS OF LAW* (6<sup>th</sup> ed. 2003). Foundational works in behavioral economics include Robert C. Ellickson, *Bringing Culture and Human Frailty to Rational Actors: A Critique of Classical Law and Economics*, 65 CHI-KENT L. REV. 23 (1989); Herbert Hovenkamp, *The Limits of Preference-Based Legal Policy*, 89 NW. U. L. REV. 4 (1994). See also BEHAVIORAL LAW & ECONOMICS (Cass R. Sunstein ed., 2000); Jon D. Hanson & Douglas A. Kysar, *Taking Behavioralism Seriously: The Problem of Market Manipulation*, 74 N.Y.U. L. REV. 630 (1999).

important behavioral regularities” that are “critical to problem solving.”<sup>86</sup> As described in the last section, subliminal trademark association as a cognitive phenomenon can be described as attraction to a product on the basis of an unconsciously (or, in some cases, consciously) perceived resemblance between its trademark and a distinctive trademark which the consumer regards as congenial.<sup>87</sup> Possible cognitive biases involved in trademark association cases<sup>88</sup> include the erroneous attribution of the characteristics of the brand name good to the imitation good, and evaluation of the likely performance of a product based upon the familiarity of the trademark.<sup>89</sup> These biases can be interpreted as shortcuts by which consumers reach a desirable decision: a trademark imitation such as “Cotton Tips” instead of “Q Tips” often signals the availability of a substitute good.<sup>90</sup>

¶ 30 Rational choice economists and behavioral economists characterize evidence of these biases differently: the former consider them for the most to be rational responses to positive information cost while the latter consider them “bounded rational” adaptations to positive deliberation cost.<sup>91</sup> In other words, the rational consumer might consider the costs involved in reading the ingredient lists of all of the goods next to one another on the shelf, and decide that the most efficient thing to do would be to pick the brand name good. Rational-choice economists have argued that brand name producers’ hefty investments in advertising are displays of self-confidence that consumers rationally regard as indicators of quality.<sup>92</sup> More importantly, consumer purchases influenced by advertising atmospherics may be rational to the extent that “a good that comes in pretty wrapping paper is different from a good that comes in a brown paper bag. There is no basis for pronouncing a difference in preferences with regard to such pairs of goods irrational...or for dismissing the difference as a product of ‘emotion.’”<sup>93</sup> As Rochelle Dreyfus points out, we buy trademarks themselves as products because trademarks are densely packed signifiers of cultural meanings that are essential to self-expression.<sup>94</sup>

86. John Conlisk, *Why Bounded Rationality?*, 34 J. OF ECON. LIT. 669, 671 (1996).

87. See *supra* Part II.

88. I would argue these biases are only involved in some cases.

89. Preference for the familiar might be compared to the “availability” heuristic.

90. See *Q-Tips, Inc. v. Johnson & Johnson*, 206 F.2d 144 (3d Cir. 1953) (confusion case cited by subliminal confusion case *Ortho Pharm. Corp. v. Am. Cyanamid Co.*, 361 F. Supp. 1032, 1044 (D.N.J. 1973), in which “Cotton Tips” for cotton swabs infringed upon “Q Tips”).

91. Conlisk, *supra* note 86, at 682; Mark Kelman, *Behavioral Economics as Part of a Rhetorical Duet: A Response to Jolls, Sunstein and Thaler*, 50 STAN. L. REV. 1577, 1582-83 (1998). See generally Donald C. Langevoort, *Behavioral Theories of Judgment and Decision Making in Legal Scholarship: A Literature Review*, 51 VAND. L. REV. 1499 (1998).

92. Douglas A. Kysar, *The Expectations of Consumers*, 103 COLUM. L. REV. 1700, 1755-56 (2003).

93. Richard A. Posner, *Rational Choice, Behavioral Economics, and the Law*, 50 STAN. L. REV. 1551, 1553-54 (1998). See also Gary S. Becker & Kevin M. Murphy, *A Simple Theory of Advertising as a Good or Bad*, 108 Q.J. ECON. 941, 941 (1993); Kysar, *supra* note 92, at 1756 (“Subsequent defenders of the consumer sovereignty model have picked up on this motif, arguing for the reconception of advertising itself as a ‘good’ that individuals ‘consume.’”); Litman, *supra* note 83, at 1727 (“Ask a child, and he’ll persuade you that the difference between a box of Kellogg’s Corn Flakes with a picture of Batman on it and some other box without one is real.”).

94. See generally Rochelle Dreyfuss, *Expressive Genericity: Trademarks as Language in the Pepsi Generation*, 65 NOTRE DAME L. REV. 397 (1990). See also Alex Kozinski, *Trademarks Unplugged*, 68 N.Y.U. L. REV. 960, 974 (1993); Kysar, *supra* note 92, at 1756; George J. Stigler & Gary S. Becker, *De Gustibus Non Est Disputandum*, 67 AM. ECON. REV. 76, 77 (1977).



¶31 From the rational-choice perspective, then, purchases of imitation goods on the basis of trademark association are rational to the extent that a consumer can infer upon an efficient glance that a cheaper substitute good is being offered, along with some desirable atmospherics that are absent from non-imitators.<sup>95</sup> The fact that these associations occur unconsciously does not make them irrational: rationality simply means that the consumer is “choosing the best means to the chooser’s ends,” and even rats are rational insofar as they are hardwired for survival.<sup>96</sup> Rational-choice economists would like to interpret most consumer behavior as maximizing welfare, and thus these economists tend to be anti-paternalistic in their policy orientation.<sup>97</sup> Consumer preferences are “revealed” by actual choices rather than judged by a neutral arbiter,<sup>98</sup> so unless the consumer has been impeded from finding the product he or she was looking for due to misinformation or the absence of information, there is no reason for legal intervention.<sup>99</sup> Judge Posner has suggested that, even if there are occasional cognitive quirks that prevent consumers from behaving rationally, “efforts should be made through education and perhaps psychiatry to cure” them.<sup>100</sup>

¶32 While the rational-choice perspective is anti-paternalistic, the behavioral economists have not arrived at the opposite conclusion that legal regulation should be the proper response to the cognitive biases they have documented. According to behavioral economists, the decisions of consumers are influenced by heuristic devices such as the evaluation of statistical problems using recent, salient personal experiences (the so-called “availability” bias).<sup>101</sup> These “rules of thumb” lead consumers to base their decisions upon deductive and inferential errors.<sup>102</sup> Thus, where rational-choice economists claim consumers elect not to make perfectly informed decisions due to the costs of obtaining the information, behavioral economists claim that even when consumers have access to perfect information and are subject to market incentives to make optimal decisions, they may still interpret the data erroneously.<sup>103</sup> However, the theoretical distinction between these two economic theories blurs insofar as behavioral economists assert that heuristic biases benefit consumers by minimizing the costs of deliberation.<sup>104</sup> Positive correlations between deliberation cost and the degree to which consumers are cognitively biased have been shown.<sup>105</sup>

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95. See Litman, *supra* note 83, at 1729 (“[W]hat about consumers who want to pick up a polo shirt with some design on the chest at a good price? . . . [I]t would hardly be perplexing if [Lauren] threatened to sue. There seems, nonetheless, to be no good reason why we should help him.”).

96. Posner, *supra* note 93, at 1551.

97. Christine Jolls, Cass R. Sunstein & Richard Thaler, *A Behavioral Approach to Law and Economics*, 50 STAN. L. REV. 1471, 1474-75 (1998).

98. Austin, *supra* note 78, at 855 n.128.

99. See HAL R. VARIAN, MICROECONOMIC ANALYSIS 82 (2d ed. 1984) (describing the information failure concept).

100. Posner, *supra* note 93, at 1575.

101. See AMOS TVERSKY & DANIEL KAHNEMAN, JUDGMENT UNDER UNCERTAINTY: HEURISTICS & BIASES 11 (Daniel Kahneman, Paul Slovic & Amos Tversky, eds., Cambridge Univ. Press, 1982).

102. See generally *id.*

103. See Conlisk, *supra* note 86, at 670-71.

104. See *id.* at 671.

105. *Id.*

¶ 33 Assuming that subliminal confusion describes a type of cognitive bias, behavioral economists would still refrain from automatically recommending legal regulation solely to correct this type of consumer injury, however. Christine Jolls, Cass R. Sunstein and Richard Thaler have described the normative conclusion of behavioral economics as “a sort of anti-antipaternalism – a skepticism about antipaternalism, but not an affirmative defense of paternalism.”<sup>106</sup> They point out the difficulty of finding appropriate legal remedies given that legal actors suffer from the same cognitive limitations as consumers.<sup>107</sup>

¶ 34 Jeffrey Rachlinski formulates the policy question of whether to let market and social mechanisms discipline consumers in terms of a tradeoff between the costs to consumers of cognitive adaptation and the costs of loss of liberty:

To be sure, learning to restructure a decision so as to avoid reliance on a misleading heuristic is costly. In effect, cognitive psychology suggests that this cost is related to the cognitive difficulty of restructuring the decisionmaking task. This cognitive cost, like a transaction cost, might support adopting a particular legal rule constraining individual choice if the cost is high enough or an inexpensive reform reduces the cognitive cost in some way. The psychological case for paternalism, however, must rest on a relative assessment of the cognitive costs of improved decision against the costs of supplanting individual choice.<sup>108</sup>

¶ 35 If the cognitive error in the phenomenon of subliminal confusion can be pinpointed to consumers’ unconscious attribution of desirable qualities to the allegedly infringing good,<sup>109</sup> the cost of correcting biases will presumably vary according to the importance of the purchase and whether the rules of the game are easy to learn. For example, if the good is shampoo and there is no reliable system for picking among alternatives other than learning the names of all the chemical ingredients, the consumer may never learn. However, if the consumer is picking a drug and can acquire reliable information about different brands from a pharmacist, the consumer may learn not to follow his or her impulses. In other words, the negative experiences from picking the wrong drugs may lead the consumer to modify his or her behavior if the cost of obtaining information is low enough. Or, so Rachlinski might argue.

¶ 36 However, the biggest barrier to “de-biasing” is the ineluctable conclusion that follows from the reasoning of rational-choice economics: under conditions of perfect rationality, consumers can still make purchasing decisions based upon the value of the trademark itself as a good.<sup>110</sup> Although some rational-choice economists make dubious assumptions about consumer behavior (e.g. that preferences are individualistic and

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106. Jolls, Sunstein & Thaler, *supra* note 97, at 1541.

107. *Id.*

108. Jeffery Rachlinski, *The Uncertain Psychological Case for Paternalism*, 97 NW. U. L. REV. 1165, 1168 (2003).

109. See e.g. *Ortho Pharm. Corp. v. Am. Cyanamid Co.*, 361 F. Supp. 1032, 1044 (D.N.J. 1973).

110. See Kysar, *supra* note 92, at 1756 (consumers make socially conditioned purchasing decisions based upon the value of the trademark).

logically prior to marketing influence),<sup>111</sup> it is hard to refute the general argument that there is utility in subliminal trademark association. Behavioral economists cannot deny that people's unconscious mental associations with brand names and trademark imitations are socially-situated and account for the effectiveness of trademarks as mental shortcuts for a variety of themes in mainstream American culture.<sup>112</sup> If a significant number of consumers are satisfied with imitation goods on account of their atmospherics and the cultural participation that the purchase of these goods brings, the cognitive cost to them of "debiasing" is prohibitive. Yet, any attempt to eliminate all subliminal trademark association through legal regulation would effectively deny individual will and individual choice.

¶ 37 One appropriate response to these two theoretical extremes would be to limit the subliminal confusion doctrine to cases in which "quality confusion" is likely, i.e. cases in which consumers are likely to erroneously attribute the characteristics of the brand name product (aside from the trademark itself as good) to the imitation product. The goal would be to leave out cases in which consumers purchase an imitation good for the "reflected glory" brought by the trademark imitation itself, i.e. for some of the cachet and cultural meaning associated with the brand name as a positively valued symbol. For instance, on one end of the spectrum are imitations of prestige good trademarks, which are most likely to be attractive due to reflected cachet; while the other extreme is represented by imitations of prescription drug brand names, which may lead to purchases on account of "quality confusion."<sup>113</sup> However, most goods fall somewhere in the middle of the spectrum.<sup>114</sup> Furthermore, consumption patterns vary between individuals as to particular goods.<sup>115</sup>

¶ 38 One way to tailor the subliminal confusion doctrine to cases of "quality confusion" would be to require a showing of actual quality confusion rather than a mere

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111. See Kelman, *supra* note 91, at 1582-83 (1998) (summarizing the main objections to rational-choice economics).

