18 Tex. Intell. Prop. L.J. 1

Texas Intellectual Property Law Journal
Fall 2009

Articles

ONE TRADEMARK PER SOURCE

David W. Barnes[a1]

***2** Trademark law is unjustifiably permissive because it protects more than one mark for each supplier of goods and services. Suppliers need some exclusive symbol to indicate that they are the only source of goods and services carrying that mark. Trademarks are, however, more than source-indicators. They are marketing devices. Suppliers use trademarks to attract consumers' attention to their products by suggesting unique characteristics and qualities, by surrounding the products with an aura of superiority or desirability, or simply by being clever or appealing. No one supposes that marketing devices, as distinguished from source indicators, should receive any intellectual property law protection whatsoever.

Multiple marks are not necessary to indicate source. They may help suppliers create market niches for their products by giving their products names that make them appear to be (accurately or not) unique types of products. Everyone familiar with trademark law understands that intellectual property protection does not extend to generic or merely descriptive terms -- those labeling types of goods or describing goods. It is not as obvious that even fanciful and arbitrary trademarks are simultaneously both source indicators and indicators of types and characteristics of products that have acquired descriptiveness.

This article proposes and justifies a radical restructuring of trademark law limiting trademark protection to one mark per source, a "single signal" rule. It argues that the proper scope of trademark law requires emphasizing source-indicating function of trademarks and liberating the product-describing function. It suggests a program for minimizing the dislocation costs to consumers and suppliers that result from removing trademark protection from many famous marks.

Protection of marketing devices makes it more difficult for competitors to attract consumers and for consumers to learn about alternative suppliers. Limiting suppliers to a single mark is sufficient for source-indicating purposes, enables consumers to know what products compete to satisfy their needs, and makes it easier for smaller competitors to supply them, facilitating competition. The "single signal" rule creates a superior balance between exclusive trademark rights and public access to means of expression.

*3 I. Introduction

Trademark law is unjustifiably permissive because it protects more than one mark for each supplier of goods and services.[1] Suppliers need some exclusive symbol to indicate that they are the only source of goods and services carrying that mark. Protecting source-identification and preventing the fraud and consumer confusion resulting from misuse of source-indicating symbols are the fundamental justifications for trademark law.[2] Protecting source-identifiers reduces consumers' search costs by helping them locate suppliers that have satisfactorily served them in the past.[3] Protecting source-identifiers promotes competition by enabling a new supplier with a new and more satisfactory way of serving consumers to establish a reputation among consumers.[4] Trademarks are, however, more than source-indicators. They are marketing devices.[5] Suppliers use trademarks to attract consumers' attention to their products by suggesting unique characteristics and qualities, by surrounding the products with an aura of superiority or desirability, or simply by being clever or appealing.[6] No one supposes that marketing devices, as distinguished from source-indicators, should receive any intellectual property law protection whatsoever.

***4** Trademarks contain information about characteristics of the products in connection with which they are used as well as about source. The MOUNTAIN DEW[7] mark conveys a great deal of product information and some source information. It signifies a highly caffeinated, citrus-flavored, carbonated beverage, from a particular, perhaps unknown, source. Both types of information are inseparably entwined in the mark.

Multiple marks are not necessary to indicate source. They do help a supplier distinguish one product it sells, a citrus-flavored beverage, from other products it supplies, colas or noncarbonated beverages. By distinguishing a supplier's products, multiple marks function as model-numbers or stocking codes. When ordering MOUNTAIN DEW, a retailer or a consumer is asking for a particular version of PepsiCo's carbonated beverages. Trademark law does not protect model numbers that serve merely to identify a particular product.[8]

Multiple marks also help suppliers create market niches for their products by giving their products names that make them appear to be (accurately or not) unique types of products. For instance, it is hard to tell whether the STARBUCKS[9] FRAPPUCCINO[10] is a unique product or whether there are similar, substitute products available from other suppliers. Everyone familiar with trademark law understands that intellectual property protection does not extend to generic or merely descriptive terms--those labeling types of goods or describing goods.[11] It is not as obvious that even fanciful and arbitrary trademarks are simultaneously both source-indicators and indicators of types and characteristics of products. The term ***5** CORVETTE[12] indicates both a particular source of vehicles (whether known or unknown) but also a particularly muscular type of sports car. The terms FRAPPUCINO and CORVETTE carry information about the type of product, information that could be available for all to use.

This article proposes and justifies limiting trademark protection to one mark per source, a "single signal" rule. It argues that the proper scope of trademark law requires emphasizing source-indicating function of trademarks and liberating the product-describing function. It suggests a program for minimizing the dislocation costs to consumers and suppliers that result from removing trademark protection from many famous marks.

Protection of marketing devices makes it more difficult for competitors to attract consumers and for consumers to learn about alternative suppliers. Limiting suppliers to a single mark is sufficient for source-indicating purposes, enables consumers to know what products compete to satisfy their needs, and makes it easier for smaller competitors to supply them, facilitating competition. The "single signal" rule, described in detail in Part I, creates a superior balance between exclusive trademark rights and public access to means of expression.

Concern for the proper scope of intellectual property protection generally and trademark law in particular is a familiar theme in intellectual property case law and literature. It has long been recognized that copyright and patent law reflect a balancing of interests, discussed in Part II, a conflict between granting monopoly rights to promote the advance of knowledge and science and granting free access so that society might benefit from those advances.[13] The balance of interests in trademark law is reflected in the need to prove that confusion is likely to result from concurrent use provisions[14] and fair use defenses,[15] among other doctrines.[16] These doctrines reflect a balance between exclusive rights to exploit the signaling power of a mark and the desire to promote competition and inform consumers about the availability of competing products.[17]

Part III describes how consumers locate desirable goods and services and how sellers use their trademarks to locate consumers and retain customers, thereby gaining ***6** a competitive advantage. This sets the stage for consideration of beneficial and harmful uses of trademarks. Eliminating exclusive rights to multiple marks can make it easier for competitors to attract customers by making it easier for them to describe their goods. This has the potential for increasing price competition and reducing the ability of dominant firms to lock consumers into their goods.

Unfair competition law similarly recognizes and balances a supplier's need to identify itself as the source of goods with competitors need for access to words, symbols, and devices used to describe goods and inform consumers about their characteristics and qualities.[18] The single signal rule deprives suppliers of the exclusive right to use their multiple marks as product indicators. Recognizing the goodwill residing in many product indicators, Part IV suggests and describes rules for a transition period during which suppliers can acclimate consumers to their single source-indicating devices while phasing out their use of other marks. Part V describes how unfair competition law can be used to prevent consumer confusion resulting from lingering notoriety of formerly protected product indicators without interfering with the beneficial effects of the single signal rule.

Finally, Part VI discusses several technical and policy issues arising from the single signal rule. Limiting each source to a single mark requires defining what a "source" is and what a single "mark" is. The article recommends adoption of a control test borrowed from trademark licensing rules to determine the "source" of a product and a "legal equivalence" test borrowed from trademark tacking doctrines to define "mark." Policy questions arising from adoption of a single signal rule include whether the rule unduly interferes with mergers, acquisitions, and incentives to develop new products as well as the ability of firms to expand their product lines. Part VI concludes that these legitimate concerns are likely to be overshadowed by the benefits of the trademark reform.

II. The Single Signal Rule

Unless one is a trademark scholar, one can enjoy for breakfast six ounces of DANNON[19] 7 BENEFIT[20] NO ARTIFICIAL ANYTHING[21] yogurt with "Live and Active Cultures."[22] Does one source need all of those marks to identify itself and distinguish its goods from the goods of others? Or are these ***7** expressions simply marketing devices designed to gain a competitive advantage unrelated to the reputation of the seller? To focus attention on the anticompetitive aspects of trademark law, this article proposes that trademark law protect only one mark per source (including all entities controlled by the mark owner), including word marks, trade dress, product designs, and all other devices currently protected by trademark law.[23]

Under the single signal rule, the Danone Corporation would have no exclusive trademark rights to marketing devices other than the single DANNON mark or any other single source-indicating signal it chose. It could still use, but would also lose exclusive rights to, "Carb Control," "Lite and Fit," "Bouncin' Banana" and 116 other terms currently listed as source indicators owned by Danone.[24] Divisions, subsidiaries of, or enterprises controlled by Danone could not have their own distinct trademarks.[25]

Under the single signal rule, competitors could advertise that their yogurts had no artificial anything and had active and live yogurt cultures (desirable features for yogurt) without fear of a trademark infringement action. Consumers would be better informed about what products compete with Danone's yogurt. Consumers would understand that all products with Danone's single signal came from the same supplier, that the supplier of beauty yogurt currently marketed under the ESSENSIS mark also comes from Danone.[26]

The single signal rule would reduce consumer search costs and promote competition. Under this rule, the Societé des Produits Nestlé, S.A might reveal itself as the source of products ranging from pet food[27] and baby formula[28] to chocolate[29] ***8** by selecting NESTLÉ as its single signal. Under a rule permitting only a single trademark-protected marketing signal, if the Societé chose NESTLÉ as its single mark, it could still use its former product indicators, such as the marketing expression "Carnation"[30] (used in connection with the sale of dairy products) but Carnation would have no trademark status. Or the Societé could choose Carnation as the source-indicator for all of its products, but its other 1,316 current trademarks[31] would have no trademark status. Consumers would know the actual source of those products. They would know that it was the same source that supplies a baby formula they enjoy or detest. They would know that apparently competing clothing stores GAP, OLD NAVY, and BANANA REPUBLIC are part of the same company (Gap, Inc.),[32] as are clothing suppliers indicated by the ostensibly unrelated SEARS, KMART, AND LAND'S END (Sears Holding Corp.).[33] Consumers may reasonably choose to ignore corporate interconnections, but more source and product information is better for consumers and for competition than less.[34] Often there is apparent but not actual competition.

The single signal rule would make it easier for competitors to describe their products to consumers. Under this rule, suppliers of lemon-lime carbonated beverages could easily indicate that they compete with Coca-Cola's product currently marketed using the SPRITE[35] mark. If Coca-Cola chose COKE as its single mark, all competitors could use "sprite" to indicate that their beverage was in the same product category as Coca-Cola's lemon-lime beverage. As it is, consumers must guess what other beverages have the same general characteristics as Coca-Cola's product. The rule would reduce Coca-Cola's advertising-fueled dominance in the carbonated beverages industry,[36] allowing greater competition and, concomitantly, lower prices and greater variety.

***9** The single signal rule is promoted in the spirit of Justice Holmes' opinion in Saxlehner v. Wagner[37] and Chief Justice Fuller's opinion in Lawrence Manufacturing Co. v. Tennessee Manufacturing Co.,[38] where the Court rejected attempts by plaintiffs to protect their symbols from competitors attempting to describe their own goods. In Saxlehner, where the plaintiff sought to enjoin use of her name on a competitor's label, Justice Holmes concluded:

> The real intent of the plaintiff's bill, it seems to us, is to extend the monopoly of such trademark or tradename as she may have to a monopoly of her type of [goods], by preventing manufacturers from telling the public in a way that will be understood, what they are copying and trying to sell. But the plaintiff has no patent for the [goods], and the defendants have a right to reproduce it as nearly as they can. They have a right to tell the public what they are doing, and to get whatever share they can in the popularity of the [goods] by advertising that they are trying to make the same article, and think that they succeed.[39]

Chief Justice Fuller, denying the plaintiff's demand that a competitor be enjoined from using a symbol it used to describe the quality and characteristics of its goods,[40] concluded:

> Nothing is better settled than that an exclusive right to the use of words, letters, or symbols, to indicate merely the quality of the goods to which they are affixed, cannot be acquired; and while, if the primary object of the mark be to indicate origin or ownership, the mere fact that the article has obtained such a wide sale that it has also become indicative of quality is not, of itself, sufficient to debar the owner from protection, and make it the common property of the trade, yet if the device or symbol was not adopted for the purpose of indicating origin, manufacture, or ownership, but was placed upon the article to denote class, grade, style, or quality, it cannot be upheld as technically a trademark.[41]

The single signal rule reflects both of the qualifications articulated by these Justices. The competitor must be fairly using the other's symbol to tell consumers what type of goods it is producing, and the other must not be deprived of the ability to indicate to consumers that it is the origin of the goods.

Current trademark law does nothing to reduce the number of marks a single source may register and use as long as the source neither abandons nor misuses the ***10** mark. The Coca-Cola Company has over 500 live trademarks.[42] Trademark law does not compel a supplier to use a mark that identifies it with any specificity.[43] Nike may identify itself by applying only its "Swoosh" mark[44] on its product. Furthermore, trademark law does not limit the number of marks a source may register and use in connection with any particular product among the (potentially many) types of products it supplies. For instance, the Dannon example in the first paragraph suggests four trademarks used in connection with the single Dannon yogurt product[45] from among the 120 trademarks Danone uses on its many products, such as water,[46] yogurt,[47] and beauty products.[48]

The public and private administrative costs of handling these numerous marks might be reason enough to limit the number of trademarks a single source might protect. The inherently descriptive nature of these marks, such as Dannon's "all natural, no artificial anything," might be reason enough to question the anticompetitive effects of the protection of multiple marks. This article focuses, however, on the deleterious effect of the protection of multiple marks on competition and on search costs without regard to their effect on administrative costs and taking note of the acquired descriptiveness of even fanciful and arbitrary product indicators.