112. See Dreyfuss, *supra* note 94, at 424.

113. See, e.g., *Doral Pharmamedics, Inc. v. Pharm. Generic Developers, Inc.*, 148 F. Supp. 2d 127, 139 (D.P.R. 2001) (manufacturer of external ear medication called "Exotic" was denied preliminary injunction against use of "Genexotic" on generic version of medication); *In re Leslie Fay Cos.*, 216 B.R. 117, 132 (S.D.N.Y. 1997) (designer Nipon and his wholly owned corporation infringed upon trademark he previously sold to Leslie Fay Cos. by labeling neckwear "created by Albert Nipon"); *Upjohn Co. v. Am. Home Prods. Corp.*, No. 1:95CV237, 1996 WL 33322175, at \*25 (W.D. Mich. April 5, 1996) (drug name "Prempro" infringed upon drug trademark "Provera"); *Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co.*, 631 F. Supp. 735, 747-48 (S.D.N.Y. 1985) (arcuate design on pockets of expensive "Lois" jeans infringed upon trademarked "Levi's" arcuate); *Steinway II*, 523 F.2d 1331, 1342 (2d Cir. 1975) ("Grotrian-Steinweg" name for piano infringed upon "Steinway & Sons" trademark); *Ortho Pharm. Corp. v. Am. Cyanamid Co.*, 361 F. Supp. 1032, 1044 (D.N.J. 1973) (drug name "Rho-Imune" infringed upon drug trademark "RhoGAM").

114. For instance, it is uncertain whether most consumers would select a brand of light bulbs because of brand cachet.

115. For example, I will buy any sturdy black umbrella, and sometimes cheap imitations of Neutrogena facial cleanser, but only T-shirts from Ann Taylor or J. Crew. I always regret buying the facial cleanser, which does not exfoliate well, but am satisfied by the brand name T-shirts because they relieve me of the burden of thinking about my fashion choices. But I would not say that I suffer from "quality confusion" in the case of the facial cleanser, because I am always aware of the tradeoff between price and predictability of quality.

likelihood of confusion. This option is born out of the resemblance between the consumer's cognitive injury in cases of "quality confusion" and the consumer injury Judge Posner has identified in dilution cases – a mental association between product names or product packaging that causes no source confusion but increases the consumer's search costs.<sup>116</sup> In contrast, a cause of action based upon the mere likelihood of a mental association is not only over-inclusive in relation to the injury of "quality confusion," but also embroils courts in fashioning complex multi-factor tests that will attempt to predict in a substantial number of consumers what is essentially a subjective and situation-specific mental process. The current application of *Polaroid*-type factors casts the subliminal confusion doctrine in the role of an afterthought to the traditional source confusion inquiry because there has been no attempt by courts to investigate whether these factors are really the best or only predictors of subliminal trademark association as a distinct form of cognitive injury.<sup>117</sup> Expert testimony as to the likelihood of subliminal confusion may merely reference marketing studies showing that the advertising costs for imitation trademarks are much less than those for new unique trademarks.<sup>118</sup> These types of studies do not successfully isolate subliminal trademark association from the alternative explanation of regular source confusion. More importantly, they do not pinpoint "quality confusion" as distinguished from arguably rational purchases of imitation trademarks for their atmospheric value.

¶ 39 However, it is difficult to determine the type of evidence that would establish proof of actual "quality confusion." For "quality confusion" cases, one could imagine consumer surveys testing for consumer regrets after purchasing a trademark imitator.<sup>119</sup> But actual confusion among a significant percentage of the population would have to be shown, rather than just anecdotal evidence for a few incidents.<sup>120</sup> Otherwise, the survey would be based upon an unsubstantiated premise that "quality confusion" is predictably determined by the nature of the trademark imitation and of the good rather than individual subjective expectations.

¶ 40 Moreover, the doctrine of actual "quality confusion" may not dispel the uncertainty of liability that attends the subliminal confusion doctrine, due to the public's interest in the existence of some subliminal trademark imitation among competing goods.

116. See *Ty Inc. v. Perryman*, 306 F.3d 509, 511 (7th Cir. 2002) (describing the consumer injury in dilution cases as an increase in the "imagination" cost for consumers, who will have to think harder in order to identify the goods produced by a particular source). See also Brian A. Jacobs, *Trademark Dilution on the Constitutional Edge*, 104 COLUM. L. REV. 161, 189-90 (2004) (advocating efficiency of consumer search process as principle by which to promote dilution doctrine).

117. Courts apply the traditional multi-factor test for "likelihood of confusion" in subliminal confusion cases. See, e.g., *In re Leslie Fay*, 216 B.R. at 126-32 (applying *Polaroid* test); *Upjohn Co.*, 1996 WL 33322175, at \*3-23; *Sara Lee Corp. v. Kayser-Roth Corp.*, No. 6:92CV00460, 1992 WL 436279, at \*18-24 (M.D.N.C. 1992); *Resorts Int'l, Inc. v. Greate Bay Hotel & Casino, Inc.*, 830 F. Supp. 826, 837-37 (D.N.J. 1992) (considering *Scott Paper* factors); *Oxford Indus., Inc. v. JBJ Fabrics, Inc.*, No. 84 CIV.2505, 1988 WL 9959, at \*4-9 (S.D.N.Y.) (applying *Polaroid* test).

118. See e.g. *Playboy Enters., Inc. v. Chuckleberry Publ'g, Inc.*, 687 F.2d 563, 567-68 (2d Cir. 1982) (expert testified that subliminal trademark association would allow distributors to promote a new magazine at about half the budget than is usually required).

119. For example, the survey may ask, "Did you expect the Chaps cologne to smell like another perfume? Were you disappointed?"

120. See *Star Industries, Inc. v. Bacardi & Co. Ltd.*, 412 F.3d 373, 388 (2d Cir. 2005).

The fact that a company selling aspirin calls its product “Buick” or “Buik” has little informational value for consumers, while “Buik” as the name of an automobile is inherently informative to some degree so long as it does not cause source confusion. Thus, the automobile producer does not have a reliable and low-cost means of predicting whether consumers would regret purchasing its cars on account of trademark association, and the “quality confusion” cause of action would end up deterring as much trademark imitation as the original subliminal confusion action.

¶41 In short, there is no way of tailoring this cause of action to the undesirable consumer cognitive injury of “quality confusion.” In addition, the resemblance between “quality confusion” and a tarnishment cause of action under the dilution doctrine<sup>121</sup> only shows the deformation of the source confusion doctrine that has occurred.<sup>122</sup> Even if the possible distraction to consumers caused by trademark imitation does call for regulation, it is best to address the problem through new legislation rather than distort the meaning of Section 43(a) beyond recognition.<sup>123</sup>

¶42 The dilution injury is completed when the consumer suffers decreased ability to identify the goods of a famous brand due to mental association with a similar brand.<sup>124</sup> The main advantage of the dilution cause of action as an alternative means of eliminating undesirable types of trademark association for consumers is that the inquiry is limited to the clarity of the search process once the consumer has identified a desirable producer.<sup>125</sup> In theory, the dilution doctrine should enable consumers to find what they are looking for without preventing them from making purchases based upon any type of trademark association that adds rather than detracts from the search process.<sup>126</sup> For instance, “Victor’s Little Secret” no doubt creates subliminal trademark association to “Victoria’s Secret,” but it does not dilute “Victoria’s Secret” so long as consumers do not experience a decreased ability to identify that “Victoria’s Secret” makes a particular set of products. Thus, under the facts of the *Moseley* case, the plaintiff could have substantial grounds for

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121. Tarnishment occurs when a famous trademark “suffer[s] negative associations” due to the diluting use of the mark by the defendant. *Sony Computer Entertainment, Inc. v. Connectix Corp.*, 203 F.3d 596, 608 (9th Cir. 2000) (citing *Hormel Foods Corp. v. Jim Henson Prods., Inc.*, 73 F.3d 497, 507 (2d Cir. 1996)).

122. Tarnishment has been described as a “subliminal confusion-transference” psychological phenomenon. Elliot B. Staffin, *The Dilution Doctrine: Towards a Reconciliation with the Lanham Act*, 6 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 105, 159 (1995).

123. Compare Vincent Chiappetta, *Trademarks: More Than Meets The Eye*, 2003 U. ILL. J.L. TECH. & POL’Y 35, 97 (2003) (“If it turns out that the creation of trademarks as products is driven by legitimate market demand, and related investment is distorted by public goods market failures, the appropriate intellectual property solution is not misapplication of trademark law, but use of a regime specifically adapted to accomplishing that particular objective.”).

124. *Moseley v. Victoria’s Secret Catalogue, Inc.*, 537 U.S. 418, 433-434 (2003). See also *Savin Corp. v. Savin Group*, 391 F.3d 439, 449 (2d Cir. 2004) (describing the theory of blurring); *Kellogg Co. v. Toucan Golf, Inc.*, 337 F.3d 616, 628 (6th Cir. 2003) (stating that plaintiff must produce empirical evidence that consumers no longer understand to which goods the famous trademark refers).

125. *Id.* In other words, the plaintiff must prove that when encountering the famous trademark, the consumer suffers a diminished ability to identify to which goods the trademark refers.

126. See Stacey L. Dogan, *An Exclusive Right to Evoke*, 44 B.C. L. REV. 291, 320 (2003) (suggesting that *Moseley v. Victoria’s Secret Catalogue, Inc.* “has arguably begun a move away from a right to evoke” in the dilution context).

a subliminal confusion cause of action.

¶ 43 The road ahead for the dilution doctrine is by no means clear.<sup>127</sup> However, a step towards balancing the consumer interests of choice and efficiency has been achieved by the recent clarification that plaintiffs must present more than proof of a mental association.<sup>128</sup> By comparison, the current subliminal confusion doctrine is potentially over sweeping by eliminating even trademark association that optimizes consumers' purchasing decisions in the presence of deliberation or information costs.

¶ 44 Given the choice between overprotection and underprotection, what is the proper baseline in trademark association cases? The answer depends largely upon how one weighs the private injuries inflicted by free riding and whether one thinks that there are consistent public policies of the public domain that have normative implications for trademark evocations. Part IV begins by considering how the private interests in eradicating free riding should be weighed.

#### IV. FREE RIDING, PRIVATE INCENTIVES AND THE PUBLIC DOMAIN

##### A. Introduction: Free Riding and the Incentive Theory for Trademarks

¶ 45 If subliminal confusion cases are vastly over-inclusive in targeting an identifiable consumer injury, courts have overlooked this shortcoming in their desire to eliminate what they see as newcomers "poaching" upon the commercial goodwill of an established trademark.<sup>129</sup> The subliminal confusion cases grew out of a body of traditional source confusion cases that emphasized the importance of evidence that the alleged infringer intentionally imitated a distinctive trademark.<sup>130</sup> More precisely, these

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127. See, e.g., Andrew Kao, *Trade Regulation: Interpreting the Federal Trademark Dilution Act*, 9 J. TECH L. & POL'Y 107, 114 (2004) (commenting that *Moseley* "failed to provide clear guidelines"); Thomas R. Lee, *Demystifying Dilution*, 84 B.U. L. REV. 859, 863 (2004) (describing *Moseley* as engendering "paradox"); Matthew D. Bunker, James G. Stovall & Patrick R. Cotter, *Proving Dilution: Survey Evidence in Trademark Dilution Actions*, 13 U. BALT. INTEL. PROP. L. J. 37, 47 (2004) (stating that *Moseley* was "ambiguous" as to what form proof of dilution might take).

128. *Moseley*, 537 U.S. at 433-34.

129. See *Ortho Pharm. Corp. v. Am. Cyanamid Co.*, 361 F. Supp. 1032, 1044 (D.N.J. 1973) (quoting *Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co.*, 316 U.S. 203, 205 (1942)). See also *Upjohn Co. v. Am. Home Prods. Corp.*, No. 1:95CV237, 1996 WL 33322175, at \*23 (W.D. Mich. April 5, 1996) ("The marketplace created a goodwill association between the overwhelmingly dominant brands of conjugated estrogens and the MPA form of progestin in the field of HRT. That 'property' belongs to both Wyeth-Ayerst and Upjohn, but to neither one alone. On this record, the Court finds it likely that the mark PREMPRO impermissibly trades upon that market-created goodwill."); *Toys 'R' Us, Inc. v. Canarsie Kiddie Shop, Inc.*, 559 F. Supp. 1189, 1201 (E.D.N.Y. 1983) ("I find here that the defendants' use of a name so similar in sound and association to that of the plaintiff's was an attempt to trade on the plaintiff's goodwill, and, as such, creates a likelihood of associational confusion."); *Playboy Enters., Inc. v. Chuckleberry Publ'g, Inc.*, 511 F. Supp. 486, 494 (S.D.N.Y. 1981) (in which the court made "the inference that defendants have promoted Adelina in such a way as to trade on the Playboy mark . . . a presumption of confusion is therefore appropriate.").

130. *Playboy Enters., Inc. v. Chuckleberry Publ'g, Inc.*, 486 F. Supp. 414, 428 (S.D.N.Y. 1980) (citing *Londontown Mfg. Co. v. Cable Raincoat Co.*, 371 F. Supp. 1114, 1118 (S.D.N.Y. 1974)); *Q-Tips, Inc. v. Johnson & Johnson*, 206 F.2d 144, 147 (3d Cir. 1953).

cases interpreted the bad faith inquiry broadly, so that the question was not whether the alleged infringer intended to create source confusion, but whether it intended any free riding at all.<sup>131</sup>

¶46 For instance, in *Q-Tips, Inc. v. Johnson & Johnson*, the court found that the mark “Cotton Tips” infringed upon the “Q Tips” trademark although source confusion would seem unlikely if not for the strong presumption based upon bad faith.<sup>132</sup> Similarly, in *Londontown Manufacturing Co. v. Cable Raincoat Co.*, the source confusion concept was stretched to encompass cases in which a competitor used a particular metaphor that was similar in sound to the metaphor the trademark holder used to connect his mark to the good.<sup>133</sup> Since the use of this metaphor constituted misappropriation of goodwill, the mark “Smog” for raincoats was found to create a likelihood of source confusion because of its likelihood of association with the famous “London Fog” brand of raincoats.<sup>134</sup>

¶47 This early history of the subliminal confusion doctrine shows that the courts’ conception of a subliminal consumer cognitive injury followed upon the heels of their outrage with the phenomena of bad faith and free riding. Moreover, the analogy to misappropriation of private real property seemed naturally to follow, as illustrated by the court in *Upjohn Co. v. Am. Home Prods. Corp.*,<sup>135</sup> which referred to brand goodwill as the “property” of the dominant brands.<sup>136</sup> The question is whether the concerns with free riding and private injury are cognizable as primary justifications for the subliminal confusion doctrine.

¶48 The indignation some courts have shown towards free riding can be explained in terms of a few types of moral impulses or related legal theoretical models. Wendy Gordon identifies various interpretations of the sense of fairness that underlies the aversion some trademark courts have to free riding, only one of which consists of private property rights.<sup>137</sup> Interestingly, she begins with the premise that two common interpretations are overly naïve – the principle that one has “a duty to refrain from using what one has not earned” and the Lockean principle that “one has ownership in anything

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131. Andrew C. Finch has described the circuit split over the level and type of bad faith that suffice to justify a presumption of likelihood of confusion in trade dress cases. Some jurisdictions consider bad faith only one of multiple factors, some consider the intent to copy sufficient to create a presumption of confusion, and some require the intent to confuse before a presumption is made. Andrew C. Finch, *When Imitation is the Sincerest Form of Flattery: Private Label Products and the Role of Intention in Determining Trade Dress Infringement*, 63 U. CHI. L. REV. 1243, 1253-62 (1996).

132. *Q-Tips, Inc. v. Johnson & Johnson*, 206 F.2d 144, 147 (3d Cir. 1953) (“The evidence is convincing that defendant made its choice of ‘Cotton Tips’ in order to come as close as it thought legally possible to ‘Q-Tips’ and bask in the reflected popularity of plaintiff’s name.”).

133. *Londontown*, 371 F. Supp. at 1119.

134. *Id.* at 1118 (“[T]he question still remains why the defendant should go to such lengths to vindicate its right to ‘Smog’ if it is simply another word like ‘Smug’ and is not an attempt to trade on the plaintiff’s good will. . . . A manufacturer cannot preempt all weather as his exclusive mark, but by using an element in a fanciful sense he can appropriate an approximate synonym in popular use.”).

135. *Upjohn*, No. 1:95CV237, 1996 WL 33322175 (W.D. Mich. April 5, 1996).

136. *Id.* at \*23.

137. Wendy J. Gordon, *On Owning Information: Intellectual Property and the Restitutory Impulse*, 78 VA. L. REV. 149, 171-96 (1992).

to which one's labor attaches."<sup>138</sup> Instead, she considers three, more refined theories. The first rests upon Aristotlean principles of corrective justice and aims to rectify a disturbance in a status quo distribution of entitlements.<sup>139</sup> A grantor of benefits establishes a status quo which courts have a duty to maintain by preventing another from keeping some of those benefits.<sup>140</sup> The second theory consists of the circular proposition first pointed out by Felix Cohen: X has "created a thing of value; a thing of value is property; X, the creator of property[,] is entitled to protection against third parties who seek to deprive him of his property."<sup>141</sup> This equation of value and property right is circular because value is created when legal property rights are granted.<sup>142</sup> Dismissing these first two refined theories as overly broad, Gordon advocates a third theory: unjust enrichment or restitution.<sup>143</sup> The theory of unjust enrichment requires the defendant to compensate the plaintiff for benefits conferred upon the defendant by the plaintiff's labor, so long as the plaintiff has not compelled his labors upon the defendant.<sup>144</sup> Unlike the Aristotlean theory, no wrongdoing is attributed to the defendant; and unlike the property theory, the inquiry is influenced by fact-driven, equitable considerations, such as the innocence of the defendant and the relative "harshness" of ruling against the plaintiff versus the defendant.<sup>145</sup>

¶ 49 Despite the fact that liability for free riding can be interpreted in a variety of ways, commentators tend to classify a variety of trademark cases that have extended protection beyond the core source confusion doctrine in terms of the trend towards "propertization" of trademarks.<sup>146</sup> Cases that have invited recent criticism include those dealing with post-sale confusion, reverse confusion, initial interest confusion, ornamental use, in gross assignments of security interests, cybersquatting, and dilution.<sup>147</sup> Although many subliminal confusion cases express generalized concern with the alleged infringer's bad faith and free riding, the specific analogy to private real property made by the court

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138. *Id.* at 169-70.

139. *Id.* at 171.

140. *Id.* at 171-73.

141. *Id.* at 178 (quoting Felix S. Cohen, *Transcendental Nonsense and the Functional Approach*, 35 COLUM. L. REV. 809, 815 (1935)).

142. Cohen, *supra* note 141, at 815.

143. Gordon, *supra* note 137, at 181.

144. *Id.* at 199-200.

145. *Id.* at 216.

146. See Chiappetta, *supra* note 123, at 35 n.1 (providing a bibliography of commentators identifying the "propertizing" trend in trademark law).

147. Dogan & Lemley, *supra* note 79, at 783 (stating that unjust enrichment instinct in Internet initial interest confusion cases would logically lead to property rights in gross for trademark holders); Mark Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 YALE L.J. 1687, 1698-1710 (1999) (critiquing propertization of trademarks in certain cases involving dilution, product design, cybersquatting, ornamental use, and security interests); Litman, *supra* note 83, at 1722 (objecting generally to trademark expansion encompassing after-market confusion, reverse confusion, subliminal confusion, and sponsorship confusion); Lunney, *supra* note 82, at 395-416 (criticizing propertizing tendency in ornamental use cases, trademark tarnishment cases in which trademark is merely used as mnemonic device, post-sale confusion cases, and assignment-in-gross cases in which accompanying goodwill is minimal); Lisa M. Shamrock, *Realigning the Initial Interest Confusion Doctrine with the Lanham Act*, 25 WHITTIER L. REV. 53, 62-73 (2003) (identifying property-oriented approach to trademark law as setting the stage for the initial interest doctrine and proposing that doctrine be limited to diversions of interest that impact purchasing decisions).



in *Ortho*, has been echoed by other courts in a few subsequent subliminal confusion cases.<sup>148</sup> Since the subliminal confusion doctrine dramatically eschewed at its very beginnings the need to demonstrate source confusion,<sup>149</sup> it is surprising that the raging debate over the propertization trend has not reached this subject.

¶ 50 A number of writers have pointed out that even if copyrights and patents are considered property rights under the incentive theory, this theory has no application to trademarks. These writers argue either that no government-created incentives are needed to encourage businesses to generate trademarks<sup>150</sup> or that sufficient private incentives are created as a by-product of protection extended for the primary goal of trademark law: the protection of consumers from confusion, error and deception.<sup>151</sup> Others counter that businesses invest substantial resources in the selection of a good trademark and its advertisement.<sup>152</sup> These proponents of trademark expansion claim either that private interests are a sufficient justification for the gradual “propertization” of trademarks or that the public has an indirect interest in providing greater incentives for private investment in highly distinctive trademarks.<sup>153</sup> Glynn Lunney concludes that an incentive regime is only needed where the free riding in a particular market exceeds that in the marketplace generally.<sup>154</sup>

¶ 51 The extreme positions in this debate over the relevance of the incentive theory seem untenable. If there were no trademark law at all, producers might not cease entirely from using brand names or distinctive trade dress, but might direct a greater proportion of their resources towards establishing personal, source-authenticating contacts with consumers rather than creating new trademarks.<sup>155</sup> After all, businesses could opt for a single trademark for all of their goods, or for a class of goods, rather than generate a new trademark for each product. On the other hand, *ex ante* justifications for eradicating free riding should be distinguished from *ex post* justifications.<sup>156</sup> Just because a certain level of incentives is needed to stimulate initial investment does not imply that even greater protection would lead to higher quality trademarks or increased investment in the

148. See, e.g., *Upjohn Co. v. Am. Home Prods. Corp.*, No. 1:95CV237, 1996 WL 33322175 at \*23 (W.D. Mich. April 5, 1996) (referring to trademarks as “property”); *Philip Morris Inc. v. Star Tobacco Corp.*, 879 F. Supp. 379, 384 (S.D.N.Y. 1995) (reiterating the poaching quotation).

149. *Ortho Pharm. Corp. v. Am. Cyanamid Co.*, 361 F. Supp. 1032, 1044 (D.N.J. 1973) (stating that subliminal confusion “caus[es] the consumer to identify the properties and reputation of one product with those of another, although he can identify the particular manufacturer of each”).

150. Lemley, *supra* note 147, at 1694-95; Litman, *supra* note 83, at 1730. Compare *Trade-Mark Cases*, 100 U.S. 82, 94 (1879) (stating that no creativity or labor is required to produce a trademark).

151. Chiappetta, *supra* note 123, at 54-56 (describing the general classes of arguments against the incentive theory for trademarks).

152. See *id.*; Jerre B. Swann, Sr. et al., *Trademarks and Marketing*, 91 TRADEMARK REP. 787 (2001).

153. See generally Swann et al., *supra* note 152. Compare Landes & Posner, *The Economics of Trademark Law*, *supra* note 82, at 268 (applying the incentive theory to trademark law).

154. Lunney, *supra* note 82, at 453.

155. Chiappetta, *supra* note 123, at 63 (arguing that free riding should cause producers to shift investment to less socially desirable strategies such as direct customer contacts and frequent changes in trademark).