III. Optimal Level of Trademark Protection

This Part of the article describes the inherent balancing of logically opposing interests in intellectual property law: free access and exclusive rights. Patent, copyright, and trademark law have struck this balance in different ways. The theory underlying the balancing in each area is, however, strikingly similar. This Part describes the balancing in intellectual property law and theory and the single signal rule as a balancing device.

*11 A. Balancing Interests in Intellectual Property Law

From Thomas Jefferson's era, proponents of intellectual property protection have understood that the law should achieve a balance between exclusive rights and public access to inventions, expressions of ideas, and information.[49] Both exclusive rights and free access to ideas encourage creativity.[50] Monopoly rights provide profits that spur innovation while widespread availability promotes competition.[51] Society suffers the "embarrassment" of exclusive rights to promote social welfare.[52] In the patent law context, the Supreme Court recognized that "[t]he tension between the desire to freely exploit the full potential of our inventive resources and the need to create an incentive to deploy those resources is constant."[53] In copyright law, the Court recognized that "[t]he challenge of copyright is to strike the 'difficult balance between the interests of authors and inventors in the control and exploitation of their writings and discoveries on the one hand, and society's competing interest in the free flow of ideas, information, and commerce on the other hand.'"[54]

*12 B. Balancing Interests in Patent and Copyright Theory

Contemporary patent and copyright scholars often focus on either public goods theory or externalities theory to provide a foundation for the balance between exclusivity and access.[55] Public goods theory observes that some types of goods, in particular the information about expressions of ideas and about innovations, can be simultaneously enjoyed by many people at no cost once the information has been produced.[56] Many can simultaneously enjoy a new song or a new method for peeling tomatoes without interfering with each other's enjoyment once the artist or inventor has created and disseminated it.[57] The normative economic implication of this "non-rivalrous" character of public goods is that each consumer should be able to enjoy them at a price that reflects the cost of providing the creation to that consumer.[58] If that dissemination cost is zero, intellectual creations should be freely available.[59] However, this conclusion is at odds with the need to provide incentives ***13** for creators to create.[60] Where incentives are needed to cover the costs of both creation and dissemination, the ability to exclude consumers who do not pay some positive price provides that incentive. The challenge for intellectual property law is to find a method for optimally balancing the reward obtained by the grant of exclusive rights with public access.

Externalities theory implies a similar conclusion.[61] Some pursuits produce benefits solely for the person engaged in the activity while others have widespread benefits.[62] While an individual may find it worthwhile to engage in some endeavor ***14** for the benefits it provides himself alone,[63] society as a whole may be better off encouraging people to provide incentives for people to engage in activities with external benefits.[64] A new song or medicine may benefit the musician or medical researcher, but if the creator or inventor can reap additional rewards by excluding those who do not pay to obtain the benefits, she may create or invent more. The ability to internalize those external benefits provides the motivation to produce and disseminate intellectual creations. At the same time, society benefits from the widespread dissemination of ideas and information. It might seem that society would be better off with free access to information, but that ignores the need to provide sufficient incentive for the creators.[65] Congress explicitly recognized this balancing in its revision of the 1909 Copyright Act, identifying two questions to consider: First, how much benefit will the public obtain from the incentives to create provided by the legislation? Second, how much will the public be harmed by the monopoly the legislation grants?[66] When intellectual property protection is properly limited, "[t]he granting of such exclusive rights, under the proper terms and conditions, confers a benefit upon the public that outweighs the evils of the temporary monopoly."[67] Again, the challenge for intellectual property law is to balance incentives through internalization of positive externalities with free access.

C. Balancing Apparent in the Structure of Trademark Law

The balancing of exclusive rights and free access is reflected in the structure of trademark law as well. Trademark law grants no person a monopoly over all uses of a word, term, symbol, or device. Exclusive rights are limited to source-indicating uses.

This limit on trademark rights is most apparent in the doctrine of fair use[68] and the requirement that a word, symbol, or device must have been "used as a ***15** mark" to obtain trademark protection.[69] The doctrine of fair use permits competitors to use another's trademark so long as they are using it fairly and in good faith to describe their goods and not as a source-indicator.[70] An apple orchard may put the word "apple" on its products despite Apple Inc.'s trademark rights for use of APPLE as a source-indicator for computers and computer programs.[71] Also, one candy-maker may use a competitor's trademark to proclaim that its candies are "25% lower in calories."[72] Trademark rights are not exclusive. Use by others is permitted to enable others to identify their products or to compete more effectively. The Supreme Court recognizes the "undesirability of allowing anyone to obtain a complete monopoly on use of a descriptive term simply by grabbing it first."[73] Monopolies are limited by the competitive needs of others.

Similarly, the "use as a mark" requirement for trademark protection reflects a limitation on exclusive rights to words, symbols, and other devices.[74] To earn trademark protection, suppliers must first use the device "to identify and distinguish his or her goods . . . from those manufactured or sold by others and to indicate the source of the goods . . . ."[75] Trademark protection is not granted for symbols used for other purposes, such as for decoration or marketing only.[76] It is a basic premise of trademark law that only a rivalrous "use as a mark" can result in consumer confusion.[77] Trademark protection is for source-indicators; a device must "perform[] the trademark function of identifying the source of the merchandise to the customers."[78] Thus, autumnal depictions of a leaf or a squirrel on a sweater do not receive ***16** trademark protection if their purpose and effect is aesthetic rather than source-indicating.[79]

While trademarks are used as marketing devices,[80] marketing devices that are not used to indicate the source of a good or service provided to others are not protected.[81] Images of one's establishment printed on promotional devices, such as t-shirts and coffee mugs, do not become trademarks if they are not used to indicate source.[82] It is the source-indicating purpose of devices that gets protection rather than their ability to attract customers for reasons other than the reputation of the source itself. The difficulty, analogous to that present in all intellectual property law, is giving exclusive rights to the source-indicating function of trademarks apart from the marketing aspects. Because a trademark inextricably carries both functions, the solution is to provide adequate protection for suppliers' ability to indicate that they are the source of goods while minimizing protection of marketing devices.

D. Balancing in Trademark Theory

The necessity of a balance between protection of source-indicating devices and promoting competition--the balance between exclusive rights and free access ***17** embodied in patent and copyright law--is recognized in trademark theory.[83] When used by consumers to search for or refer to goods and services, trademarks share the non-rivalrousness of public goods. Many consumers can simultaneously use the source information embodied in a mark without interfering with one another's use of that information.[84] When used by the supplier of a particular product to indicate that it is the manufacturer of the products in connection with which the mark is used, a trademark is a private good. Only one competing supplier may use the mark at a time without interfering with another's use.[85] Simultaneous use "as a mark" is rivalrouswhile referential use is nonrivalrous. These characteristics of trademarks result in a natural balance in trademark law. The law permits consumers and even competing suppliers, who are using the mark to refer to trademark owners' goods, free access to the device, while giving the owner exclusive rights to use the device as a mark.[86]

Similarly, a supplier who invests in a mark, endowing it with information and establishing it in the minds of consumers, creates both internal and external benefits. The supplier hopes to realize internal benefits in the form of higher sales and profits. It also creates benefits for others, both consumers and competitors, who refer to the mark in selecting or rejecting goods or when comparing their competing ***18** goods to the original. The challenge of trademark law, as with all areas of intellectual property law, is to internalize sufficient external benefits so that suppliers have an incentive to invest in the information their trademarks contain, while permitting others beneficial access to the device.

E. The Single Signal Rule as a Balancing Device

Limiting each source of goods or services to one trademark does not disentangle source-indicating information contained in a mark from the marketing function. Rather, it prevents the use of multiple trademarks that are unnecessary to the source-indicating function solely to gain a marketing advantage. If each source has a mark with which to identify itself, it is not prevented from gaining the reputational advantages for consistency of quality or characteristics with which it might endow that mark. A source would be prevented from obscuring the fact that it manufactures products of different quality by adopting different marks for different types or qualities of goods, thereby increasing consumer information. A source would be prevented from adopting a mark used for only one of its many products and advertising that mark so heavily that it gains a market advantage unrelated to the reputation or identity of the source itself. Yet a source must be permitted to maintain any advantage related to the consistent quality and characteristics of its products. It must be able to clearly indicate that it is the source of a particular product desired by consumers. The single signal rule achieves this objective, resulting in better information to consumers and greater competition.

IV. How Buyers Shop and Sellers Vend

To appreciate the benefits of the single signal rule, it helps to understand how consumers search for and how sellers market goods and services. It is easy to propose, but hard to imagine, a world in which Yum! Brands, Inc. has no exclusive right to KENTUCKY FRIED CHICKEN,[87] any auto manufacturer can call its luxury cars CADILLACS,[88] and a shopper can buy an iPod[89] from Dell Inc. Consumers have become accustomed to a single source for each of those products, even if they do not know who the source is. Many suppliers have registered multiple marks for their products, presumably because they have found it profitable to do so. How would consumers and suppliers buy and sell without multiple marks? How do consumers and sellers find each other?

***19 A. How Consumers Search**

1. Types of Searches

Three types or levels of consumer searches are relevant to trademark policy: product genus searches, product species searches, and seller searches.[90] A product genus search occurs when a consumer needs to satisfy some objective but does not know what type of good or service will best do so.[91] For instance, a consumer who needs a vehicle that costs around $16,000 to transport a large dog, sporting equipment, and luggage might be best satisfied by a pickup, van, station wagon, or SUV. Marketing by suppliers of various vehicle types provides information distinguishing vehicle types, thereby allowing consumers to choose among product categories to satisfy their needs. Product genus searches enable consumers to narrow their search to a particular type (or several types) of products.

Product species searches occur when consumers know the type of product that suits their needs--for instance, luxury sedans--but seeks information about competing brands.[92] Marketing by luxury sedan suppliers facilitates product species searches by advertising their vehicles' interior capacity, horsepower, amenities, and so forth. In most markets, interspecies rivalry is the essence of the competitive process. That is, one supplier competes for economic survival by distinguishing the characteristics of its species from other products of the same genus. Product species searches result in consumer identification of a preferred brand (or brands).

Finally, seller searches involve locating the most desirable seller of a particular brand. The marketing of a particular supplier, such as Mercedes Benz of Beverly Hills, helps consumers who already know that the Mercedes E-Class station wagon is the most satisfactory model to find a satisfactory seller. Each of these types of consumer searches is familiar to all of us, though we may more often engage in product species and seller searches because often we know what type of product will serve our needs (e.g., a screwdriver is a poor substitute for a hammer).

Suppliers market to consumers engaged in all of these types of searches. Ford Motor Company might advertise its Bronco[93] as being appropriate for off-road use and for taking the kids to school--able to satisfy a variety of objectives. This information ***20** is useful in a product genus search. Johnson & Johnson might advertise its TYLENOL[94] analgesic as being twice as effective as ADVIL[95] aspirin, a competing species of analgesic. This information is relevant to a product species search, while other information may be relevant for a seller search. For instance, Dunkin' Donuts might advertise that its doughnuts can be found at the corner of Cerrillos Road and Route 5, while General Mills Corporation might advertise that its PILLSBURY EASY AS 1 2 3 PLACE & BAKE MUFFINS[96] can be found in the dairy case at your supermarket.. Marketing efforts match the variety of types of consumer searches.

Product genus marketing may be the least common type. Egg and beef suppliers promote their genus of food over others by combining in promotions such as the American Egg Board's THE INCREDIBLE EDIBLE EGG[97] campaign and the National Cattlemen's Beef Association's BEEF. IT'S WHAT'S FOR DINNER[98] campaign. Producers of dairy products joined together to promote milk through the GOT MILK?[99] ads. Consumers rarely see advertisements of potato chips, beer, or autos as a genus. The return from product genus information is shared by all suppliers of that genus, whether or not they have invested in the marketing, thereby creating free-riding problems. The costs of collective action that creates external benefits create a disincentive to investment in marketing that facilitates product genus searches.

2. Consumer Searches Under the Single Signal Rule

A change to trademark law that enhances consumers' ability to identify desirable product genera, species, and sellers would be desirable from the consumers' viewpoint. Under the single signal rule, a supplier of goods and services would be limited to use of one protectable trademark. The Coca-Cola Company would not be entitled to exclusive use of the term "sprite" on lemon-lime carbonated beverages if it chose COKE[100] as its single signal. It could put the term "sprite" on its ***21** beverage containers, but so could its competitors.[101] The acquired descriptiveness of the word "sprite" would help competitors convey product information, without depriving The Coca-Cola Company of its ability to identify itself as the source of its version of lemon-lime beverages.

This flow of information about substitute products is perhaps the greatest benefit of the single signal rule and can be achieved without sacrificing source information. The Coca-Cola Company could accompany the unprotected word “sprite” with its trademark, for instance, COKE, so consumers searching for that product would look for COKE sprite, as a fan of Kendall-Jackson wines might look for a KENDALL-JACKSON[102] chardonnay. This would impose no great burden on consumers. The Coca-Cola Company could, alternatively, forgo Sprite and put the words “lemon-lime soda” on the label, which would be helpful to consumers because of its inherent descriptive nature. Alternatively, it could choose a new nondescriptive word to accompany its single mark and promote the new word. Because any competitor could also use the new word, Coca-Cola’s incentive would be either to keep using Sprite or use a descriptive term, either of which reduces consumers’ costs of searching for a lemon-lime soda. Under either option, consumers would benefit from the increased competitive product information resulting from the single signal rule.