156. See generally Mark Lemley, *Ex Ante Versus Ex Post Justifications for Intellectual Property*, 71 U. CHI. L. REV. 129 (2004).

maintenance of brand equity.<sup>157</sup> Competition accomplishes those ends.<sup>158</sup>

¶ 52 In the end, however, the economic theory of property in the abstract cannot determine the exact level of incentives trademark law should provide.<sup>159</sup> Rather, a more specific analysis of the market context for particular trademark doctrines is required.<sup>160</sup>

¶ 53 The rationale that the alleged infringer is free riding is no more than a conclusory epithet, absent a specific inquiry into the harms inflicted upon the trademark holder and the disincentives created by those harms.<sup>161</sup> The following sections make this inquiry. They argue that subliminal confusion is not the most precise means of remedying the potential diversion of sales that results from trademark imitation and that the private injury in these cases is outweighed by the public interest in access to trademark evocations.

### B. The Private Harm in Subliminal Confusion Cases

¶ 54 In subliminal confusion cases, the image of the defendant “poaching” the commercial magnetism of the plaintiff’s trademark suggests that the plaintiff has necessarily suffered a loss of sales or brand equity as a result of the defendant’s free riding. But, if the standard of infringement is the likelihood of mental association, the doctrine is highly over-inclusive in relation to the private harm. Consider the most closely competitive context – two products sitting side by side on a shelf, such as a packet of “Marlboro” cigarettes next to “Gunsmoke” cigarettes. If consumers mentally associate the trade dress of “Gunsmoke” to that of “Marlboro” and react positively, won’t they be even more pleased when they see the “Marlboro” cigarettes? The argument for diversion of sales must be that the imitator is undercutting the trademark holder’s price on the pretense of offering the same good, so that consumers who want the trademark holder’s good end up buying the imitation instead. If “Marlboro” cigarettes do not appear on the shelf, the argument is that the consumer, whose “real” preference is for the trademark holder’s good, is attracted to the imitation trademark through subliminal trademark association, but satisfies himself with the imitation without looking further.

¶ 55 In either scenario, the private injury is presumably that the sale would, if not for the subliminal trademark association, have gone to the trademark holder. If the argument for diversion of sales is premised upon “quality confusion,” it assumes an incredibly unsophisticated consumer, who believes (however unconsciously) that “Gunsmoke” cigarettes must be an identical product to “Marlboro” cigarettes just because it has similar

157. *See id.* at 132-138.

158. *Id.* at 135.

159. Mark Lemley, *Property, Intellectual Property and Free Riding*, 83 TEXAS L. REV. 1031, 1065-66 (2005). *See also* James Boyle, *The Public Domain: The Second Enclosure Movement and the Construction of the Public Domain*, 66 LAW & CONTEMP. PROBS. 33, 42 (objecting to the propertization trend by noting that the incentive theory of intellectual property has recently become “a teleology of intellectual property maximalism,” so that “[a]s copying costs approach zero asymptotically, intellectual property rights must approach perfect control”).

160. Boyle, *supra* note 159, at 42.

161. William P. Kratzke, *Normative Economic Analysis of Trademark Law*, 21 MEMPHIS ST. U. L. REV. 199, 223 (1991).

atmospherics. Alternatively, the smoker may instead choose “Gunsmoke” partly because it offers some of the atmospherics associated with “Marlboro” cigarettes at a cheap price.

¶ 56 However, this speculation is hardly sufficient to show that a significant number of sales are likely to be diverted from Philip Morris. In a regular source confusion case, if the consumer buys a product on account of the confusion, he or she is doing so under the mistaken notion that he or she is purchasing from the trademark holder. In contrast, the link to private harm in subliminal confusion cases requires an additional step – that not only are consumers likely to experience positive trademark association, but they are likely to be swayed or distracted from purchasing the plaintiff’s good on account of this association.

¶ 57 The link to private harm is even more attenuated in subliminal confusion cases than in other controversial developments in trademark law that have eroded the traditional doctrine that the trademark holder only controls its mark as a designator of particular products it has produced. For example, some Internet cases have found that a producer infringed merely by meta-tagging its website so as to capture users’ initial interest when the website appears as a result in a search engine.<sup>162</sup> The claims that consumers are confused, that consumer search costs are increased, and that sales are diverted from the trademark holder are particularly weak in these cases since consumers know that search engines do not retrieve only the trademark holder.<sup>163</sup> At the point that consumers are looking up the trademark in the search engine, they may not be looking for a website where they can purchase the trademark holder’s goods.<sup>164</sup> Courts seem to react negatively solely based on the fact that the alleged infringer is free riding upon the goodwill of an established trademark.<sup>165</sup> Subliminal confusion cases go beyond even these controversial initial interest confusion cases because the consumer who makes a purchase or shows initial interest on account of subliminal trademark association may have never shown any interest in the trademark holder at all. This is because the fact that a consumer experienced subliminal trademark association does not mean that he or she had any intention of initiating a search process for the trademark holder’s goods.

¶ 58 Moreover, it seems unlikely that the trademark holder would lose enough sales to affect its incentives, since trademark evocation is a self-limiting marketing strategy so long as it does not cause dilution. Consider “Lois” jeans, which have a double-arc

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162. See *Australian Gold, Inc. v. Hatfield*, No. 03-6218, 2006 WL 305224, at \*9 (10th Cir. 2006); *Brookfield Communications, Inc. v. W. Coast Entm’t Corp.*, 174 F.3d 1036, 1061-62 (9th Cir. 1999); *New York State Soc’y of Certified Pub. Accountants v. Eric Louis Assocs.*, 79 F. Supp. 2d 331, 342-43 (S.D.N.Y. 1999). But see *Playboy Enter. v. Welles*, 78 F. Supp. 2d 1066, 1091-96 (S.D. Cal. 1999).

163. The initial interest confusion cases involving metatags have been widely criticized for this reason. See Dogan & Lemley, *supra* note 79, at 823 n.189 (citing commentators that point out consumers do not expect search engines to yield results affiliated with or sponsored by the trademark holder); David M. Klein & Daniel C. Glazer, *Reconsidering Initial Interest Confusion on the Internet*, 93 TRADEMARK REP. 1035, 1061 (2003); Bryce J. Maynard, *The Initial Interest Confusion Doctrine and Trademark Infringement on the Internet*, 57 WASH. & LEE L. REV. 1303, 1335-36 (2000).

164. See *supra* note 163 and accompanying text.

165. See e.g. *Brookfield*, 174 F.3d at 1062 (“[A]lthough there is no source confusion . . . there is nevertheless initial interest confusion in the sense that . . . West Coast improperly benefits from the goodwill that Brookfield developed in its mark”).

stitched pattern on the back pocket that evokes the stitching on “Levi’s” jeans. In *Lois Sportswear, U.S.A. Inc., v. Levi Strauss & Co.*,<sup>166</sup> the court held that this product design would likely cause post-sale subliminal confusion, i.e., that when the consumer wore the jeans, onlookers would tend to like the jeans because of positive associations with “Levi’s.”<sup>167</sup> But everyone knows that these jeans are not “Levi’s” and that the whole point of buying “Levi’s” is that they are the authentic, timeless all-American jeans.<sup>168</sup> “Lois” jeans say something different: they are about the “authentic” in quotation marks, but they are not authentic.

¶ 59 The producer that chooses to evoke a well-known brand is free riding but is also handicapping itself, because a major component of brand equity is the establishment of differentiated brand attributes.<sup>169</sup> For instance, if the company “Kids ‘R’ Us” had not been found to infringe under the subliminal confusion doctrine in *Toys ‘R’ Us, Inc. v. Canarsie Kiddie Shop, Inc.*,<sup>170</sup> it would have faced barriers in attempting to capture the toy market of “Toys ‘R’ Us” because it had marked itself as an imitator. The stronger the evocation, the greater this handicap becomes. In fact, the trademark evocation may even indirectly strengthen the brand that is evoked, by subliminally suggesting to consumers that this brand is “the one to copy.”<sup>171</sup>

¶ 60 The standard of a mere mental association to the trademark is not narrow enough to ensure that, in a substantial number of cases, the newcomer is appropriating a sale that would have gone to the trademark holder. Although the competitive closeness of the two marks is considered as part of the multi-factor test for likelihood of confusion,<sup>172</sup> courts balance the factors in light of the ultimate question, the likelihood of subliminal trademark association.<sup>173</sup> They have generally found that the plaintiff’s and defendant’s

166. 799 F.2d 867 (2d Cir. 1986).

167. *Id.* at 876.

168. See Ann Bartow, *Likelihood of Confusion*, 41 SAN DIEGO L. REV. 721, 766 (2004) (arguing that courts regard consumers as stupid and naïve, but that of course consumers can tell the difference between brand names and evocative imitations).

169. Swann et al., *supra* note 152, at 804 (describing how competitors differentiate their brands by generating a distinctive atmosphere).

170. See *Toys ‘R’ Us, Inc. v. Canarsie Kiddie Shop, Inc.*, 559 F. Supp. 1189, 1200-01 (E.D.N.Y. 1983)

171. Finch, *supra* note 131, at 1275:

[U]nder the descriptive-use analysis, the private label manufacturer copies a competitor’s trade dress in order to refer to the competitor’s brand name product. This should reinforce, not undermine, the strength of the brand name product’s trade dress as an indicator of source and quality because, in effect, the private label product is indicating that the brand name product is the “one to copy.”

172. See *Polaroid Corporation v. Polarad Electronics Corporation*, 287 F.2d 492, 495 (2d Cir. 1961); *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348 (9th Cir. 1979); *SquirtCo v. Seven-Up Co.*, 628 F.2d 1086, 1091 (8th Cir. 1980) (degree of competition between the goods); *Scott Paper Co. v. Scott’s Liquid Gold, Inc.*, 589 F.2d 1225, 1229 (3d Cir. 1978) (whether same marking channels or same sales targets, relatedness of goods).

173. See *Upjohn Co. v. Am. Home Prods. Corp.*, No. 1:95CV237, 1996 WL 33322175, at \*22 (W.D. Mich. April 5, 1996); *Oxford Industries, Inc. v. JJB Fabrics, Inc.*, No. 84 Civ. 2505 (BN) 1988 WL 9959, \*3, 9 (S.D.N.Y. Feb. 2, 1988); *Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co.*, 631 F. Supp. 735, 747 (S.D.N.Y. 1985); *Toys “R” Us*, 559 F. Supp. at 1200; *Playboy Enters., Inc. v. Chuckleberry Publ’g, Inc. (Playboy I)*, 486 F. Supp. 414, 429 (S.D.N.Y. 1980).

goods compete directly because they belong to the same class of goods and/or are sold in somewhat competitive price ranges.<sup>174</sup> The weight of some of the other factors is minimized due to the fact that subliminal trademark association really has nothing to do with source confusion; the similarity between the marks need not be close,<sup>175</sup> and it is not clear whether the sophistication of the consumer cuts for or against subliminal association.<sup>176</sup> But traditionally, because the entire multi-factor test is balanced so as to determine whether source/affiliation confusion is likely, the entire test also shows whether diversion of sales is ultimately likely. Not only is the cognitive phenomenon of subliminal trademark association ultimately unrelated to source confusion, but it is not limited to cases of related goods, as the dilution doctrine shows. Yet, it is desirable to limit the confusion doctrine to the source confusion concept and to related goods since these doctrinal elements ensure a close link to diversion of sales.