The single signal rule would also result in greater source information. If Nestlé could choose only one mark to protect, consumers would know that all goods (from chocolate to dog food[103]) with that mark were from that particular source. Consumers’ experience with the quality of one of Nestlé’s products would inform their purchase of another Nestlé product. This benefit flows from information about the particular source. For instance, a buyer of wines from Bridlewood[104] Estate Winery, for instance, some of which sell for $40 a bottle,[105] would know that the winery is owned by the E. & J. Gallo Winery Corporation,[106] which also makes Boone’s Farm Wine,[107] which sells for $3.49 a bottle.[108] Because the Gallo name ***22** does not appear on the Bridlewood Syrah, this source information is unavailable to the consumer. Rather than hiding behind their multitude of trademarks, sources would have to reveal themselves, at least to the extent of using the same mark on all of their products.

There are obvious objections to the single signal rule. How would a consumer find the sprite made by the Coca-Cola Company? Does Coca-Cola lose its investment in the sprite mark? Would consumers be confused because they expect their sprite to come from the same source that has traditionally produced it? The answer to the first question is that the consumer who wants the lemon-lime soda produced by Coca-Cola would look for the COKE (or other single signal chosen by the Coca-Cola Company) mark on the label accompanying the word Sprite. Consumers may not be accustomed to looking for two words and doing so might slightly increase search costs, but that would depend on how suppliers end up marketing their products. Consumers could certainly become acclimated to doing so when Coca-Cola responds to the incentives created by the single signal rule during the transition period described in Part IV, below. Coca-Cola’s investment in Sprite could be handled in two ways, discussed in the transition rules described in Part IV, below, and the unfair competition rules discussed in Part V, below.

B. How Suppliers Market Goods

Promoting a trademark involves creating two connections in consumers’ minds: source identification and product identification. Source identification is a mental association between a trademark and a particular source of goods or services. Product identification is a mental association between a trademark and the characteristics and qualities of the products in connection with which the mark is used. The CADILLAC mark simultaneously conveys source information and product information. Whether or not consumers know that General Motors (GM) manufactures Cadillacs or that it also manufactures Chevrolets[109], they are likely to believe that a single source markets vehicles with that mark. GM’s marketing also supplies product information, informing consumers that Cadillacs are higher-priced, prestige vehicles. This dual character of trademarks as source-indicators and product-describers is often lauded. In the years following World War II, ***23** trademarks were seen as a means of persuasion that stimulated consumer demand and the economy as a whole.[110]

Suppliers have an incentive to invest in both kinds of information production. First, investing in a trademark produces information about the identity of the source (e.g., PepsiCo.) and characteristics of the source (e.g., favored by young, hip consumers).[111] A supplier has an incentive to maintain an image of itself as one that consumers can trust as a way of competing for customers (e.g., Ford Motor Company, WHERE QUALITY IS JOB 1[112]). Even if the mark conveys no additional information about its source, it conveys the fact that other goods and services with the mark come from the same source. For the investment to be profitable for the advertiser in the long run, consumers must be able to rely on the trademark as a guarantee of dependable quality and refer to it in hopes of reducing their cost of searching for a desirable product. This consumer strategy is successful only as long as one supplier has exclusive rights to that source-identifier (and that source lives up to its image). Protecting exclusive rights to source-identifiers promotes competition and facilitates consumer search. Source information is most clearly directed at product species searches.

Trademarking activity also produces information about the characteristics of a supplier's products or services (e.g., wholesome, economical, experienced, lemon-flavored, conveniently located). Although exclusive rights to source information promote competition and reduce search costs, free access to product information best promotes competition and facilitates consumer searches. Monopoly of a source-identifier promotes competition while monopoly of information about products threatens monopoly of a product market. If a single supplier has exclusive rights to a word, symbol, or device used solely to describe a product, competitors' ability to market their goods and consumers' ability to satisfy their needs are diminished.[113] Because a trademark provides both types of information, the policy challenge ***24** is to separate the source information function of trademarks from the product information function when a single mark provides both types of information. As for all intellectual property issues, the challenge is to determine the proper scope of the intellectual property monopoly--to balance exclusive rights and free access.

The potential for investment in a trademark to lead to monopolization of a product market raises the need for a more complete consideration of how suppliers use trademarks to compete. The purpose of the following sections is to consider beneficial and harmful effects of marketing and the effect of adoption of the single signal rule. These sections consider the effect of the rule on the provision of information about products, on foreclosure of competitors by intimidation, and on gaining competitive advantage through product differentiation.

1. Competition in Product Markets

Competition among suppliers occurs on all levels of consumer searches. By providing product information, suppliers help consumers know what products or services satisfy their objectives, distinguish among competing brands, and locate sellers of a particular brand. Price information in Hyundai Corporation's TV ads enables Hyundai to compete against other auto manufacturers and consumers to find lower priced vehicles. Advertising of the carbohydrate content of beers on labels enables Anheuser-Busch to compete against other beer manufacturers and facilitates consumer searches for healthful beverages. Advertising of products such as MOUNTAIN DEW enable PepsiCo, Inc. to compete with suppliers of other beverages by reminding consumers of its product's caffeine jolt. To the extent that the words "mountain dew" convey information about caffeine content, it is product information identical to price information or carbohydrate information. Trademark law traditionally permits free access to descriptive product information in order to promote competition.[114]

The single signal rule reduces suppliers' ability to use source-indicators as exclusive product indicators. Under the single signal rule, unless PepsiCo chose MOUNTAIN DEW as its only mark, all competitors could use the mark. Jake's Mountain Dew could compete more easily with PepsiCo's Mountain Dew because ***25** consumers would know what Jake is claiming for its beverage. Thus, consumers could more easily find competing highly caffeinated, lemon-lime beverages.

Competition on the product search level is particularly important to consumers when they know the type of product for which they are searching (e.g., peanut butter, an SUV). Having decided that acupuncture would be most satisfactory, the consumer must select among acupuncturists. Having decided that a low-calorie, lemon-lime, carbonated beverage would be most satisfying, the consumer must select a source. Trademark law ensures that once a consumer has chosen a particular source, only one supplier can offer the goods with the associated trademark. But suppliers do not need exclusive rights to product indicators to reap the advantages of marketing. Coca-Cola does not need SPRITE as a source-indicator; it could use its trade name or any other single symbol for all of its products. Under the single signal rule, Coca-Cola could continue to use sprite to name its type of beverage, but other manufacturers could do the same, facilitating their ability to compete and consumers' ability to identify alternatives in the lemon-lime carbonated beverage market.

2. Competition by Intimidation

Suppliers also gain a competitive advantage by using trademarks to foreclose competitors from the product market. Courts recognize that exclusive rights to terms interfere with the public's freedom to use the language involved and create the potential for harassing infringement suits.[115] This form of harassment allows suppliers "to use the trademark laws as a sword to unfairly restrict competition rather than merely as a shield"[116] to protect the integrity of their source-identifying mark. As the Dannon yogurt example illustrates, suppliers currently compete by attempting to obtain exclusive rights to descriptive terms. Why would the Danone Group want to protect the terms "7 Benefits," "no artificial anything," and "live and active cultures" by registering them as trademarks? Certainly "live and active cultures" is merely descriptive of the yogurt and unprotectable. It is a desirable feature of yogurt because active yogurt cultures aid digestion of dairy products. Could it simply be that Danone wants exclusive rights to these descriptive terms to keep competitors from using them to describe their own goods? While the terms may inform consumers about the qualities and characteristics of all yogurts, the terms do not seem to help consumers by indicating the source of Danone's yogurt. Exclusive rights to the terms disadvantage competitors, reducing consumers' access to ***26** competitive alternatives. This form of predatory conduct[117] has been described as trademark extortion.[118] The use of cease-and-desist letters and threats of litigation to discourage competitors from using terms that would help their own marketing is a pervasive practice in modern markets.[119]

The key to appreciating the desirability of the single signal rule is recognizing the acquired descriptive power of trademarks that are indicative of product characteristics and unnecessary as source-indicators. The SPRITE mark contains descriptive information about the flavor (lemon-lime) of the soda. The CADILLAC mark contains descriptive information about the comfort (plush) and amenities (loaded) in the cars. The M&M[120] mark contains descriptive information about the composition (hard shell around chocolate) of the candy. If consumers preferred the sprite manufactured by Coca Cola, the Cadillac manufactured by GM, and the M&M's manufactured by the Mars Corporation, they could refer to the manufacturers' single signal (e.g., COKE, GM, MARS) accompanied by the nonexclusive descriptive marketing device (sprite, cadillac, m&m) to locate the desired goods. The single signal rule would reduce the use of product indicators to disadvantage competitors while allowing suppliers to identify themselves as the source.

***27** 3. Competition by Product Differentiation

Firms also compete by investing in ways to make their products different from (or appear to be different from) competing products. By associating unique characteristics with their marks, suppliers reap the benefits of developing and marketing if their exclusive right to the mark is protected. Product differentiation has been described as the "foundation of rationally functioning consumer product markets"[121] because it permits suppliers to satisfy consumers' diverse preferences. Product differentiation can, however, lead to dominance of product markets, higher prices, and foreclosure of would-be competitors. Trademark law's conflicted relationship with product differentiation arises from the fact that the informational content of a mark may both highlight the differences between products that satisfy different consumers and obscure similarities that might increase competition and lower prices. The single signal rule maintains the benefits of product differentiation while mitigating the harms.

i) Trademark Protection and the Benefits of Product Differentiation

Trademark protection encourages product differentiation. In nearly every product market, products are differentiated to some degree.[122] Apple's IPOD is different from Microsoft's ZUNE[123] and Creative Technology's ZEN,[124] but they are all compact audio/visual playback devices. Manufacturers differentiate their products by adding more memory, different user interfaces, or different download capabilities to capture consumers. A single manufacturer may offer an array of products with small but significant differences and different trademarks, such as Apple Inc.'s IPOD[125] and NANO,[126] effectively competing against itself to satisfy the different needs of different consumers. Supplier advertising allows consumers to associate product characteristics with trademarks and locate products containing the most desirable array of characteristics. Granting exclusive trademark rights prevents competitors ***28** from free-riding on either the investment in advertising or the investment in creating distinguishing product features.

Product differentiation is desirable because it satisfies the needs of consumers with different preferences. While some audiophiles prefer a high storage capacity MP3 player, the iPod Classic priced at $249 on the Apple website[127] and capable of storing 30,000 songs, others prefer the Disney Hannah Montana Mix-Stick, priced at $54.99 on the Best Buy website[128] and capable of storing 240 songs. Not only do consumers benefit from product differentiation, but trademark enforcement allows suppliers to find profitable niches within product markets[129] and offer varying quality at prices that reflect the varying costs of doing so: "Without some such method of product identification, informed consumer choice, and hence meaningful competition in quality, could not exist."[130] Some authors take their approval of trademarks as a means of promoting product differentiation to great levels, saying that trademarks are essential to modern competitive economies in which consumers are required to distinguish among competing products[131] or that, because trademarks are "silent salesmen" that stimulate purchases of goods and services, they "act as an engine to spur the economy."[132] The single signal rule preserves these benefits by protecting the source-indicating power of the supplier's exclusive single mark while allowing the nonexclusive use of model designators and other product descriptors.[133]

***29** ii) Harm Resulting from Trademark Protection

The downside of product differentiation is the potential for suppliers to dominate product markets by disadvantaging competitors. Whether this domination is undesirable and whether trademarks create barriers to entry by competitors is controversial. From one perspective, product advertising accompanied by trademark protection makes it more difficult for competitors to establish themselves in a market.[134] From another perspective, firms achieve market dominance only by satisfying customers, and consumer preference for one firm should not be considered a barrier to entry.[135] The following brief review suggests that it does not matter whether the dominance arising from revealed consumer preferences is labeled a barrier to entry. Eliminating exclusive rights to product indicators would not interfere with consumers' ability to locate a preferred brand and would inform them of the availability of alternatives. If that led to a shift away from the dominant firm's product, that would be a reflection of consumer preferences as well.

Arguments that trademarks create barriers to entry come in a variety of forms. The general concern is that exclusive rights to a symbol would lead to monopolization of a product market.[136] Competing with an established trademark requires a ***30** new entrant to price at a discount and incur heavy advertising expenses.[137] Consumer inertia and network effects (wanting to consume the same brands as others) can also lead to market dominance.[138] Consumers are locked into the trademark owner's product by virtue of their incomplete information about the existence of competing goods or their advertising-induced conviction that alternatives are inferior.[139] A more moderate form of "lock-in" stems from a calculation that the costs of investigating the equivalence of two products is not justified by the likelihood that an alternative product is equally satisfactory.[140] This allows the trademark owner to raise its price above the competitive level and above the price that would prevail if competitors could use that mark in their own marketing.[141] Some argue that exclusive trademark rights to differentiated products create barriers to entry greater than those conveyed by direct monopolization through patent or copyright protection because of a trademark's potentially infinite duration.[142] Granting trademark rights to symbols and devices indicating types of new products rather than merely source enhances the potential monopoly power of the suppliers of those products.[143]

These arguments depend in large part on the lack of full information resulting from well-known brands obscuring competitive alternatives. They do not reiterate ***31** arguments that branding is bad because it creates false consumer preferences.[144] Rather, they focus on consumers' lack of information and willingness to respond to information. Advertising by established brand generally provides no information about alternatives. The ability of competitors to use the product descriptor of the initiator could lessen the market power of the initiator.[145] While concluding that trademarks are not in themselves monopolies,[146] courts deliberately restrain monopolistic extensions of trademark rights.[147]

Arguments that trademarks do not create entry barriers rely on the demonstrated superiority of a dominant brand in satisfying consumer preferences.[148] Professor McCarthy quotes from the 1979 FTC Craswell Report, concluding that "[b]arriers to entry must come from some source other than trademark [protection]: Brand preferences will only be a source of monopoly power when there are barriers which prevent more than a few firms from creating equivalent reputations for their own brand at the same cost."[149] The Craswell Report concludes that "[t]he only barrier is the fact that consumers cannot be persuaded to purchase their [new entrants] brands at any feasible cost."[150] Professor McCarthy also cites judicial authority for the conclusions that trademarks present no monopoly threat to the public[151] and that trademarks only function to protect the owner from the deceit of others.[152] Because market success comes only from the skill of the supplier, confiscating ***32** a trademark would be like ordering a firm that was successful because of its highly efficient factory to abandon it.[153]

The "no barrier to entry" analogy to efficient factories is instructive. The analogy suggests that it would be as counterproductive to hamper a firm that has become dominant by satisfying consumers as it would be to hamper a firm that has become dominant by having an extraordinarily efficient plant. The efficiency of a plant depends, however, on the legal regime under which it operates. If the law requires pollution controls, for instance, the most efficient plant will be the one that can meet the requirements and produce its output at least cost. Another plant might be most efficient without those laws. Similarly, one supplier might garner the most customers under a legal regime that protected marketing devices but another might be more successful under the single signal rule. Which one better satisfies consumers' objectives? Presumably, the one under which consumers had the most information about alternative suppliers.

The resolution of the conflict lies in recognition of the fact that consumer purchasing patterns are formed in markets with a given set of rules. Purchasing patterns reflect existing legal regimes and market structures. Government labeling laws might increase the consumption of healthier alternatives. Monopoly power in a market enables a firm to raise prices, altering how consumers spend their money.[154] Current purchasing patterns are a reflection of how consumers behave under one set of constraints.

Changing the rules, as the single signal rule would do, creates a different playing field in which different patterns of preferences might be revealed. If changing the rules results in more consumer information about alternatives and more competition, the end result would be at least as much an expression of consumer preferences as the market structure that has evolved under the current trademark regime. Making it easier for a customer to find another satisfactory supplier does not unjustifiably divert trade from the dominant supplier. Only customers who found a more satisfactory supplier would switch. Whether consumer search costs are labeled a "barrier" is irrelevant.

4. Product Competition Under the Single Signal Rule

By economic definition, perfect competition requires full information by consumers about the availability of alternative goods and services,[155] as well as their ***33** characteristics and prices, and easy entry by suppliers into all markets for goods and services.[156] The full information assumption ensures that consumers are able to find goods and services that most adequately fulfill their needs. The easy entry requirement ensures that goods and services will be provided at the lowest cost, highest quantity, and optimal variety. Aspects of trademark law designed to ensure full information and easy entry would be enhanced by the single signal rule.

Trademark law has historically been concerned with promoting competition by preventing fraud and encouraging suppliers to develop and protect their reputations for satisfying customers.[157] Trademark law promotes the flow of accurate information about products to consumers.[158] To encourage repeat customers, a supplier has an incentive to supply products with consistent qualities and characteristics and inform consumers about those characteristics.[159] A supplier's mark is its signal that this product will have the same qualities consumers experienced after their last purchase or that they anticipate from the supplier's advertising.[160] Fraudulent use of a mark discourages consumers who buy a product thinking it came from a particular source and had particular qualities only to find that it does not have those qualities. The competitive process can successfully satisfy consumers only if the law prohibits fraudulent use of marks, as trademark law does.

Trademark law also promotes entry into markets by potential competitors with innovative ways to satisfy consumers and helps existing suppliers compete. For instance, a new entrant into a product market can inform consumers that the qualities and characteristics of its product (flavor, durability, price, aesthetics) are different from those of existing products. Consumers learn about the product's qualities from the entrant's advertising or their initial experiences with the entrant's product. If the product suits their needs, they can rely on the entrant's mark as an indicator that the product will contain those characteristics again only if trademark law protects the entrant's exclusive right to use the mark. Otherwise, other suppliers ***34** can take advantage of the new entrant's investment in product development and marketing by applying the same mark, hoping to divert sales from the entrant by confusing consumers. Existing firms benefit in the same way, by being able to internalize the benefit of their developments and marketing.

The single signal rule promotes product competition by increasing information available to consumers, facilitating entry, and helping existing firms compete with market leaders.[161] Increased information about the availability of alternative products within a product category results from the ability of competitors to use the heretofore protected product designations of market leaders and the incentive to use descriptive terms on products. Competition among suppliers increases as consumers are better able to compare product qualities and characteristics, including prices.

The single signal allows competitors to employ descriptive product indicators, reducing real or spurious product differentiation, and erodes any market power resulting from trademark protection of the multitude of marks describing or labeling types of goods and the concomitant increased consumer search costs.[162] It does so without diminishing incentives to provide superior products or to advertise and associate product characteristics with a brand. Suppliers are not forbidden from applying a single mark to a variety of products as many have done successfully. The VIRGIN mark is cited as one that has been extended to a variety of disparate product types, including beverages, music products, air and railway services, and financial products,[163] as has the BIC mark, which has been extended from pens to lighters, shavers, kayaks, and windsurfers.[164] Brand extension is a substitute for advertising a new trademark used to market a new product and a means to save on advertising costs by exploiting the existing fame of a mark.[165]

V. Protecting Goodwill and Preventing Consumer Confusion

When courts and trademark policymakers design rules to protect trademark owners' investment in goodwill, they are simultaneously protecting consumers' investment in knowledge about sources of goods and services.[166] Through marketing and quality control, suppliers expend resources to maintain and increase the familiarity and desirability of their products.

Through experience, comparison, and ***35** evaluation, consumers learn which suppliers provide goods satisfying their needs. Destroying the link between a mark and a source by limiting suppliers to a single trademark destroys both the trademark owners' and consumers' investments. Adopting the single signal rule is wise only if the benefits from increased competition and consumers' ability to find satisfactory goods outweigh the dislocation cost in terms of wasted investment in suppliers' goodwill and consumers' knowledge.

The harm to trademark owners and consumers depends on the durability of their investments in trademarks. "Durability" signifies the extent to which additional investment is necessary, over time, to maintain the information content of a mark. For a trademark owner, this investment involves marketing and quality controls that maintain the strength and consistency of the signal-- consumer awareness of the links between the mark and the source identity and between the mark and product characteristics. If marks tend to have low durability, the dislocation costs of the single signal rule would be low.

It also seems likely that maintaining a single signal would be less costly than maintaining multiple marks. If so, the future cost savings to suppliers resulting from the single signal rule would help offset losses in the value of their prior investments. A single signal is sufficient for maintaining consumer awareness of the link between the mark and the source. It seems likely that information about a particular product from a source can be conveyed through marketing without the need for a separate mark to designate different models or types of products. If so, consumers will lose little if any information about sources and products as a result of the single signal rule.

The more durable trademarks are, however, the greater is the need to protect suppliers' investments in their marks and consumers' investment in knowledge of links between marks, sources, and products. To minimize the costs of wasted investment in goodwill and mark-source-product links, marks other than the single signal could be phased out over time. Owners of existing marks could, for instance, retain exclusive rights to all of their valid marks for ten years. During the transition period, trademark law would fully protect all valid marks that continued to be used from before the period began. The length of this period would depend on the typical durability of trademarks.

A transition period would minimize dislocation costs in two ways. First, during the phase-out period, mark owners could exploit their goodwill and use transitional marketing strategies to acclimate consumers to new types of source-indicators such as combining the single signal with another marketing expression, either the old product indicator or a descriptive term, as suggested above. It is not unusual for a supplier to change packaging and, through advertising, acclimate consumers to the new appearance. Second, through exposure to the transitional marketing strategies, consumers would learn of the new (perhaps little changed) ways to locate products and services from the sources they prefer. Expenses for the transitional ***36** marketing would take the place of expenditures promoting or maintaining the old, soon to become non-exclusive, product indicator.

After the beginning of the transition period, each supplier would be limited to one "new" unregistered or registered mark. A supplier could choose one of its preexisting marks as its single signal, which might require registering an expanded list of product categories in connection with which its mark is used.[167] Alternatively, a supplier could elect to register a new mark to cover all of its products. The registration process would ensure that no supplier possessed more than one new registered mark. At the end of the transition period, all marks other than the single signal chosen by the supplier would expire.

To minimize dislocation costs, preexisting unregistered marks would also be enforceable during the transition period. To limit the adoption of multiple "new" unregistered marks during the transition period, a person accused of infringing a new unregistered mark could assert as an affirmative defense that the plaintiff had sought to enforce another new and not abandoned mark, registered or unregistered, during the transition period.

After the transition period, only one registered or unregistered preexisting or newly adopted signal would be enforceable. This might be accomplished in several ways. For instance, any attempt to enforce a mark in any tribunal, including oppositions,[168] cancellation petitions,[169] and infringement actions,[170] after the end of the transition period could be considered an abandonment of rights to all other marks. Alternatively, an infringement defendant could claim as a complete defense that the plaintiff had, after the end of the transition period, attempted to enforce trademark rights to another mark the plaintiff had not later abandoned. Either approach would result in each supplier being entitled to only one enforceable mark.

Dislocation costs may also be offset by the advantage existing firms with multiple trademarks will have over new competitors who are limited to one mark from the beginning of the transition period. If firms use their multiple trademarks to gain a competitive advantage for reasons unrelated to the quality of their goods, they are able to retain that advantage for a while.

This includes the benefits obtained from trademark extortion and product differentiation strategies discussed in Part III above. Existing mark holders might accept the ten-year phase-out in exchange ***37** for the competitive advantage they would get from a new entrant not being permitted to have more than one mark. This competitive advantage depends on whether multiple brands are primarily used to increase or leverage market power, for instance, from the market foreclosing effect of descriptive marks or nearly generic marks embodied in product indicators currently protected as trademarks. Aside from the advantage of being able to exploit a potentially predatory strategy their new competitors may not exploit during the transition period, existing suppliers will have a first-comer advantage supported by unfair competition and false advertising laws, discussed in the following section.

VI. Unfair Competition and the Single Signal Rule

Once the single signal rule is fully implemented, product indicators--those former marks abandoned as suppliers choose their one mark--would be "dedicated to the public."[171] Just as no supplier may have an exclusive trademark right to a generic[172] or merely descriptive term,[173] prior owners would have no exclusive trademark rights to abandoned marks. Even if a supplier devoted great resources to creating a public association between a generic term and its source, "it cannot deprive competing manufacturers of the product of the right to call an article by its name."[174] Terms that are merely descriptive of ingredients, qualities, characteristics, and features of a product are not protectable because "they are needed to describe all goods of a similar nature."[175] Such terms are made available to all because they are necessary for effective competition. Trademark law has created a balance between the interests of the supplier who has adopted such a mark and its ***38** competitors: "Courts refuse to protect a generic term because competitors need it more to describe their goods than the claimed markholder needs it to distinguish its goods from others."[176]

The reasons customarily articulated for denying trademark protection to generic and merely descriptive terms coincide with justifications for the single signal rule. Monopolization of terms containing descriptive information denies competing manufacturers the ability to call their products by a name familiar to consumers and to describe their goods in a way that indicates the other goods with which they compete.[177] Suppliers may choose a single signal to indicate themselves as a source and may also use any descriptors or model indicators to identify the qualities and characteristics of their products. At the same time, competitors may use the previously protected product indicators, descriptors, or model labels to describe or identify their own goods of a similar nature.

A. Availability of Unfair Competition Protection

A denial of exclusive rights does not necessarily mean a total lack of protection from competitors' uses that are likely to confuse consumers. The obvious place to look for an analog to formerly protected product indicators is in marks that have become generic. The obvious precedent is the Shredded Wheat case. After the expiration of its exclusive patent right to make shredded wheat and the correlative exclusive trademark right to use SHREDDED WHEAT as a mark, the National Biscuit Company's right to the manufacturing process and the name passed to the public.[178] Even though consumers associated the name "Shredded Wheat" with the specific company that produced the product in Niagara Falls, every competitor was free to call the product by that name as long as it "identif[ied] its own product lest it ***39** be mistaken for that of the plaintiff."[179] The Supreme Court concluded that the National Biscuit Company was "merely entitle[d] to require that the defendant use reasonable care to inform the public of the source of its product" to protect against source confusion due to the residual goodwill linking the National Biscuit Company to the term.[180] By analogy, competitors would be free to use formerly protected product indicators descriptively, taking reasonable care to ensure that no source confusion resulted from its marketing, but could not use the term as a source-indicator.