¶ 61 With respect to addressing private harm, the subliminal confusion doctrine is less precise than the dilution doctrine has the potential to become. The fact that consumers are reminded of the established trademark when they see the imitation trademark does not in itself show that the trademark holder is likely to lose sales or brand equity. On the other hand, if consumers are unable, in a marketing context, to identify the goods produced by the trademark holder when they encounter the brand name, due to mental associations with the defendant's mark, there is a loss in the primary source-identifying value of the mark.<sup>177</sup> Consumer surveys could be written so as to pinpoint this loss: a consumer could be asked to identify or describe the good that is produced by the trademark holder.<sup>178</sup> The rhetoric against free riding makes more sense in the dilution

174. See, e.g. *Sunquest Info. Sys., Inc. v. Park City Solutions, Inc.*, 130 F. Supp. 2d 680, 689 (W.D. Pa. 2000) (plaintiff and defendant produced competing medical software and defendant sold consulting services to implement plaintiff's software); *In re Leslie Fay Cos.*, 216 B.R. 117, 129 (S.D.N.Y. 1997) (the two products were both ties retailing within a few dollars of one another); *Upjohn*, 1996 WL 3332175 at \*9 (the two products were both female hormone supplements); *Sara Lee Corp. v. Kayser-Roth Corp.*, No. 6:92CV00460, 1992 WL 436279, \*19 (M.D.N.C. Nov. 3, 1992) (both products were spandex pantyhose); *Farberware, Inc. v. Mr. Coffee, Inc.*, 740 F. Supp. 291, 301-02 (D. Del. 1990) (both products were coffee makers); *Philip Morris Inc. v. Star Tobacco Corp.*, 879 F. Supp. 379, 386 (S.D.N.Y. 1995) (both products were cigarettes); *Lois Sportswear*, 631 F. Supp. at 742-43 (both products were jeans, although there may have been a price differential); *P.F. Cosmetique, S.A. v. Minnetonka Inc.*, 605 F. Supp. 662, 671 (S.D.N.Y. 1985) (trade dresses were both used for shampoos, conditioners, and soaps in the premium price beauty care market); *Toys 'R' Us*, 559 F. Supp. at 1198 (both companies sold children's clothing, although clothing was not plaintiff's major business); *Grotrian, Helfferich, Schulz, Th. Steinweg Nachf. v. Steinway & Sons (Steinway II)*, 523 F.2d 1331, 1336 n.8 (2d Cir. 1975) (both products were pianos sold in a similar price range); *Ortho Pharm. Corp. v. Am. Cyanamid Co.*, 361 F. Supp. 1032, 1039 (D.N.J. 1973) (both products were Rh immune globulin and were likely to be stocked in the same hospitals).

175. See *Playboy III*, 687 F.2d at 570 ("Playboy" versus "Adelina" with "Playmen" subtitle).

176. See *Leslie Fay*, 216 B.R. at 132 (stating that since the junior product was mass marketed at a low price point, customers were likely to be unsophisticated; even if arguably they were sophisticated because of their strong awareness of the status of the brand name, this very awareness could make them easily misled); *Philip Morris*, 879 F. Supp. at 388 (sophistication of consumers increased likelihood of subliminal confusion).

177. See *Dogan & Lemley*, *supra* note 79, at 790 (stating that dilution harms the source-identifying function of a mark).

178. So as to fulfill the Supreme Court's requirement in *Moseley* that actual loss of distinctiveness rather than a mere mental association be shown, the survey might ask consumers what goods are marketed under the plaintiff's trademark, rather than what comes to mind when they think of the trademark. The

context because loss of distinctiveness presents an exception to the rule that free riding upon the commercial value of information does not in itself create negative externalities. When free riding creates loss of distinctiveness, there is essentially a degradation in the overall social value of the trademark itself as a symbol – with effects much like the “tragedy of the commons.”<sup>179</sup> Despite the limitation of the dilution doctrine to famous marks, it is potentially much more effective in addressing the private (and public) harms of trademark imitation.

## V. THE PUBLIC DOMAIN AND THE PUBLIC INTEREST

### A. The Norms of the Public Domain and Trademark Evocations

¶ 62 Arguably, in close cases, the court should favor the public domain, given that the subliminal confusion cause of action involves the internalization of attenuated spillover effects, and does not consistently remedy consumer confusion. The potential ill effects of overbroad trademark protection are well known: increased prices leading to deadweight loss, decreased quality of goods as trademark holders are shielded from market discipline, rent-seeking by trademark holders, barriers to entry, and decreased public access to information.<sup>180</sup> This paper focuses upon the last of these ill effects because the public domain’s relationship to trademark law seems highly ambiguous. Aside from the constraints of the First Amendment, is there any positive content to the public domain in trademark law? Or is the public domain simply whatever is left unprotected by trademark law, exerting no normative influence upon hard cases? As Judge Kozinski and others have pointed out, the fact that brand names have become goods in themselves and an inseparable part of mainstream culture has policy repercussions beyond cases in which the defendant has countervailing First Amendment rights.<sup>181</sup> Stacey Dogan argues that the public, rather than the trademark holder, has a “right to evoke” the mark, when the evocation does not impair the search process.<sup>182</sup> But where does the public’s “right to evoke” come from?

¶ 63 David Lange describes the unifying foundation for the public domain in positive terms as a right to creative imagination, which is partially, but inadequately, protected by

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goal would be to test consumers’ knowledge rather than their subconscious mental associations. Cf. Alexander Simonson, *How and When Do Trademarks Dilute: A Behavioral Framework to Judge “Likelihood” of Dilution*, 83 TRADEMARK REP. 149, 168-73 (1993) (discussing the major direct method of testing for blurring, in which consumers are asked to identify the types of products that come to mind when they think of the trademark, and in which test results acquired prior to the introduction of the new brand are compared with results at the time of suit).

179. This “tragedy of the commons” argument for privatization has been made with regard to domain names, which are policed under the Anti-Cybersquatting Consumer Protection Act. Anupam Chander, *The New, New Property*, 81 TEX. L. REV. 715, 780-81 (2003). *But see* Lemley, *supra* note 156, at 145 (dismissing the Landes & Posner view that overuse of cultural icons diminishes the total demand for the icon by suggesting that some subversion is socially desirable).

180. Landes & Posner, *supra* note 86, at 268-69; Lemley, *supra* note 159, at 1058; Lunney, *supra* note 82, at 427-31.

181. Kozinski, *supra* note 94, at 973-74.

182. *See generally* Dogan, *supra* note 126.

the First Amendment.<sup>183</sup> The right to creative imagination might be envisioned as an individual, quasi-constitutional liberty issuing from the penumbra of the First Amendment: Jed Rubenfeld has described the main principle of the First Amendment as the freedom of imagination.<sup>184</sup> But this assertion in itself does not do a great deal of work since, under the incentive theory, the intellectual property laws themselves should be serving these ends.<sup>185</sup> The Supreme Court has stated, in *Eldred v. Ashcroft*,<sup>186</sup> that copyright protection itself serves to promote First Amendment values of creative expression.<sup>187</sup> On the other hand, the Court in *Eldred* went on to suggest that fair use and idea/expression limitations upon copyright law also promote creative expression.<sup>188</sup>

¶ 64 The non-economic, moral interpretation of these statements might be that the author acquires, through the mental exercise of imagination, both a right to fair terms of entry and subsequent limited intellectual property protection.<sup>189</sup> In other words, the expression of imagination requires a right to borrow as well as a right to exclude others from borrowing. Jessica Litman has similarly contended that the public domain should be seen as the result of a more realistic, less individualistic theory of creativity and authorship than is posited by the main body of copyright law.<sup>190</sup> Some copyright scholars have indeed tried to turn the theory of moral rights on its head by emphasizing the role of the public at large in “recoding” existing works, an aspect of creativity that is

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183. David Lange, *Reimagining the Public Domain*, 66 LAW & CONTEMP. PROBS. 463, 474 (2003) (“Imagine the public domain as a status that arises from the exercise of the creative imagination, thus to confer entitlements, privileges and immunities in the service of that exercise; a status independently and affirmatively recognized in law . . .”). Lange attributes to Jed Rubenfeld the idea that the First Amendment essentially protects “the freedom of imagination.” *Id.* at 476.

184. Jed Rubenfeld, *The Freedom of Imagination: Copyright’s Constitutionality*, 112 YALE L.J. 1, 37 (2002).

185. “The Congress shall have Power . . . 8) To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries . . .” U.S. CONST. art. I, § 8. This clause is interpreted by the Supreme Court as authorizing Congress to grant copyrights and patents for the purpose of providing incentives for creativity and innovation: “The monopoly privileges that Congress may authorize [under the Intellectual Property Clause] are neither unlimited nor primarily designed to provide a special private benefit. Rather, the limited grant is a means by which an important public purpose may be achieved. It is intended to motivate the creative activity of authors and inventors by the provision of a special reward, and to allow the public access to the products of their genius after the limited period of exclusive control has expired.” *Sony Corp. of America v. University City Studios, Inc.*, 464 U.S. 417, 429 (1984).

186. 537 U.S. 186 (2003).

187. *Id.* at 219.

188. *Id.* at 219-20.

189. *Cf.* Wendy J. Gordon, *A Property Right in Self-Expression: Equality and Individualism in the Natural Law of Intellectual Property*, 102 YALE L.J. 1533, 1544-49 (1993) (describing natural rights theory in which the author has property rights over what he or she creates). Natural rights in creative imagination should not be confused with a labor theory: products of labor may exhibit little imagination and vice versa.

190. Jessica Litman, *The Public Domain*, 39 EMORY L.J. 965, 1023 (1990). Echoing these arguments of copyright scholars, Steven Wilf attempts to establish a public domain baseline for trademark law on the basis of moral rights based upon the “public authorship” of trademarks. He attempts to construct a theory of the relationship between intellectual property and the cultural commons by fusing two aspects of Locke: the labor theory of property and the personality theory of language. *See* Steven Wilf, *Who Authors Trademarks?*, 17 CARDOZO ARTS & ENT. L.J. 1, 4-5 (1999) (“It is the collective personality of culture that participates in the authorship of trademarks and that act of collective labor establishes a stake to trademark symbolism contemporaneous with any private claims.”).

reflected by the fair use doctrine's favoring of "transformative" new works.<sup>191</sup>

¶ 65 Trademark commentators have transplanted these arguments to trademark contexts by voicing objections to expansions in the rights of publicity of celebrities.<sup>192</sup> Criticism has been particularly intense surrounding rights of publicity that allow celebrities to block producers from evoking celebrity "personae" in commercial contexts even in the absence of a reproduction of the celebrity's actual image or voice.<sup>193</sup> As this literature points out, the goodwill and cultural concepts associated with these personae are created by a dialogue between celebrities and the public.<sup>194</sup> Thus, the argument is that the associational pathways by which celebrities' personae are evoked should belong in the public domain.<sup>195</sup> The core of these critiques, although unstated, is presumably that the public has played a larger role in "joint authorship" of evocations of "personae" than in generating the literal likeness or the "brand equity" of the literal likeness and that evocations do not significantly harm the market for the likeness.

¶ 66 But a reinterpretation of the authorship principle may not offer the best foundation for the public domain, at least in the trademark context. Unless the proposition is that all intellectual property protection ought to be abolished, the idea of "public authorship" does not help us decide when the moral rights of the newcomer outweigh the moral rights of the existing trademark holder.<sup>196</sup> It is true that, in contrast to copyright subject matter,

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191. See, e.g., Keith Aoki, *Adrift in the Intertext: Authorship and Audience "Recoding" Rights*, 68 CHI.-KENT L. REV. 805, 810 (1993).

192. See, e.g., Rochelle Dreyfuss, *We Are Symbols and Inhabit Symbols, So Should We Be Paying Rent? Deconstructing the Lanham Act and Rights of Publicity*, 20 COLUM.-VLA J.L. & ARTS 123, 156 (1996); David Lange, *Recognizing the Public Domain*, 44 LAW & CONTEMP. PROBS. 147, 158-59 (1982); Michael Madow, *Private Ownership of Public Image: Popular Culture and Publicity Rights*, 81 CAL. L. REV. 125, 133 (1993).