Once the single signal rule is in effect, unprotected product indicators would be treated like other terms that have become generic.[181] A competitor could use the Coca-Cola Company's "Sprite" product indicator to describe its products as long as the nature of the use did not cause source confusion. This seems to create the trademark protection for product indicators the single signal rule was designed to eliminate. As Part IV C reveals, however, the narrower remedies for unfair competition claims offer much less protection.

B. Narrow Remedies and Competitors' Access

To preserve free access to formerly protected product indicators while preventing source confusion, the remedy for confusing simultaneous use of terms must ***40** be appropriately limited. The narrow scope of the remedy in unfair competition claims involving terms that have become generic works well for claims involving formerly protected product indicators and it promotes the objectives of the single signal rule. The narrower remedy reflects consumers' and competitors' interests in access to the generic term. This is the key distinction between resolution of trademark infringement cases and passing off cases.

The common remedies for a competitor's misleading use of a generic term associated with another source are injunctive. In the Shredded Wheat case, the Supreme Court held that the plaintiff was "entitle[d] to require that the defendant use reasonable care to inform the public of the source of its product."[182] In that case, the Court found that the defendant, manufacturer of a competing cereal product, had adequately distinguished its product from the original by selling it in cartons that were of a different size, form, and color, with a different label, and with the defendant's name prominently displayed.[183] Thus General Motors could not enjoin Ford from marketing a "Hummer"[184] as long as Ford identified itself as the source of this vehicle. Other unfair-competition claims have ended with similar resolutions,[185] requiring the defendant to "clearly and unmistakably stat[e] . . . that the machines are made by the defendant, as distinguished from [the original manufacturer],"[186] that the defendant qualify its use of the generic term to differentiate its product from the plaintiff's product of the same name,[187] explain its use of the generic term,[188] or "identify its own product lest it be mistaken for that of the plaintiff."[189] Injunctive remedies may provide very modest protection. For instance, King-Seeley Thermos Co. v. Aladdin Industries, Inc.[190] is notorious for finding that the term "thermos," once used exclusively by the plaintiff, had become generic for vacuum-insulated containers and for imposing the minimal requirement that the defendant distinguish its products by using only the lower-case "t" on that descriptive word.[191] A fair and truthful statement of the ownership and source of manufacture ***41** is sufficient to avoid an unfair competition claim based on "mere use of words belonging to the public."[192] Trader Joe's grocery store could, and does, sell cereal called "Trader Joe's Shredded Wheat."[193]

Naturally, a subsequent seller's addition of misleading false phrases such as "the original" or "genuine" would be the basis for an unfair competition claim where consumers would infer that the supplier was the first company to supply the product.[194] Thus, only Mrs. Fields Original Cookies, Inc. (or its assignee) could identify itself as the original source of Mrs. Fields Cookies,[195] and only General Motors could claim to produce genuine Hummers. These remedies avoid consumer confusion resulting from the source-indicating power of sub-marks and preserve the goodwill arising from positive consumer association between the original source and product.

C. Application to the Single Signal Rule

Unfair competition law prevents two kinds of product indicators misuse: misleading indicators of source and misleading characterizations of products. With appropriate legal protections, the single signal rule would throw a vast number of well-known product indicators into the pool of devices all suppliers can use when marketing their goods. This has the potential to divert sales from former owners of those sub-marks to competitors, to confuse consumers about the sources and characteristics of their purchases, and to deprive consumers of the benefits they obtain from buying their preferred brands. Competing producers of pancake syrup could divert customers from Pinnacle Foods Group, LLC by using MRS. BUTTERWORTH'S[196] on their labels, and consumers seeking the sweet cinnamon and vanilla flavor of the original may be disappointed by their purchases. Pinnacle could, of course, choose MRS. BUTTERWORTH'S as its single signal and abandon its other 169 marks,[197] but even if it does not, two complementary measures would avoid these dangers. The transition period in which suppliers recondition ***42** consumer expectations by familiarizing them with their new single signals facilitates consumers' transition to new branding methods, reduces confusion, and enables consumers to obtain the brands they desire after existing sub-marks become available to all. To prevent confusion from residual source association with sub-marks after the transition period, unfair competition actions require competitors using unprotected sub-marks to identify themselves clearly as the source of competing goods.

The single signal rule allows something comparable to the ultimate in comparative advertising. It permits a competitor to proclaim its availability as an alternative to well-known products using the most well-known of words (sprite, kleenex, or jell-o) by which their more well-established competitors' products are known while maintaining the original suppliers' ability to identify themselves (by their single signal) as the source of a type of goods. Government regulatory policy encourages product comparisons.[198] Referring to a particular competing product by name is a most effective way of informing consumers about alternatives[199] and promoting competition.[200]

Dealing with the use of formerly protected product indicators under either the unfair competition or federal statutory framework would also prevent uses of product indicators that mislead consumers not only about the source, but also about the characteristics and qualities of goods. False advertising law, of which Section 43(a)(1)(B) of the Lanham Act[201] is a part, prevents a manufacturer of potato chips from dehydrated potatoes from using the unprotected term "potato chip" without qualification if consumers understand the term to mean that the product is made from raw potatoes.[202] A new airline that did not guarantee available seats cannot advertise its service as a "shuttle" service if a competitor, who unsuccessfully sought trademark protection for that term, had accustomed customers to believe that "shuttle" implied a guaranteed seat.[203] A new manufacturer could, however, ***43** use "sprite" or "shuttle" to indicate its competition with other manufacturers of beverages or suppliers of airline services with the well recognized characteristics of Coca-Cola's Sprite or (the former) Eastern Airline's shuttle just as Trader Joe's can sell "Trader Joe's Shredded Wheat." Unfair competition law would prevent a competing syrup manufacturer from labeling its product "Mrs. Buttersworth" if consumers understood that term to mean that the syrup had a vanilla-cinnamon flavor and the competitor's product did not. Applying unfair competition law promotes the desirable search cost and pro-competitive advantages created by the single signal rule.

VII. Technical and Policy Considerations

A. What is "one source"?

The first technical issue is determining when multiple marks are owned by the same "source." Are a corporation and its subsidiaries a single source? Could a supplier, in response to the adoption of the single signal rule, create a nominally separate entity to market a product for which it desired a separate signal? Is a trademark owner the source of goods manufactured by its licensees? These reactions would distort the structure of business organizations and defeat the objectives of the single signal rule. A technical problem for a rule limiting one source to one trademark is to define what "one source" means. This would also address the inevitable issue of which product indicators an entity would have to relinquish at the end of the transition period described in Part IV above.

Trademark law regulating licensing provides some principled guidance for resolving this important definitional question. A trademark may be licensed as long as the trademark owner adequately controls the quality and characteristics of the goods and services in association with which the mark is used.[204] Without the requirement of control, the danger arises that products bearing the same trademark would have diverse qualities, thereby misleading consumers.[205] The Lanham Act permits trademarks to be used by "related companies" without affecting the Registrant's ***44** trademark rights.[206] A related company means "any person whose use of a mark is controlled by the owner of the mark with respect to the nature and quality of the goods or services on or in connection with which the mark is used."[207] Licensing rules rely on control over the use of the mark to ensure a consistent signal to consumers.

Following these principles, the single signal rule implies that a single source may control the use of only one mark. Ownership of a trademark registration for an appropriate time prior to adoption of the single signal rule would be evidence of control. Control of the quality and characteristics of goods or services provided by another entity in connection with which a mark is used, whether subsidiary or licensee, would also be evidence of control of the signal. A nominally separate related company could not obtain exclusive rights to a mark formerly held by another if the other maintained control over the quality and characteristics of the goods it produced. For the purposes of the single signal rule, a trademark owner would be the source of goods manufactured by its licensees. Assignments to related companies would not preserve the rights of an owner of multiple trademarks. Both the single signal rule's objectives and the source-indicating function of trademarks are furthered by focusing on who controls the quality and characteristics of the goods.[208]

B. What is "one mark"?

The single signal rule prohibits exclusive rights to more than one mark. After the transition period, trademark law would consider marks other than the single signal abandoned.[209] Attempts to enforce rights to "another new and not abandoned" ***45** [210] mark would constitute an affirmative defense for infringement defendants.[211] Given these rules, it may become necessary to determine when two similar symbols are really one mark, both entitled to protection, or, from another perspective, how different two symbols must be to be considered different marks. Certainly only one of two "independent" marks, one of which is the supplier's "house mark"[212] identified with all of the supplier's products and the other of which is identified only with a particular product in the supplier's line, would be protected.[213] The Coca-Cola Company could not protect both COKE[214] (the house mark) and DIET COKE PLUS[215] (the product mark for a low-calorie cola). But, would two marks, both of which are used as the supplier's "house mark," be protected? If CHEVROLET[216] were an automaker's single signal, would it have any trademark rights with respect to CHEVY[217] or to its symbol? <<equation>>[218] The ***46** answer to these definitional questions may lie in the cases applying the "tacking" doctrine.

The tacking doctrine is useful in defining what constitutes a single signal because it addresses the question of when two marks used by the same supplier are similar enough to be considered one mark. In tacking cases, a trademark owner attempts to attach the date of first use of a prior mark to a subsequent mark.[219] By giving the trademark owner an earlier first use date, tacking gives that person priority over another supplier who later adopted a similar mark.[220] It applies to marks that are similar to, though technically distinct from, each other and treats such marks as legal equivalents.[221] Similarly, when implementing the single signal rule, courts and administrators need to know whether a technically distinct mark is the legal equivalent of another mark used by the same supplier.

Two marks are legally equivalent under the tacking doctrine if they present a continuing "commercial impression" on consumers.[222] The commercial impression is the "meaning" or "idea" the mark conveys or the "mental reaction" it evokes.[223] Marks are legally equivalent if they possess the same connotation in context, but ***47** not if consumers would "clearly differentiate" them.[224] A lack of legal equivalence may be based on visual or aural dissimilarity alone,[225] which would prevent simultaneous enforcement of CHEVROLET and either CHEVY or the bowtie symbol. When applied in the tacking context, the standard is "exceedingly strict,"[226] "considerably higher than the standard for likelihood of confusion,"[227] and applied "only in rare instances."[228] It is not necessary for the standard to be so rigorous for the purposes of the single signal rule. Several unpublished opinions have focused less on the appearance of the marks than on the meaning of the marks to consumers,[229] a familiar task in trademark law.[230] While not useful as precedent as tacking cases, they are suggestive of a looser standard for the single signal context. The focus of this standard is on the impact of the marks on consumers,[231] on whether consumers consider them the same mark,[232] and the commercial impression as gauged by "the impact on the public."[233] If consumers understand either CHEVY or the bow-tie symbol to indicate the supplier of Chevrolet as the source of goods and neither has a greater or lesser significance, the terms might be considered legal equivalents ***48** for the purposes of the single signal rule. This would allow a single supplier to have numerous marks with identical significance, but no product indicators. Gateway Inc. could obtain trademark protection for two house marks, both the "Gateway" mark <<equation>>[234] and the Holstein cow pattern it uses as trade dress.[235] The single signal rule is designed to promote competition and reduce search costs by eliminating protection for product indicators. As long as the house marks convey the same message to consumers, they might be considered a single signal. Whether the stricter tacking standard or a more relaxed standard is used, the definitional problems are easily handled in a manner familiar to current trademark law.

C. Mergers, Acquisitions, and Incentives to Create and Develop

The single signal rule may diminish the return to those attempting to sell ongoing businesses to existing suppliers.[236] Debbie Fields started a cookie business in California that became one of the largest sellers of cookies and baked goods under the trademark MRS. FIELDS' COOKIES.[237] Having developed that mark, she might want to sell her business and the associated goodwill to an existing firm using another trademark. Because each supplier is limited to a single signal, the acquiring firm would have to abandon its old mark or buy Mrs. Fields' business without any exclusive right to her mark. This could reduce the value and resultant sales price of Mrs. Fields' business. This consequence of the single signal rule would reduce the incentive for entrepreneurs to develop the markets for their products with the hope of selling the business, along with whatever familiarity their trademarks had acquired.

However, for both practical and policy reasons, this does not seem to be a serious concern. From a practical perspective, the reduction in value would not apply to potential buyers who valued the mark of the acquired company and wanted to adopt that mark as their single signal, nor would it apply to entrepreneurs without another trademark. Nonetheless, it would reduce, though not eliminate, the value of the acquired mark to conglomerates such as General Mills, which already owns trademarks such as CHEERIOS, PILLSBURY, GREEN GIANT, and BETTY CROCKER,[238] and would not want to adopt the MRS. FIELDS' COOKIES mark ***49** for all of its products. Yet even for conglomerates, much of the value of the trademark would not be lost. Not only would the acquiring conglomerate be the only company able to advertise its products as "the original" version of the acquired trademark name,[239] it would be able to protect the remaining source-indicating power of the product name under unfair competition law.[240] After acquiring Mrs. Fields' business, only General Mills could advertise its chocolate chip cookies as "Genuine Mrs. Fields's cookies."

From a policy perspective, there may be reason to be pleased with the reduction of the value of a mark offered for sale. Part of the value of a famous mark may be due to the market power[241] derived from consumers' lack of familiarity with competing goods.[242] There is no economic reason to protect this value, which arose because of the permissive trademark law context in which the business was developed. Any market power due to consumer preference for the original supplier's product would remain, as seems appropriate. In addition, making the product indicator available to all would increase competition by increasing information to consumers about the availability of competing products. Finally, because the single signal rule would require the acquiring company to identify itself as the new supplier of the product or service, consumers would be better informed about the fact that a new supplier is responsible for the quality of the product, who the new supplier is, and what other products and services that company may offer. The goals of the single signal rule are thus furthered in the merger and acquisition context as well.

D. Concurrent Use and Product Line Expansion

The single signal rule highlights existing practical difficulties arising from the ability of unrelated suppliers to use similar trademarks. Concurrent use provisions of the Lanham Act permit two suppliers to use the same trademark when there is no likelihood of source confusion.[243] This generally requires that the two suppliers ***50** sell in different product markets.[244] Under the current rules, when one supplier wishes to expand into the other supplier's market, it must select a new trademark for use in that market. This is a simple solution, but it does result in obscuring the identity of the entrant, who may be well known in other markets under the trademark it uses in those markets. The present concurrent use rules make it more difficult for the expanding company to extend its reputation into the new market and for consumers to locate preferred suppliers.

The single signal rule would, at least theoretically, aggravate this problem. Examples of difficulties in expanding product markets are available even under the current rules. Apple Inc. uses an apple symbol in numerous markets, ranging from developing photographs[245] to computer design.[246] When Apple expanded the lines of products and services it offers by beginning the business of selling digital downloads of music on the Internet, it ran into problems with the Beatles' record producer, Apple Corps. Apple Corps had trademarked an apple symbol and previously settled a dispute with Apple Inc. agreeing that the latter would not sell music recordings[247] or enter the music business using an apple trademark.[248] Under the current rules, Apple Inc. could simply adopt a new mark, such as ITUNES,[249] and make no reference to its Apple mark on its website for music sales.

The single signal rule exacerbates the product or service line expansion problem, though again the problem may be more theoretical than actual. Under the single signal rule, Apple might not have had any right to use the Apple mark in the Internet music market and would not be permitted to adopt another mark just for that market.[250] Such an exclusion of competition is inconsistent with the pro- ***51** competitive purpose of the single signal rule. Requiring Apple Computers to abandon its well known Apple mark might be a significant barrier to its entry into the new market. This would be true for all firms expanding into markets where another uses a confusingly similar mark.

Two obvious, but extreme, solutions for this problem are to eliminate all concurrent uses of marks or to permit multiple marks for different markets. There may be other reasons for eliminating concurrent use of symbols that are well beyond the scope of this paper. However, requiring many suppliers concurrently using marks to abandon them would create too much disruption given the nature of the problem, using a cannon to kill what might be a mosquito as many terms are concurrently used. A modest example is the concurrent use of the term "autumn" by two separate companies to market bread or margarine.[251] Lever Bros. sued American Bakeries Company for infringement when the latter attempted to expand its product line by marketing whole grain bread under the "Autumn Grain" mark. A search of the Patent and Trademark Office website reveals 121 live marks using the word "autumn."[252] Hence, massive dislocation would result from eliminating concurrent use of the term "autumn." The other extreme solution, permitting multiple marks for different markets, would entirely undermine the basic purpose of the single signal rule by recreating the opportunity for protecting multiple marketing devices.

Individually negotiated solutions are the most obvious answer to potential conflicts. An entrant would buy the existing firm already using its trademark in a new market, a common way of expanding into a market.[253] Apple Inc., after prevailing in court, reached a settlement with Apple Corps enabling it to use an apple mark in the music downloading market.[254] The single signal rule might give the existing firm a bargaining advantage by limiting the entering company's options, but would not otherwise raise obstacles to bargaining.

The option of choosing a new single signal may be a logical choice for a conglomerate. Many conglomerates, enterprises with separate divisions or subsidiaries ***52** operating in separate product or service markets,[255] adopt a fanciful mark such as

GE[256] and EXXON[257] to identify themselves as the source of a variety of products. A fanciful mark such as EXXON seems less likely to encounter concurrent use problems than a descriptive or suggestive mark like "autumn," adopted by the whole grain bread manufacturer to suggest the "natural" character of the bread.[258] Fanciful marks are preferred in trademark law because they are inherently superior source indicators and given greater protection.[259] To the extent that the single signal rule encouraged fanciful marks, consumers would benefit.

Finally, careful attention to concurrent use in two particular legal processes might minimize entry barriers arising from the single signal rule. The Patent and Trademark Office could strictly scrutinize applications for registered marks for potential concurrent use, as well as of cancellation petitions and oppositions. Such strict scrutiny could prevent future conflicts by focusing on potential sources of consumer confusion should the existing mark owner expand into neighboring markets. Also, courts evaluating infringement claims could pay closer attention to mistaken consumer belief that a supplier is likely to expand into another market. Many federal circuits explicitly consider the likelihood that a mark owner will "bridge the gap," expanding its product lines into another supplier's market as one of their "likelihood of confusion" factors.[260]

Difficulty of entry does not seem to be dramatically increased by the single signal rule. Increased attention to the potential for confusion arising from expansion and the continued option of negotiated solutions makes any increased difficulty seem more theoretical than practical. Furthermore, this issue is not a problem across the board. It affects only those firms entering markets other than the one in which they currently operate and only those firms whose entry is barred by the previous use of a confusingly similar mark. To the extent that the rule encourages the ***53** adoption of fanciful marks, consumer identification of the source of products is facilitated.

VIII. Conclusion

Intellectual property theory recognizes limits to exclusive rights based on balancing the need to provide incentives to creators of information against the importance of public access to information. Trademark recognizes the importance, to both consumers and suppliers, of exclusive rights to symbols indicating the source of products. Neither trademark law nor theory offers any justification for protecting product indicators, symbols that distinguish one item from other items produced by the same supplier. The single signal rule is designed to protect source indicators while minimizing protection for product indicators.

In a perfectly competitive economy, with full information, no barriers to entry, and no market power on the part of any supplier, there would be no reason to limit the number of trademarks any supplier could use. Consumers do not, however, have full information about alternative products that might satisfy their needs. Advertising expenditures by large firms carrying a diversified range of products make it more difficult for smaller firms to inform consumers about their products. This reduces competition, allowing some firms the ability to raise prices above a competitive level. The single signal rule addresses each of these market imperfections.

Consumers require full information in order to make optimal purchasing decisions. This includes information about the characteristics and qualities of all alternative available products: price, flavor, durability, efficiency, and compatibility with other products. The single signal rule enables all suppliers to refer to their products and services by widely recognized names for purpose of comparison, making it easier for consumers to find and compare different manufacturers' woolites, tylenols, band-aids, and jell-os. It enhances consumers' ability to identify the particular source of goods and to compare different products by the same seller because each supplier uses the same mark for every item it sells. Improved information improves consumer satisfaction.

Potential competitors need to be able to reach consumers. By advertising their product identifiers rather than their house marks, dominant suppliers may make it more difficult for consumers to find competing products by making it more difficult for competitors to describe their products. Heavy advertising on product identifiers thus may make entry by potential competitors unaffordable. Ending protection of product identifiers would lower these obstacles.

The dominance of some sellers is not due simply to better products. It is partly a result of the structure of trademark law that allows them exclusive rights to marketing terms. The difficulties potential competitors face because of the current structure of trademark law potentially allow dominant firms to exploit their position. ***54** Without pressure from actual or potential competitors, dominant firms may have the ability to raise prices above the competitive level, altering the allocation of resources by distorting consumer spending patterns. While some consumers may be willing to pay higher prices for the assurance that they are getting quality goods from a known manufacturer, the higher prices charged by dominant firms may also reflect the inability of consumers to find substitutes. The single signal rule increases the ability of suppliers to locate consumers and of consumers to find products that satisfy their needs, thereby reducing the misallocation of resources.

Abruptly limiting trademark protection to one mark per source would disrupt markets by confusing customers and destroying suppliers' investments in the goodwill associated with their marks. Therefore, it might be appropriate to phase out rights to pre-existing product identifiers to protect the goodwill created by suppliers' investments. To protect consumers from confusion and suppliers from unjustified diversion of trade, the narrow remedies of unfair competition law could prevent source-indicating use of formerly protected marks. Transition rules that recognize the durability of trademarks can minimize these dislocation costs.

The single signal rule can be implemented without any other changes in trademark doctrine. Whether two technically distinct marks used by a supplier are really the same mark can be resolved by reference to current tacking doctrine. Whether two apparently separate suppliers are really one source can be resolved by determining whether one controls the other, with reference to abandonment and licensing doctrines. Impediments to assigning marks and barriers to entry arising from concurrent use may be resolved by conventional bargaining and application of current trademark doctrines related to concurrent use, including both Lanham Act provisions as well as consideration of the potential for consumer confusion arising from one supplier bridging the gap into a neighboring market.

Adoption of the single signal rule addresses a variety of objectives. It would make it easier for consumers to find products that suit their need and competitors to find consumers. It would make it easier for consumers to know not only that the product comes from a single source but what other products are made by that source and perhaps who the source is. With the single signal rule, I would be more likely to know, for good or ill, that Rosemont Cabernet is not made by a boutique California winery but by a mass marketer, the Ernest and Julio Gallo Company.

Footnotes

[a1] David W. Barnes is a Distinguished Research Professor of Law at Seton Hall University.

[1] For instance, the Patent and Trademark website for searching trademarks lists over 500 live marks for the Coca Cola Company. U.S. Patent & Trademark Office, http://www.uspto.gov/main/trademarks.htm (last visited June 7, 2009).

[2] Prestonettes, Inc. v. Coty, 264 U.S. 359, 368 (1924) ("A trade-mark only gives the right to prohibit the use of it so far as to protect the owner's good will against the sale of another's product as his." (citing United Drug Co. v. Theodore Rectanus Co., 248 U.S. 90, 97 (1918))). See also Mattel, Inc. v. MCA Records, Inc., 296 F.3d 894, 905 (9th Cir. 2003) ("A trademark injunction, even a very broad one, is premised on the need to prevent consumer confusion. This consumer protection rationale [amounts to] averting what is essentially a fraud on the consuming public." (citing Cent. Hudson Gas & Elec. v. Pub. Serv. Comm'n, 447 U.S. 557, 566 (1980); Thompson v. W. States Med. Ctr., 535 U.S. 357 (2002))); NEC Elecs. v. CAL Circuit Abco, 810 F.2d 1506, 1509 (9th Cir. 1987) ("[T]rademark law is designed to prevent sellers from confusing or deceiving consumers about the origin or make of a product." (citing Prestonettes, 264 U.S. at 368)); In re DC Comics, Inc., 689 F.2d 1042, 1053 (C.C.P.A. 1982) ("[T]he basic objectives underlying trademark law [are] protection of trade identity, which may be the most valuable asset of a business, and protection of the public from confusion created by those who would encroach on an identity which the public associates with another.").

[3] Qualitex Co. v. Jacobson Prods. Co., 514 U.S. 159, 163-64 (1995) ("In principle, trademark law, by preventing others from copying a source-identifying mark, 'reduce[s] the customer's costs of shopping and making purchasing decisions....'" (quoting 1 J. McCarthy, McCarthy on Trademarks and Unfair Competition §2.01[2] at 2-3 (3d ed. 1994))).

[4] Id. at 164 ("[T]he law helps assure a producer that it (and not an imitating competitor) will reap the financial, reputation-related rewards associated with a desirable product.").

[5] See 1 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition §3:2 (4th ed. 2009) (noting that trademarks serve as a "prime instrument in advertising and selling the goods.").

[6] See id.

[7] U.S Trademark No. 0,820,362 (filed Apr. 15, 1966). Owned by PepsiCo, Inc. Id.

[8] See, e.g., Arrow Fastener Co., Inc. v. Stanley Works, 59 F.3d 384 (2d Cir. 1995). The court stated that "[m]odel numbers, while often arbitrary in that they do not refer to characteristics of the item they demark, are nevertheless generally descriptive because they serve to distinguish a single source's products from each other." Id. at 391 (citations omitted). Descriptive terms are capable of serving as trademarks, however, and model numbers with secondary meaning as source indicators may receive trademark protection. Id. at 393. See also Eastman Kodak Co. v. Bell & Howell Document Mgmt. Prods. Co., 994 F.2d 1569, 1570 (Fed. Cir. 1993) (demonstrating Kodak's opposed registration of Bell & Howell's model designators on the ground that they were necessarily merely descriptive. The Trademark Trial and Appeals Board observed that designations that are "only in part" model numbers may be registrable if "as used" they are inherently distinctive and service as source-indicators. Id. at 1571. The Court of Appeals for the Federal Circuit affirmed the Board's decision to dismiss Kodak's opposition. Id. at 1576.).

[9] U.S. Trademark No. 1,444,549 (filed June 3, 1985). Owned by Starbucks U.S. Brands, LLC. Id.

[10] U.S. Trademark No. 3,535,367 (filed Feb. 15, 2005).

[11] 15 U.S.C. §1052 (2006). See also Standard Paint Co. v. Trinidad Asphalt Mfg. Co., 220 U.S. 446, 453 (1911) (reviewing the settled rule that generic terms are not protected by trademark law and descriptive terms are not protected without proof of secondary meaning).

[12] U.S. Trademark No. 1,495,033 (filed Nov. 23, 1987). Owned by General Motors Corp. Id.

[13] See infra Part II.A.

[14] 15 U.S.C. §1052(d) (2006).

[15] 15 U.S.C. §1115(b)(4) (2006).