193. Although rights of publicity have historically been established by state law, some federal cases under the Lanham Act have come near to granting rights of publicity by setting an extremely low threshold for likelihood of affiliation confusion. See, e.g., *White v. Samsung Elecs. Am., Inc.*, 971 F.2d 1395, 1401 (9th Cir. 1992), *reh'g denied*, 989 F.2d 1515 (9th Cir.), *cert. denied*, 113 S. Ct. 2443 (1993); *Allen v. Nat'l Video, Inc.*, 610 F. Supp. 612, 627-29 (S.D.N.Y. 1985). Some trademark scholars have vehemently opposed these developments. See, e.g., Dreyfuss, *supra* note 192, at 156; Lange, *supra* note 192, at 158-59; Michael Madow, *supra* note 192, at 133. Their efforts have borne fruit in the area of rights of publicity in California, where precedents have been established for allowing unauthorized "transformative" uses of celebrity likenesses. *Winter v. DC Comics*, 99 Cal.App. 4th 458 (2002) (finding comic book based upon musicians Johnny and Edgar Winter created triable fact, in misappropriation case, as to "transformative use"); *Comedy III Prod., Inc. v. Saderup*, 25 Cal.4th 387, 409 (2001) (enjoining lithographs and t-shirts bearing likeness of The Three Stooges under balancing test because work was not "transformative").

194. See, e.g., Dreyfuss, *supra* note 192, at 139 (citing debate among copyright scholars as to the role of audience "recoding" of works with new meanings, in relation to fair use doctrine); Vincent M. de Grandpre, *Understanding the Market for Celebrity: An Economic Analysis of the Right of Publicity*, 12 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 73, 108 (2001) (describing the prevention of public "recoding" resulting from rights of publicity in terms of the internalization of a positive externality).

195. Boyle, *supra* note 159, at 59 (advocating that the public domain be treated as a baseline, so that "doubtful cases of infringement ought always to be resolved in favor of the defendant"); Dreyfuss, *supra* note 192, at 139-40.

196. Carol Rose made the same criticism about copyright scholars' attempts to subvert the authorship principle:

Insofar as the critique of the author principle is an argument against partial propertization, it is in some ways ambiguous; it is not clear that this argument



trademarks often consist of simple words such as “Assure,” “Tide,” and “Scope” or simple slogans such as “It’s the real thing.” The trademark holder can hardly claim to have “authored” these forms of expression.<sup>197</sup> On the other hand, some fanciful marks, i.e., “words invented solely for their use as trademarks,” are products of considerable originality – “Xerox,” for example.<sup>198</sup> Moral rights become even murkier when the concept of creative imagination is expanded to include transformations of existing words or trademarks. Transformation is arguably the essential component of creative imagination in trademarks.<sup>199</sup> Because trademarks primarily serve the function of identifying the products of particular producers, use becomes part of the “authorship” process. Suggestive and arbitrary marks are, in a way, just as imaginative as fanciful trademarks because they create new, nonobvious uses for existing words: the word “Veuve,” meaning “widow” in French, has now become an arbitrary trademark for champagne and sparkling wine.<sup>200</sup> Once we lived in a time when perfumes commented upon the prevailing dynamic between the sexes through names such as “Obsession” and “Poison”; surely there was a change in *Zeitgeist* when women began to wear “Eternity.” Transformations are also born out of commercial use: descriptive marks become new uses of language when they take on secondary meaning.<sup>201</sup> The public’s reception is part of the “authorship” process since its acceptance of the new, brand-identifying function for a common word is required before a trademark is created.<sup>202</sup> Does this mean that descriptive marks, regardless of how strong they have become, are less worthy of protection? Some types of borrowing from existing trademarks exhibit creativity through generation of new words (e.g., “Rho-Imune” from “RhoGAM”) while others create novel uses (e.g., “Buick” for aspirin). If the theory is moral desert, how would creative imagination be measured? It may not take a great deal of labor to borrow “Buick” for aspirin, but this new use certainly represents a leap of the imagination. Consumers may

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eschews property in principle, or whether its proponents in theory could be satisfied by a more complete extension of property rights to currently unpropertized materials made by previously unrecognized contributors. If the latter, then what appears to be a claim of “too much property” could in principle turn into its opposite: “too little property.”

*The Several Futures of Property: Of Cyberspace and Folktales, Emission Trades and Ecosystems*, 83 MINN. L. REV. 129, 152-53 (1998).

197. Joel R. Feldman, *Reverse Confusion in Trademarks: Balancing the Interests of the Public, the Trademark Owner and the Infringer*, 8 J. TECH. L. & POL’Y 163, 173 (2003) (rejecting moral rights in trademarks since they do not reflect the “personality” of the creator).

198. See *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 11 n.12 (2d Cir. 1976) (defining fanciful marks as “words invented solely for their use as trademarks”).

199. Cf. Wilf, *supra* note 190, at 33 (describing the producer’s role in the creation of trademarks as the assignment of a product-denoting “primary meaning,” while the public supplies a “secondary meaning”).

200. *Palm Bay Imports, Inc. v. Veuve Clicquot Ponsardin Maison*, 396 F.3d 1369, 1372 (Fed. Cir. 2005) (deciding that “Veuve” for champagne and sparkling wine was arbitrary).

201. See *Wal-Mart Stores, Inc. v. Samara Brothers, Inc.*, 529 U.S. 205, 211 (2000) (stating “a mark has acquired distinctiveness, even if it is not inherently distinctive, if it has developed secondary meaning, which occurs when, ‘in the minds of the public, the primary significance of a [mark] is to identify the source of the product rather than the product itself.’”) (internal citations omitted).

202. See *Kellogg Co. v. Nat’l Biscuit Co.*, 305 U.S. 111, 118 (1938) (stating that to receive trademark protection, plaintiff must show secondary meaning, i.e., that “the primary significance of the term in the minds of the consuming public is not the product but the producer”).

begin to associate cars with aspirin in a novel way. The idea of “transformative fair use” does not translate well from copyrights to trademarks since judges will have difficulty evaluating gradations of creativity in brief words or slogans.

¶ 67 A more promising theory of the public domain for trademark evocations rests upon the social desirability of synergies between some types of ideas.<sup>203</sup> Common to patent, copyright, and trademark law is the policy that abstract ideas and important representations of ideas must remain in the public domain.<sup>204</sup> There are different ways to frame the ends of synergies between ideas, i.e. synergies promote the progress of science and stimulate competition. In his dissent to *White v. Samsung Electronics America, Inc.*,<sup>205</sup> Judge Kozinski offers the first of these ends in support of a positive concept of the public domain, describing limiting doctrines in trademark law as “necessary to maintain a free environment in which creative genius can flourish”<sup>206</sup> and “the means by which intellectual property law advances the progress of science and art.”<sup>207</sup> Synergies between ideas used in the marketing of goods could be seen as serving purely economic purposes: for example, genericism allows producers to identify a class of goods so that they can compete,<sup>208</sup> and functionality permits them to duplicate an important product attribute.<sup>209</sup> But cultural studies scholars view consumption itself as a socially situated form of self-expression that generates cultural resonances between texts,<sup>210</sup> suggesting that synergies between ideas can be seen as promoting cultural knowledge, even in relation to trademark law.

¶ 68 In subliminal trademark association, the role of the original trademark falls in the middle of the spectrum of abstractness between core trademark function as a designator of a producer’s goods and as a source for the advertising idea. Rochelle Dreyfuss calls uses of trademarks solely for their advertising value “surplus value” cases, which occupy the no man’s land between protectable “signaling” uses and unprotectable “expressive”

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203. Carol M. Rose, *Romans, Roads, and Romantic Creators: Traditions of Public Property in the Information Age*, 66 LAW & CONTEMP. PROBS. 89, 102 (comparing “intellectual space” to the *res publicae* of property law, due to the desirability of synergies and the “obstructions” created by transaction costs enforced by intellectual property laws); Justin Hughes, *The Philosophy of Intellectual Property*, 77 GEO. L.J. 287, 319-323 (1988) (describing ideas that must remain in the commons due to their importance).

204. 17 U.S.C. § 102(b) (2005) (“In no case does copyright protection for an original work of authorship extend to any idea . . .”); *Diamond v. Diehr*, 450 U.S. 175, 192 (1980) (noting that natural laws, phenomena of nature, and abstract principles are not eligible for patent); *Baker v. Selden*, 101 U.S. 99, 100 (1879) (establishing the “merger” doctrine, i.e., that where a system cannot be used without employing a particular form of expression or forms similar to it, that form of expression cannot be copyrighted).

205. *White v. Samsung Electronics America, Inc.*, 989 F.2d 1395 (9th Cir. 1992).

206. *Id.* at 1516.

207. *Id.* at 1517.

208. *See Standard Paint Co. v. Trinidad Asphalt Mfg. Co.*, 220 U.S. 446, 453-54 (1911) (genericism prevents monopolization in the market for a good).

209. *See Qualitex Co. v. Jacobson Prods. Co., Inc.*, 514 U.S. 159, 170 (1995) (doctrine of aesthetic functionality requires courts to determine whether competition is hindered through one competitor’s exclusive use of an important product ingredient).

210. Kysar, *supra* note 92, at 1757-58 (citing JEAN BAUDRILLARD, *Consumer Society*, in SELECTED WRITINGS 29, 46 (Mark Poster ed. 1988); JAMES B. TWITCHELL, LEAD US INTO TEMPTATION: THE TRIUMPH OF AMERICAN MATERIALISM 68 (1999)).

uses of trademarks.<sup>211</sup> In contrast to paradigmatic “surplus value” cases such as T-shirts emblazoned with trademarks, however, subliminal confusion cases allow trademark holders to appropriate the culturally determined conceptual pathways by which consumers associate marks. “Grotrian-Steinweg” connotes an “Old World” version of the ultimate professional player’s grand piano, the Steinway.<sup>212</sup> These pathways are ideas that should remain in the cultural commons. Unlike the case of abstract ideas, newcomers may not absolutely need to make use of trademark evocation in order to compete in the market for a particular physical good (although they may plausibly argue that consumers are “locked into” major brand names). But consumers also have an inchoate demand for cultural meaning.<sup>213</sup> The production and consumption of trademark evocations serve the larger social purpose of adding to the “cultural equity” of advertising ideas.

¶ 69 Since trademark holders cannot be relied upon to spin off their own evocations, and because licensing is costly, some free riding is desirable, so long as *ex ante* incentives for investment are not affected. Even if trademark holders spin off some evocations, the evocations by competitors are more likely to reflect alternative points of view. Consumption of trademark evocations is a means of both participating in and rejecting/reinterpreting brand name culture. Regardless of the degree to which one thinks that the newcomer’s speech rights ought to be limited in a commercial context, the consumers themselves also need opportunities to purchase products that transform mainstream trademark culture. Purchases of “Lois” jeans resulting from subliminal trademark association with “Levi’s”<sup>214</sup> may be influenced as much by what “Lois” jeans are not (the authentic All-American jean) as by what they are (a reference to the authentic All-American jean). The innumerable variations upon the “Hello Kitty” character that one finds on imported merchandise sold in Chinatown has become a subculture in its own right. Yochai Benkler describes the potential loss of choice that results from the concentration of control over information in terms of a loss of autonomy:

If all the options one has — even if, in the purely quantitative sense, they are “adequate” — are conventional or mainstream, then one loses an important dimension of self-creation. The point is not that to be truly autonomous one necessarily must be unconventional. Rather, the point is that if self-governance for an individual consists in critical reflection and re-creation by making choices over the course of his life, then some of the options open must be other than those that he would choose simply by drifting through life adopting a life plan for no reason other than that it is adopted by most others.<sup>215</sup>

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211. Dreyfuss, *supra* note 94, at 402.

212. See Grotrian, Helfferich, Schulz, Th. Steinweg Nachf. v. Steinway & Sons (*Steinway II*), 523 F.2d 1331, 1342 (2d Cir. 1975) (“Grotrian-Steinweg” name for piano infringed upon “Steinway & Sons” trademark).

213. Kysar, *supra* note 92, at 1757 (“Accordingly, theorists should assume an insatiable desire, not for objects, but for the meanings, implications, and values that objects import.”).

214. See *Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co.*, 631 F. Supp. 735, 747-48 (S.D.N.Y. 1985) (arcuate design on pockets of expensive “Lois” jeans infringed upon trademarked “Levi’s” arcuate).

215. Yochai Benkler, *Siren Songs and Amish Children: Autonomy, Information and Law*, 76 N.Y.U. L. REV. 23, 53-54 (2001).

¶70 Less individualistic accounts of consumer choice emphasize the values of democratic participation and cultural pluralism.<sup>216</sup> But of course, not all forms of borrowing enrich trademark-related culture and should be given the high priority reserved for synergies between abstract ideas. If such borrowing produces source confusion or dilution, it may interfere with the denotative clarity of trademarks as signifiers rather than enrich the language. For instance, if the consumer erroneously infers that Philip Morris produces “Gunsmoke” cigarettes, no inter-textual association is created between the two brands; all that happens is a breakdown in an existing denotation.<sup>217</sup>

¶71 Dilution by blurring, and perhaps even by tarnishment, has similar effects. Judge Posner has described how both types of dilution exact an “imagination cost” from the consumer, who has to think harder in order to figure out which products are associated with a particular famous trademark.<sup>218</sup> The brevity of trademarks and the sparseness of context create a highly artificial language that must be policed to avoid linguistic failure. In contrast, subliminal trademark associations, so long as they do not dilute, will only create positive synergies.

¶72 After all, the trademark that is evoked in subliminal trademark association plays only an abstract, symbolic role in the consumer’s search process, akin in some respects to that of an advertising idea: there is no requirement that the consumer have displayed an interest in purchasing the trademark holder’s goods. The bright line between the unprotectable advertising idea and the protectable, perceptually defined trademark is also brought into question by the nature of subliminal mental association, as I will explain below. If the “Gunsmoke” trade dress replicated the “Marlboro” trade dress closely, the court in *Philip Morris* would probably have found regular source confusion and the subliminal confusion doctrine would be redundant. In fact, the producer of “Gunsmoke” argued that it had merely appropriated a “Western” theme for the trade dress.<sup>219</sup>

¶73 A number of cases have found that marketing themes or ideas belong in the public domain and cannot be infringed. For example, the court in *Best Cellars, Inc. v. Grape Finds at Dupont, Inc.*<sup>220</sup> decided that certain design ideas behind a wine store, such as the classification of wines into categories of taste that could be easily comprehended by a wine neophyte, could not be infringed.<sup>221</sup> The goodwill belonging to this classification concept may have been partially generated by Best Cellars, but nevertheless the company

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216. Madow, *supra* note 192, at 239 (suggesting that rights of publicity centralize control of information, resulting in the suppression of democratic participation and cultural pluralism).

217. See *Philip Morris Inc. v. Star Tobacco Corp.*, 879 F. Supp. 379 (S.D.N.Y. 1995).

218. *Ty Inc. v. Perryman*, 306 F.3d 509, 511 (7th Cir. 2002).

219. The court is rather vague in explaining why the borrowed elements were narrower than a Western theme:

The trade dress Philip Morris seeks to protect consists of specific manifestations of a Western motif: the picture of a cowboy on a cigarette pack; figures of cowboys who have come over time to be known as the “Marlboro Man”; and those evocative stretches of the Western landscape, not to be found on any map or ordinance survey, called “Marlboro Country.”

*Philip Morris*, 879 F. Supp. at 385.

220. *Best Cellars, Inc. v. Grape Finds at Dupont, Inc.*, 90 F. Supp. 2d 431 (S.D.N.Y. 2000).

221. *Id.* at 453, 458.

could not enjoin free riding upon the concept. Similarly in *Haagen-Dazs, Inc. v. Frusen Gladje Ltd.*,<sup>222</sup> a court refused to find that “Frusen Gladje” infringed upon the Scandinavian concept of “Haagen-Dazs.”<sup>223</sup> The *Haagen-Dazs* court held that a newcomer could not misappropriate the goodwill of a marketing theme: “it would be unreasonable to suggest that since plaintiff was the first to market a premium ice cream product by employing a ‘Scandinavian flair’, it be permitted to use such a marketing technique in the relevant product market to the exclusion of all others.”<sup>224</sup>

¶74 Presumably, in a subliminal confusion case, the allegedly infringing mark should reproduce distinct perceptual elements of the original trademark; otherwise the use would be impossible to distinguish from the borrowing of an advertising idea.<sup>225</sup> But the mental association standard can cause courts to tread the line between protection of ideas or generic concepts and protection of marks. Trademark association can be triggered by the combination of an independently insignificant similarity between the marks and a borrowed advertising idea. For example, “Chaps” cologne is sold in an emerald green package. The combination of the color and the British or “preppy” concept unmistakably reminds consumers of Ralph Lauren’s “Polo,” although the green trade dress may not itself have acquired secondary meaning and the concept is unprotectable. “Chaps” is actually produced by Lauren, but what if it had been produced by a competitor? Can the “Chaps” cologne be enjoined through the subliminal confusion action?

¶75 This danger is suggested by some subliminal confusion cases such as *Toys ‘R’ Us, Incorporated v. Canarsie Kiddie Shop, Incorporated*.<sup>226</sup> The borrowed element may be assumed to be strong solely because the evoked trademark is strong and the allegedly infringing mark creates subliminal trademark association, thereby extending the perceptual boundaries of the trademark holder’s mark to simple phonemes which have substantial generic or descriptive meanings. For instance, “Kids ‘R’ Us” certainly evokes the strong mark “Toys ‘R’ Us,” but it does so by borrowing the theme of children and the descriptive phrase “‘R’ Us,” which arguably lacks secondary meaning.<sup>227</sup> The inquiry as to whether the borrowed element is generic, descriptive without secondary meaning or an idea should precede the confusion test, but the distinction between concepts and marks will not always be easy to draw. As a result, the court in *Toys ‘R’ Us* seemed to reason backwards.<sup>228</sup>

¶76 The recent Supreme Court decision in *KP Permanent Make-Up, Inc. v. Lasting*

222. *Haagen-Dazs, Inc. v. Frusen Gladje Ltd.*, 493 F. Supp. 73 (S.D.N.Y. 1980).

223. *Id.* at 74.

224. *Id.* at 75.

225. For example, “Prempro” borrows the prefix of “Provera.” *Upjohn Co. v. Am. Home Prods. Corp.*, No. 1:95CV237, 1996 WL 33322175, at \*8, (W.D. Mich. April 5, 1996).

226. *Toys ‘R’ Us, Inc. v. Canarsie Kiddie Shop, Inc.*, 559 F. Supp. 1189 (E.D.N.Y. 1983).

227. The court decided that “Toys ‘R’ Us” had acquired secondary meaning, and that “Kids ‘R’ Us” was likely to be mentally associated with “Toys ‘R’ Us.” There was no preliminary inquiry into the strength of the borrowed element itself, “‘R’ Us,” without the cue of the advertising idea of kids’ toys. In other words, should the trademark holder be able to appropriate the combination of possibly descriptive elements with a borrowed advertising idea, simply because the combination as a whole evokes its mark? *Toys ‘R’ Us, Inc. v. Canarsie Kiddie Shop, Inc.*, 559 F. Supp. 1189, 1197 (E.D.N.Y. 1983).

228. *See id.* (describing the reasoning of the *Toys ‘R’ Us* court).

*Impression I, Inc.*<sup>229</sup> attempted to correct exactly this backwards reasoning with regard to concepts and marks used as concepts. The Court held that defendants who assert the fair use affirmative defense to a trademark infringement suit involving a registered mark do not have the burden of negating any likelihood of confusion claimed by the plaintiff.<sup>230</sup> The dispute over the fair use defense is indicative of the temptation for courts to leap to a conclusion based upon their instinct that trademark association or confusion is likely.

¶ 77 Since trademarks are brief to begin with, there is always a danger that ideas that can only be expressed in a limited number of “sound bites” become privatized.<sup>231</sup> The problem is not that the pool of advertising ideas will be somehow depleted if basic English words or meaningful parts of words like “pro-” from “Provera” become increasingly privatized in some market contexts, but rather that “pro-” efficiently encapsulates a distinct concept for which there are no substitutes.<sup>232</sup> The fair use and nominative fair use doctrines recognize that even non-generic trademarks have non-source-identifying uses as concepts that must be returned to the public domain. Thus, an advertisement utilizing the phrase “feels like a sneaker” may not infringe upon the trademark “Looks Like A Pump, Feels Like A Sneaker,” which is associated with Easy Spirit.<sup>233</sup> The depiction of Barbie in a parodic photograph does not infringe upon the “Barbie” trade dress if it is necessary to identify Mattel’s product as a reference in the artwork.<sup>234</sup> Evocations of a trademark for its advertising value as a symbol should be classified as conceptual in nature, especially since contextual information may not be called to mind during subliminal associations in the manner of conscious “recollections.”

¶ 78 In addition, similarity between two marks is only one factor in the multi-factor balancing test.<sup>235</sup> If the ultimate inquiry is the mere likelihood of a mental association, future plaintiffs may seize the opportunity to bring suit under facts resembling the ones in *Mobil Oil Corp. v. Pegasus Petroleum Corp.*,<sup>236</sup> in which the “Pegasus Petroleum” mark was deemed to have infringed upon Mobil’s logo depicting a flying horse.<sup>237</sup> *Pegasus Petroleum* really makes the most sense as a case of subliminal initial interest confusion,

229. 160 L. Ed. 2d 440 (2004).

230. *Id.* at 446.

231. See Dreyfuss, *supra* note 192, at 138 (“[H]umans seem to process densely packed information units more readily than less concentrated linguistic segments”); Dreyfuss, *supra* note 94, at 415 (“If densely packed units – words infused with sets of denotations and associated connotations – are processed more readily than longer, less concentrated linguistic segments, loss of words can, in a very real sense, be equated with loss or the ability to communicate.”).

232. See *id.* This problem can be compared to the “aesthetic functionality” doctrine: there is little likelihood that the supply of colors would be depleted by allowing colors as trademarks, but particular colors that are essential to the competitiveness of a product must be left in the public domain. See *Qualitex Co. v. Jacobson Prods. Co., Inc.*, 514 U.S. 159, 168-69 (1995) (rejecting argument of color depletion).

233. See *U.S. Shoe Corp. v. Brown Group, Inc.*, 740 F. Supp. 196, 199 (S.D.N.Y. 1990) (finding no infringement for such use).

234. *Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792, 809 (9th Cir. 2003).

235. See *e.g.* *Polaroid Corporation v. Polarad Electronics Corporation*, 287 F.2d 492, 495 (2d Cir. 1961); *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348 (9th Cir. 1979); *SquirtCo v. Seven-Up Co.*, 628 F.2d 1086, 1091 (8th Cir. 1980); *Scott Paper Co. v. Scott’s Liquid Gold, Inc.*, 589 F.2d 1225, 1229 (3d Cir. 1978).

236. *Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254 (2d Cir. 1987).

237. *Id.*

although the court did not explicitly make reference to this concept. The line between borrowing an advertising idea and trademark infringement was arguably drawn in that case based upon the likelihood of mental association between “Pegasus” and the “flying horse” logo, thereby legally putting the cart before the horse.<sup>238</sup> Mobil’s “flying horse” logo may have secondary meaning, but what Pegasus borrowed was no more than a concept designating a well-known mythical creature.<sup>239</sup> Since the word “Pegasus” and the pictorial depiction of a flying horse share no concrete perceptual elements, the first issue should have been not whether the ostensible mark had secondary meaning, but whether what Pegasus borrowed was really an advertising idea. An idea, in contrast to a form of concrete expression, should be unprotectable even if it has taken on secondary meaning in some marketing contexts, and even if borrowing the idea causes source confusion. Any time that a producer comes up with an innovative advertising idea, such as the wine classification system in *Best Cellars*, borrowing the concept will likely cause trademark association or even confusion. If we proceed to a pure mental association standard, as the subliminal trademark association action implies, the door is opened to cases that truly challenge the distinction between ideas and marks. *Philip Morris* hints at this difficulty, as the discussion above of the case revealed.<sup>240</sup>

¶ 79 As in the cases involving marketing concepts or marks that have become generic, the goodwill that is evoked by the allegedly infringing mark in subliminal trademark association has to do with how the trademark fits into our culture as a whole via associational pathways that have become unconscious.<sup>241</sup> When people freely associate, there are any number of culturally and subjectively determined neural pathways that lead to the evoked trademark. The trademark holder cannot appropriate all of these connections. Only when there is source/affiliation confusion should the goodwill resulting from trademark association be confidently interpreted as “brand equity” rather than “cultural equity.”