[16] See discussion infra Part II.C for the Lanham Act requirement that marks be "used in commerce." See also 15 U.S.C. §§1051, 1127 (2006).

[17] See infra Part II.C.

[18] See infra Part V.

[19] U.S. Trademark No. 3,142,249 (filed Nov. 3, 2005).

[20] U.S. Trademark No. 3,304,123 (filed Nov. 15, 2005).

[21] U.S. Trademark No. 1,392,521 (filed Feb. 22, 1985).

[22] This trademark was published for opposition on July 8, 2008. U.S. Trademark Serial No. 77272782 (filed Sept. 6, 2007).

[23] Trademark protection is available to "any word, name, symbol, or device used by a manufacturer or merchant to identify his goods and distinguish them from those manufactured by others." 1 McCarthy, supra note 5, §3:4.

[24] The Patent and Trademark website for searching trademarks lists 120 live marks for the Compagnie Gervais Danone Société Anonyme France. See U.S, Patent & Trademark Office, http://www.uspto.gov/main/trademarks.htm (last visited June 7, 2009).

[25] See discussion infra Part V.A regarding the definition of "one source."

[26] Danone launched Essensis, a beauty yogurt, in the French market in 2007. Julian Mellentin, Functional Foods: Key Trends to Watch, Nutraceuticals World, available at http://www.nutraceuticalsworld.com/articles/2007/11/functional-foods-key-trends-to-watch (last visited Aug. 14, 2009). Essensis was subsequently pulled from the French market in early 2009. Guy Montague-Jones, Failure of Danone Beauty Yogurt is a Learning Opportunity, Nutraingredients.com, http://www.nutraingredients.com/Health-condition-categories/Skin-health/Failure-of-Danone-beauty-yogurt-is-a-learning-opportunity (last visited Aug. 14, 2009).

[27] Beneful Food and Snacks for Dogs, http://www.beneful.com/Dog-Food/Default.aspx (last visited Aug. 14, 2009).

[28] Nestlé Good Start Formulas, http:// www.gerber.com/Products/GoodStart_Formulas.aspx (last visited Aug. 14, 2009).

[29] Nestlé Baby Ruth, http://www.babyruth.com/ (last visited Aug. 14, 2009).

[30] Carnation Milks, http://www.nestleusa.com/PubOurBrands/BrandDetails.aspx?lbid=F1A3F0AE-0356-4748-A409-15B24795C710 (last visited Aug. 14, 2009).

[31] The Patent and Trademark website for searching trademarks lists 1,317 live marks for the Société des Produits Nestlé S.A. See U.S. Patent & Trademark Office, http://www.uspto.gov/main/trademarks.htm (last visited June 7, 2009).

[32] See Gap Inc., http://gapinc.com/public/OurBrands/brands.shtml (last visited Aug. 15, 2009).

[33] See Welcome to Sears Holdings, http://www.searsholdings.com/ (last visited Aug. 14, 2009); Our Brands, http://www.searsholdings.com/about/brands.htm (last visited Aug. 14, 2009).

[34] See infra Part III.

[35] U.S. Trademark No. 0,704,043 (filed Feb. 11, 1955).

[36] See Coca-Cola Co. v. Harmar Bottling Co., 218 S.W.3d 671, 676-77 (Tex. 2006) (discussing Coca-Cola's dominance in the carbonated beverage industry and alleged anticompetitive conduct associated with that dominance).

[37] See Saxlehner v. Wagner, 216 U.S. 375 (1910).

38 See Lawrence Mfg. Co. v. Tennessee Mfg. Co., 138 U.S. 537 (1981).

39 See Saxlehner, 216 U.S. at 380.

40 See Lawrence Mfg. Co., 138 U.S. at 539, 551-52.

41 Id. at 547-48 (citation omitted).

42 The Patent and Trademark website for searching trademarks lists over 500 live marks for the Coca Cola Company. U.S. Patent & Trademark Office, http://www.uspto.gov/main/trademarks.htm (last visited June 7, 2009).

43 See 1 McCarthy, supra note 5, §3:7 (noting that trademark law does not require disclosure of the owner's name).

44 U.S. Trademark No. 2,164,810 (filed Oct. 11, 1994).

45 See supra notes 19-22 and accompanying text.

46 Danone Global Brands, http:// www.danone.com/en/brands/business/beverages.html (last visited Aug. 14, 2009).

47 Dannon Products, http://dannon.com/ourproducts.aspx (last visited Aug. 14, 2009).

48 See supra note 26.

49 See Graham v. John Deere Co. of Kan. City, 383 U.S. 1, 6-12 (1966) (discussing in detail the views of then Secretary of State Thomas Jefferson and others regarding requirements for patentability of inventions).

50 Id. at 9 (describing Jefferson's perspective and stating that "[t]he patent monopoly was not designed to secure to the inventor his natural right in his discoveries. Rather, it was a reward, an inducement, to bring forth new knowledge.").

51 Pfaff v. Wells Elecs., Inc., 525 U.S. 55, 63 (1998) ("The balance between the interest in motivating innovation and enlightenment by rewarding invention with patent protection on the one hand, and the interest in avoiding monopolies that unnecessarily stifle competition on the other, has been a feature of the federal patent laws since their inception.").

52 Graham, 383 U.S. at 10-11 (1966) ("The difficulty of formulating conditions for patentability was heightened by the generality of the constitutional grant and the statutes implementing it, together with the underlying policy of the patent system that 'the things which are worth to the public the embarrassment of an exclusive patent,' as Jefferson put it, must outweigh the restrictive effect of the limited patent monopoly.").

53 Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 152 (1989). See also Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., 535 U.S. 722, 731 (2002) ("The patent laws require inventors to describe their work in 'full, clear, concise, and exact terms,' 35 U.S.C. §112, as part of the delicate balance the law attempts to maintain between inventors, who rely on the promise of the law to bring the invention forth, and the public, which should be encouraged to pursue innovations, creations, and new ideas beyond the inventor's exclusive rights." (citing Bonito Boats, 489 U.S. at 150)). See sources cited infra note 61 for recent applications of externalities theory to intellectual property law.

54 Harper & Row Publishers, Inc. v. Nation Enters., 471 U.S. 539, 580 (1985) (Brennan, J., dissenting) (quoting Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417, 429 (1984)).

55 A partial list of scholars applying public goods theory to patent and copyright law in the past several years includes Margaret Chon, Intellectual Property and the Development Divide, 27 Cardozo L. Rev. 2821 (2006); Shubha Ghosh, Copyright as Privatization: The Case of Model Codes, 78 Tul. L. Rev. 653 (2004); Nari Lee, Toward a Pluralistic Theory on an Efficacious Patent Institution, 6 J. Marshall Rev. Intell. Prop. L. 220 (2007); Christopher S. Yoo, Copyright and Public Good Economics: A Misunderstood Relation, 155 U. Pa. L. Rev. 635 (2007); Christopher S. Yoo, Copyright and Product Differentiation, 79 N.Y.U. L. Rev. 212 (2004). For a sampling of earlier articles, see David W. Barnes, A New Economics of Trademarks, 5 Nw. J. Tech. & Intell. Prop. 22, 23 n.2 (2006).

56 See John G. Head, Public Goods and Public Policy, in Readings in Public Sector Economics 176, 179 (Samuel H. Baker & Catherine S. Elliott eds., 1990). Public goods theory was introduced to the discipline of economics in the United States in the 1950s by Professor Paul Samuelson. See Paul A. Samuelson, The Pure Theory of Public Expenditure, 36 Rev. Econ. & Statistics 387 (1954); Paul A. Samuelson, Diagrammatic Exposition of a Theory of Public Expenditure, 37 Rev. Econ. & Statistics 350 (1955); Paul A. Samuelson, Aspects of Public Expenditure Theories, 40 Rev. Econ. & Statistics 332 (1958).

57 See Brett M. Frischmann, An Economic Theory of Infrastructure and Commons Management, 89 Minn. L. Rev. 917, 942 (2005) ("[N]onrivalry describes the situation 'when a unit of [a] good can be consumed by one individual without detracting, in the slightest, from the consumption opportunities still available to others from that same unit.' For economists, 'consumption' simply refers to the realization of benefits by virtue of one's access to the good." (internal citation omitted) (quoting Richard Cornes & Todd Sandler, The Theory of Externalities, Public Goods, and Club Goods 8 (2d ed. 1996))).

58 See Joseph E. Stiglitz, Economics of the Public Sector 105 (1st ed. 1986) (discussing inefficiencies arising from the private provision of public goods). Stiglitz observes that where there is a small marginal cost of making the good available to an additional user, the user should be charged that marginal cost as a user fee. Id. That user fee, however, is determined by additional costs such as costs of distribution and dissemination of information in the intellectual property context and not the cost of producing the good itself and so will not be sufficient to cover the total cost of providing the good. Id.

59 See Barnes, supra note 55, at 38.

The normative conclusion that price should equal marginal cost is a "short-run" or "static efficiency" concern. It is based on cost-benefit reasoning. The allocation of resources to producing another unit of a good is efficient if the cost of doing so is less than the benefits that the additional unit would provide. If the marginal cost of supply is zero, then resources should be allocated to supplying the good to people who attach any positive value to it. Any positive price might exclude some people whose valuation of the good is greater than zero. Those excluded people would have been able to improve their well-being and it would have cost society nothing to provide that improvement. Economists refer to the costs associated with excluding such people as deadweight loss, which is measured by the difference between what they would have been willing to pay and the cost of supplying the good to them.

Barnes, supra note 55, at 38. (citations omitted).

60 Barnes, supra note 55, at 39.

This is precisely the dilemma confronted by copyright and patent law. Once produced, one person's use of an idea does not generally interfere with the benefits another derives from his or her own use of the same idea. It can simultaneously be made available to all. From a short-run, normative perspective, everyone ought to have free access to those ideas embodied in expressions and innovations. But if creators of ideas are not compensated, insufficient resources will be devoted to creative activity and disclosure of the results.

Barnes, supra note 55, at 39.

61 Recent rigorous applications of externalities theory to intellectual property theory include Brett M. Frischmann & Mark A. Lemley, Spillovers, 107 Colum. L. Rev. 257, 265 (2007) (applying externalities theory to copyright and patent law); Jeffrey L. Harrison, A Positive Externalities Approach to Copyright Law: Theory and Application, 13 J. Intell. Prop. L. 1 (2005) (applying the theory of externalities to copyright law). See also Alina Ng, Copyright's Empire: Why the Law Matters, 11 Marq. Intell. Prop. L. Rev. 337 (2007) (using an externalities approach to develop an institutional and technological analysis of copyright). Analytically, public goods theory and externalities theory are parallel and equivalent treatments of the same properties of some types of goods. See David W. Barnes, Trademark Externalities, 10 Yale J.L. & Tech. 1 nn. 80-96 (2007) (demonstrating the equivalence of public

goods and externalities theory).

62 Ng, supra note 61, at 350-52 (offering the example of returns earned by J.R.R. Tolkien for writing the Lord of the Rings series and selling fifty-two million copies, suggesting that these internalized returns were sufficient to motivate the author. The additional $2.92 billion in revenues earned by the three movies based on the books was unnecessary to motivate the author and, if internalized, might discourage the production of derivative works.). See also Raymond Shih Ray Ku, The Creative Destruction of Copyright: Napster and the New Economics of Digital Technology, 69 U. Chi. L. Rev. 263, 306-11 (2002) (describing incentives available to musicians outside of copyright protection).

63 A poet or musician may write or play to please himself or make enough money from performances to encourage his creativity. An inventor may save so much from employing a new production process that compensation from others who use the idea is not necessary to encourage her investment.

64 See Frischmann & Lemley, supra note 61, at 258; Harrison, supra note 61, at 10; Ng, supra note 61, at 353-54.

65 Frischmann, Lemley, and Harrison conclude that exclusive rights ought to be limited to the extent necessary to provide incentives to engage in creative activity. Frischmann & Lemley, supra note 61, at 276; Harrison, supra note 61, at 6.

66 Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417, 429 n.10 (1984) (quoting H.R. Rep. No. 2222, 60th Cong., 2d Sess., at 7 (1909)).

67 Id.

68 See 15 U.S.C. §1115(b)(4) (2006) (providing a fair use defense to an infringement claim).

69 See 1 McCarthy, supra note 5, §3:3 (discussing the requirement that a person seeking exclusive rights to a mark must have “used the designation in such a manner that both customers and competitors are likely to recognize it as an indication of origin” to warrant protection).

70 15 U.S.C. §1115(b)(4).

71 See U.S. Trademark No. 1,078,312 (filed Mar. 25, 1997). Owned by Apple Inc. Id.

72 August Storck K.G. v. Nabisco, Inc., 59 F.3d 616 (7th Cir. 1995).

73 KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc., 543 U.S. 111, 122 (2004) (citing Delaware & Hudson Canal Co. v. Clark, 80 U.S. 311, 323-24, 327 (1871)).

74 See 1 McCarthy, supra note 5, §3:3.

75 15 U.S.C. §1127 (2006). See also Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 768 (1992) (providing that to be capable of “identifying” and “distinguishing” goods, a mark must have the ability “to identify a particular source of a product”).

76 See 1 McCarthy, supra note 5, §3:3 (noting that “a word used in the middle of a sentence in an advertising message or a picture used as background is not likely to be perceived as a trademark, service mark or trade dress.”).