¶ 80 The legal inquiry in subliminal confusion cases seems to be merely whether the consumer will mentally associate the two marks, while the cognitive theory that they will react favorably solely on account of free riding upon the “brand equity” of the evoked

238. *See id.* at 257 (citing to the district court’s decision):

We find that the similarity of the mark exists in the strong probability that prospective purchasers of defendant’s product will equate or translate Mobil’s symbol for “Pegasus” and vice versa.

We find that the word “Pegasus” evokes the symbol of the flying red horse and that the flying horse is associated in the mind with Mobil. In other words, the symbol of the flying horse and its name ‘Pegasus’ are synonymous.

239. *Id.* at 257 (citing the district court’s finding that the flying horse was associated with Mobil).

240. *See supra* note 224 (quoting the opinion’s vague comments justifying its conclusion that the borrowed elements were more specific than an advertising theme).

241. Kysar, *supra* note 92, at 1757 (“Those who view consumer goods merely as vehicles for satisfying individual, unspecified desires ignore the many ways in which consumer product markets are culturally inflected. Accordingly, theorists should assume an insatiable desire, not for objects, but for the meanings, implications, and values that objects import.”); Madow, *supra* note 194, at 195:

The meanings a star image comes to have, and hence the ‘publicity values’ that attach to it, are determined by what different groups and individuals, with different needs and interests, make of it and from it, as they use it to make sense of and construct themselves and the world.

mark is assumed in all cases.<sup>242</sup> But the goodwill that is produced when the consumer makes the connection between the allegedly infringing mark and the mark that is evoked constitutes the consumer's evaluation of a transformation of the original mark. Courts in the subliminal confusion cases conceive of the evocative mark as if its equity could be measured entirely as a function of its imitation of the brand name.<sup>243</sup> However, in the *Philip Morris* case, the consumer is responding to the "Gunsmoke" trademark in a variety of ways—the cowboy on the "Gunsmoke" looks menacing, unlike the "Marlboro Man," so the consumer may also register the cultural distance between the two marks.<sup>244</sup> The "Gunsmoke" cowboy looks like a transplant of the "Marlboro Man" into a more dangerous country and western film.<sup>245</sup> The consumer may hate everything that the "Marlboro Man" stands for (such as Philip Morris), yet find the reinterpretation desirable. "Chaps" cologne, although marketed in emerald green packaging that evokes Ralph Lauren's "Polo," also draws upon and adds to the goodwill of Anglophilic cultural associations.

¶ 81 The public has a right to these synergies of cultural signifiers in the marketplace for the same reasons that abstract ideas belong in the cultural commons.<sup>246</sup> Unlike the consumer demand for physical goods, the desire for culture is inchoate, so that consumers are likely to be unaware of losing most types of trademark evocation that may be eliminated through widespread recourse to the subliminal confusion doctrine.<sup>247</sup> This makes it all the more important that the public domain of trademark law be conceived as a positive source of rights, such as the right to borrow concrete expressions in order to use them as ideas. The prevalence of brand name culture may seem to offer a rationale for broad trademark protection, since brand names would lose their distinctiveness if evocations by imitators were to "infect" the marketplace. But this danger is sufficiently policed by the dilution doctrine. Short of interfering with the source-identifying capabilities of brand names and creating source confusion, trademark evocations offer "substitute symbols" by which consumers can attain, display and generate cultural knowledge.<sup>248</sup>

242. The ultimate question in all cases proceeding under sections 32 and 43(a) is the likelihood of confusion, so courts do not ask whether subliminal confusion has effects tending to divert sales from the trademark holder. *See supra* Part IV.B.

243. *See supra* note 9 and accompanying text.

244. *But see* *Philip Morris Inc. v. Star Tobacco Corp.*, 879 F. Supp. 379, 386 (S.D.N.Y. 1995) (acknowledging these differences in presentation, but holding that they "do not materially detract from the overall similarity of the trade dresses").

245. *Id.* at 382.

246. *See* Dogan, *supra* note 126, at 295-97, 319-20 ("My point here is that by allowing evocation to serve as a proxy for infringement of trademark and publicity rights, courts risk unduly broadening the kinds of behavior that one needs a license to commit."). *See also* Lange, *supra* note 183, at 474.

247. *Cf.* Benkler, *supra* note 215, at 39-40 (arguing that law shapes consumer preferences so that consumers may not conceive of a particular choice if it has been made illegal).

248. *Cf.* Barton Beebe, *The Semiotic Analysis of Trademark Law*, 51 UCLA L. REV. 621, 683 (2004) (discussing Jean Baudrillard's theory that signifiers have come to refer only to other signifiers rather than to a preexisting signified).



## B. The Policies of *Moseley*: Balancing the Incentives of Existing Trademark Holders and Newcomers

¶ 82 To some consumers, the imitation will never be as good as the real thing. However, as discussed below, the market for trademark evocations would be lost if trademark holders were to rely upon the subliminal confusion doctrine as a way out of the impasse created by the circuit split over the fate of evocative private labels and by the ambiguities of the dilution doctrine. The availability of the subliminal confusion cause of action undermines the balance that the Supreme Court has just struck in *Moseley*, between the interests of established producers versus new entrants and the public interest in efficiency versus consumer choice.<sup>249</sup> “Victor’s Secret” or “Victor’s Little Secret” would obviously have infringed upon “Victoria’s Secret” if suit had been brought under the subliminal confusion doctrine. The subliminal confusion cause of action also offers an way around the rulings of some jurisdictions that trade dress may be evocative so long as it does not create source confusion, since evocations are often informative:

The resemblance between two products can alert consumers to the functional or utilitarian equivalence between them, to the fact that one product may be substituted for the other in the ultimate uses for which the products are intended. The free flow of information regarding the substitutability of products is valuable to individual consumers and to society collectively, and by providing it a supplier engages in fair competition based upon those aspects—for example, price—in which the products differ.<sup>250</sup>

¶ 83 On the other hand, the loss to trademark holders if the subliminal confusion doctrine were eliminated would not be significant enough to present a disincentive to the creation and marketing of brand names.

¶ 84 The ambiguities of *Moseley* have attracted so much attention that commentators have lost sight of the broad policy goals the decision implicitly sets forth.<sup>251</sup> After *Moseley*, trademark imitators are free to set up shop, but the distinctiveness of their marks must not grow to such an extent that courts will plausibly conclude, based upon circumstantial or direct evidence, that famous marks actually suffer loss of distinctiveness.<sup>252</sup> Newcomers are put on notice that if they wish to evoke; they will not be allowed to overtake existing holders of famous trademarks in the brand name

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249. *Id.* at 690-92 (trademark holders take a step backwards because they must prove actual dilution, but gain a few steps because they may utilize circumstantial evidence).

250. *Am. Home Prods. Corp. v. Barr Labs., Inc.*, 656 F. Supp. 1058, 1068 (D.N.J.), *aff’d*, 834 F.2d 368 (3d Cir. 1987); *see also* *Conopco, Inc. v. May Dept. Stores Co.*, 46 F.3d 1556, 1565 (Fed. Cir. 1994).

251. *See, e.g.*, Andrew Kao, *Trade Regulation: Interpreting the Federal Trademark Dilution Act*, 9 J. TECH L. & POL’Y 107, 114 (2004) (commenting that *Moseley* “failed to provide clear guidelines”); Thomas R. Lee, *Demystifying Dilution*, 84 B.U. L. REV. 859, 863 (2004) (describing *Moseley* as engendering “paradox”); Matthew D. Bunker, James G. Stovall & Patrick R. Cotter, *Proving Dilution: Survey Evidence in Trademark Dilution Actions*, 13 U. BALT. INTELL. PROP. L. J. 37, 47 (2004) (stating that *Moseley* was “ambiguous” as to what form proof of dilution might take).

252. *See Moseley v. Victoria’s Secret Catalogue*, 537 U.S. 418, 433 (2003).

marketplace.<sup>253</sup>

¶ 85 Regardless of whether the physical goods or services rendered are “related” in the traditional sense, similar trademarks compete for the limited intellectual capabilities of consumers.<sup>254</sup> Although it is not clear how courts will evaluate the limits of consumers’ cognitive abilities in sorting out similar trademarks,<sup>255</sup> the general idea is that the imitation mark must not become so strong that the ability of consumers to identify the goods of the famous mark holder is impaired. Newcomers must weigh the benefits of free riding against the cost of limited growth in brand equity. Thus, trademark evocation becomes a strategy for businesses that only want to access a limited market and do not contemplate utilizing trademark evocation as a means of obtaining a foothold in the marketplace of major brand names. Some businesses such as drugstores may respond to the dilution doctrine by generating trademark evocations in multiple classes of goods, without planning to grow any of those marks.

¶ 86 The subliminal confusion cause of action supplies incumbents with the means for subverting this balance, in related markets, between the interests of two types of producers. In contrast to the market for trademark imitations that confuse, the benefits of mere evocation may not be substantial or predictable enough for newcomers to invest in licensing. Moreover, businesses that resort to the strategy of evocation are likely those that are too limited in resources to invest in extensive advertising campaigns or too diversified to advertise each of their marks. These producers are unlikely to be able to license. Since trademark holders themselves cannot be relied upon to evoke their own marks, the creation of interesting and informative transformative marks for related goods would probably be almost entirely wiped out if reliable precedents for the subliminal confusion cause of action were to be established in a variety of jurisdictions.

## VI. CONCLUSION

¶ 87 The subliminal confusion doctrine is characterized by the doctrinal conflation of cognitive psychological concepts of confusion and association as well as misguided moral and economic assumptions about the evils of free riding. Trademark association is a means by which producers provide consumers with an efficient heuristic device for identifying substitute goods. Insofar as consumers purchase trademarks themselves as goods, trademark evocation is also intrinsically informative. Although sometimes mental associations between marks may cause “quality confusion,” there is no way to tailor the cause of action to this type of confusion.

¶ 88 Concerns with the ill effects of free riding are also misplaced since the fact that a consumer makes a purchase as a result of subliminal trademark association does not imply that he or she would have been interested in the trademark holder’s goods. In this

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253. *See id.*

254. *See Ty Inc. v. Perryman*, 306 F.3d 509, 511 (7th Cir. 2002) (describing the imagination costs imposed by blurring and tarnishment).

255. *See Todd Anten, In Defense of Trademark Dilution Surveys: A Post-Moseley Proposal*, 39 COLUM. J. L. & SOC. PROBS. 1, 3-4, 25 (2005) (discussing whether there is a place for consumer surveys post-*Moseley*).

sense, the link to diversion of sales in subliminal confusion is even more attenuated than in initial interest confusion cases in which the consumer begins a search for the trademark holder and is distracted away by the infringer. Free riding in the marketplace should be eradicated out of concern for private interests only if it is extensive enough to affect the trademark holder's incentives to create marks.

¶ 89 Finally, when deciding whether to internalize spillover effects of brand equity and whether to exert paternalistic controls over potential consumer cognitive error, the normative policies of the public domain should be taken into consideration. One consistent policy of the public domain is to promote synergies between ideas that promote the progress of science. Trademark association is favored under this principle, since the evoked trademark functions more like an expression of advertising ideas than as a designator of source. Cultural knowledge is constructed through the "recoding" of existing trademarks by new marks and by the act of consumption. On the other hand, linguistic failure rather than "recoding" results when trademark imitation leads to source confusion or dilution. The act of evocation produces only positive synergies, by increasing the connotative richness of trademarks in connecting advertising ideas. The incumbent trademark holder itself is unlikely to produce evocations that reflect alternative cultural perspectives upon their mark.

¶ 90 Subliminal trademark association is a marketing strategy that is likely to be adopted by newcomers who are unwilling or unable to license. If established trademark holders turn to the subliminal confusion cause of action as a means of making a way around the dilution doctrine, all of the witty "Victor's Little Secrets" of the world will be lost. Thus, this is the right moment for courts to reevaluate subliminal confusion and consider the arguments in favor of rejecting this cause of action.