[77] See Graeme B. Dinwoodie & Mark D. Janis, Confusion Over Use: Contextualism in Trademark Law, 98 Trademark Rep. 1086, 1120 (2008).

[78] In re Chemical Dynamics, Inc., 839 F.2d 1569, 1571 (Fed. Cir. 1988).

[79] Knitwaves, Inc. v. Lollytogs Ltd., 71 F.3d 996, 1008 (2d Cir. 1995).

[80] See 1 McCarthy, supra note 5, §3:2.
In general, trademarks perform four functions that are deserving of protection in the courts:
(1) To identify one seller's goods and distinguish them from goods sold by others;
(2) To signify that all goods bearing the trademark come from or are controlled by a single, albeit anonymous, source;
(3) To signify that all goods bearing the trademark are of an equal level of quality; and
(4) As a prime instrument in advertising and selling the goods.
Id. (citations omitted). See also Frank I. Schechter, The Rational Basis of Trademark Protection, 40 Harv. L. Rev. 813, 819 (1927) ("[T]he trademark is ... often the most effective agent for the creation of good will, imprinting upon the public mind an anonymous and impersonal guarantee of satisfaction, creating a desire for further satisfactions. The mark actually sells the goods.") (emphasis in original).

[81] See In re Dr. Pepper Co., 1 U.S.P.Q.2d 1421, 1421 (T.T.A.B. 1986), aff'd, 836 F.2d 508 (Fed. Cir. 1987). The service was described as "sponsorship and operation of contests in which cash awards are presented to selected households based upon the quantity of certain soft drink products present in those households or the quantity of official 'I'm a pepper' cards present in those households." Id. n.1.

[82] See, e.g., Rock & Roll Hall of Fame & Museum, Inc. v. Gentile Prods., 134 F.3d 749, 753 (6th Cir. 1998) ("[I]n order to be protected as a valid trademark, a designation must ... perform [], the trademark function of identifying the source of the merchandise to the customers. Thus ... a plaintiff must show that it has actually used the designation at issue as a trademark.") (emphasis in original).

[83] Professor Glynn S. Lunney offers an illuminating discussion of this balance between exclusive rights and competition. Glynn S. Lunney, Jr., Trademark Monopolies, 48 Emory L.J. 367, 433-34 (1999). Professor Lunney compares two extremes: A world with no competition because there is only one monopoly supplier of each type of good, and a world in which there is perfect competition and any supplier may copy any aspect of any competitor's goods. Competition creates the potential for confusion, but "prohibiting all competition would far exceed any conceivable gains from the marginal reduction in confusion that such a prohibition would achieve." Id. Exclusive trademark rights create some market power (ability of firms to raise prices above a competitive level), but the marginal welfare gains that would result from rooting out the last vestiges of market power associated with a minimally-protective trademark regime are far outweighed by the welfare losses entailed in forcing producers and consumers to abandon trademarks altogether as an information source. The desirability of providing at least some trademark protection seems equally clear. Id. See also Peter Lee, The Evolution of Intellectual Infrastructure, 83 Wash. L. Rev. 39, 121-22 (2008) (concluding that a graduated approach to patent, copyright, and trademark protection balances the interests of firms, authors, and inventors on one hand and society on the other); Simone A. Rose, Will Atlas Shrug? Dilution Protection for "Famous" Trademarks: Anti-Competitive "Monopoly" or Earned "Property" Right?, 47 Fla. L. Rev. 653, 695 (1995) (applying Judge Richard Posner's four-part paradigm for balancing the costs and benefits of recognizing property rights). Professor Rose concludes that trademark "rights should be clearly defined with limitations that account for a balance between societal interest in free market competition and the free dissemination of ideas." Id. at 730.

[84] Barnes, supra note 55, at 43-44 (discussing impure public goods, those which are rivalrous in some uses and nonrivalrous in others).

[85] Barnes, supra note 55, at 43-44.

[86] See infra Part IV for a discussion of competitors' referential use of others' marks in comparative advertising and the single signal rule.

[87] Yum! Brands, Inc. is the parent corporation of KFC Corporation, the owner of the KENTUCKY FRIED CHICKEN mark. U.S. Trademark No. 0,815,167 (filed Dec. 31, 1964); Welcome to Yum! Franchising, http://www.yumfranchises.com (last visited Mar. 12, 2006).

[88] U.S. Trademark No. 0,201,694 (filed June 27, 1924). Owned by General Motors Corp. Id.

[89] U.S. Trademark No. 2,835,698 (filed Oct. 18, 2001). Owned by Apple Inc. Id.

[90] In trademark law, the term “genus” typically refers to a category or subcategory of products, for instance, carbonated beverages or colas. The term “species” refers to a particular product in that category, for instance, Diet Pepsi. See Park ‘N Fly, Inc. v. Dollar Park & Fly, Inc., 469 U.S. 189, 194 (1985) (“Marks that constitute a common descriptive name are referred to as generic. A generic term is one that refers to the genus of which the particular product is a species.”).

[91] See supra note 90.

[92] See supra note 90.

[93] U.S. Trademark No. 0,788,418 (filed July 6, 1964).

[94] U.S. Trademark No. 177,613 (filed Sept. 11, 1989).

[95] U.S. Trademark No. 1,298,347 (filed July 22, 1983). Owned by the Wyeth Corporation. Id.

[96] U.S. Trademark No. 3,407,346 (filed Sept. 6, 2006). Registered to Pillsbury Company, subsidiary of General Mills Corporation. Id.

[97] U.S. Trademark No. 2,442,449 (filed Jan. 31, 2000).

[98] U.S. Trademark No. 1,809,825 (filed Mar. 4, 1992).

[99] U.S. Trademark No. 1,903,870 (filed Oct. 29, 1993). Owned by the California Milk Processor Board. Id.

[100] U.S. Trademark No. 1,436,191 (filed Dec. 16, 1985).

[101] Competitors’ use of a term previously used as a trademark by another supplier would be subject to the unfair competition rules. See discussion infra Part V.

[102] U.S. Trademark No. 1,334,628 (filed June 28, 1984).

[103] See supra notes 27 and 29.

[104] U.S. Trademark No. 2,512,934, owned by E & J Gallo Winery Corporation.

[105] ’05 Syrah Estate, http://www.bridlewoodstore.com/Bridlewood%20Estate%C20Winery%C202005%C20Syrah%Ëstate (last visited Aug. 15, 2009).

[106] E&J Gallo Winery, http://ejgallo.com/wine/United%20States/Brand% 20Names/BrowsebyBrandName.html (last visited Aug. 15, 2009).

[107] Id.

[108] A 750 ml bottle of Ernest & Julio Gallo Boone’s Farm Strawberry Hill is priced at $3.49 at Witty’s Fine Wine and Liquors. Ernest & Julio Gallo Boone’s Farm Strawberry Hill, http://www.wittyswine.com (last visited Aug. 15, 2009).

[109] U.S. Trademark No. 1,661,627 (filed Feb. 11, 1991).

[110] Steven Wilf, The Making of the Post-War Paradigm in American Intellectual Property Law, 31 Colum. J.L. & Arts 139, 154 (2008) (reviewing the philosophical underpinning of trademark during the New Deal and following years).

[111] The Coca-Cola Company sponsors short films exhibited prior to the previews at movie theatres. See Coca-Cola Refreshing Filmmaker’s Award Competition: 2008-2009, http://www.ccrfa.com/ccrfa/doc/CCRFA_2008-0_ OfficialRules.doc (last visited June 19, 2009). If the short film involves a Coca-Cola product, such as COKE, the sponsorship might provide information relevant to a consumer’s search, such as describing an aura of sophistication, hip-ness, or happiness, associated with consuming the product. If the COKE mark only appears at the end of the film indicating that the Coca-Cola Company supported the production of the film, the Company’s investment impresses consumers’ mind with the identity of a particular supplier or, more likely, reinforces the mental association between Coke and one supplier of carbonated beverages.

[112] U.S. Trademark No. 1,648,096 (filed Aug. 16, 1990).

[113] See infra Part III.B.1-3.

[114] Application of Abcor Dev. Corp., 588 F.2d 811, 813 (C.C.P.A. 1978).
The major reasons for not protecting such [merely descriptive] marks are: (1) to prevent the owner of a mark from inhibiting competition in the sale of the particular goods; and (2) to maintain the freedom of the public to use the language involved, thus avoiding the possibility of harassing infringement suits by the registrant against others who use the mark when advertising or describing their own products.
Id.

[115] See In re Stereotaxis, Inc., 429 F.3d 1039, 1042 (Fed. Cir. 2005); Application of Abcor Dev. Corp., 588 F.2d at 813; Armour & Co. v. Organon, Inc., 245 F.2d 495, 498 (C.C.P.A. 1957).

[116] Anheuser-Busch, Inc. v. Stroh Brewery Co., 750 F.2d 631, 650 (8th Cir. 1984) (Bright, J., dissenting).

[117] Kenneth L. Port, Trademark Extortion: The End of Trademark, 65 Wash. & Lee L. Rev. 585, 603 (2008).
Predation can also be accomplished by suing, threatening to sue, or creating a reputation or impression in the minds of market entrants that the predator will sue for, among other things, trademark infringement. Such nonprice predatory conduct raises competitor costs and deters entry.
Predation is a rational, wealth-maximizing strategy, not because there is profit in predation, but because there is profit in the threat of predation. Although predation increases short-term costs to the predator, the predator deters market entry through the fear or perceived threat of predation, thereby maximizing long-term profit. The less competition, the more successful a firm will be at rent-seeking.
Id. (citations omitted).

[118] See, e.g., S Indus., Inc. v. Diamond Multimedia Sys., Inc., 17 F. Supp. 2d 775, 777-79 (N.D. Ill. 1998) (finding that by frivolously pursuing trademark litigation against another supplier and that supplier's customers in an attempt to enforce a mark to which it had no legitimate right and to discourage the other supplier's customers from dealing with that supplier, the plaintiff had "apparently taken a legitimate procedure designed to protect trademark rights and turned [it] into a means of judicial extortion."). See also Port, supra note 117, at 585 (concluding that the profound change in trademark law is due to "trademark extortion").

[119] See Port, supra note 117, at 587 ("[V]irtually all trademark holders use trademark litigation to secure market share by suing competitors and thereby increasing the competitor's cost of market entrance or market continuation.").

[120] U.S. Trademark No. 0,396,914 (filed Apr. 17, 1994). Mars, Inc. has 324 trademarks, alive and dead, for various source-indicating devices containing the letter "M," including U.S. Trademark No. 0,418,332, used as a source-indicator for candy. U.S. Patent & Trademark Office, http:// www.uspto.gov/main/trademarks.htm (last visited Aug. 14, 2009); U.S. Trademark No. 0,418,332 (filed Sept. 16, 1944).

[121] Charles R. Mandly, Jr., Article 82 of the E.C. Treaty and Trademark Rights, 93 Trademark Rep. 1314, 1353 (2003).

[122] See Benjamin Klein & John Shepard Wiley Jr., Competitive Price Discrimination as an Antitrust Justification for Intellectual Property Refusals to Deal, 70 Antitrust L.J. 599, 609 (2003) ("Product differentiation is the norm not just for complex machines like photocopiers; it is also present for the most mundane and apparently simple products, such as soft drinks, breakfast cereals, or athletic shoes. Consumers place different values on inherently subjective characteristics, such as taste, packaging, or product image of these goods.)

[123] U.S. Trademark No. 3,294,152 (filed Aug. 16, 2006).

[124] U.S. Trademark No. 3,290,268 (filed June 17, 2004).

[125] U.S. Trademark No. 2,835,698 (filed Oct. 18, 2001).

[126] U.S. Trademark No. 3,167,955 (filed Sept. 7, 2005).

[127] Apple Store, http://store.apple.com (last visited June 12, 2009).

[128] Best Buy, http://www.bestbuy.com (last visited June 12, 2009).

[129] See Nicolo Bottero et al., The Extended Protection of 'Strong' Trademarks, 11 Marq. Intell. Prop. L. Rev. 265, 275-76 (2007) (describing how product differentiation arises out of the attempts of profit-maximizing firms to avoid competition).

[130] Smith v. Chanel, Inc., 402 F.2d 562, 566 (1968) (holding that a manufacturer could not be enjoined from marketing a duplicate of Chanel #5, a famous perfume, and comparing it to that famous perfume by name as long as consumers were not confused about the source).

[131] See John F. Hacking, Comment, Trademark Dilution: Setting the Dilution Standard Under the Federal Trademark Dilution Act, 5 Tul. J. Tech. & Intell. Prop. 115, 118 (2003).

[132] Wilf, supra note 110, at 160 (reviewing the philosophical underpinning of trademark during the New Deal era and following years).

[133] See Stacy Dogan & Mark A. Lemley, A Search-Costs Theory of Limiting Doctrines in Trademark Law, 97 Trademark Rep. 1223, 1225-26 (2007).

In economic terms, trademarks contribute to economic efficiency by reducing consumer search costs. Rather than having to inquire into the provenance and qualities of every potential purchase, consumers can look to trademarks as shorthand indicators. Because this short-hand information is less expensive than detailed inquiries, consumers can more easily obtain and process it and will arguably become better informed, resulting in a more competitive market. This system works, of course, only if consumers can trust the accuracy of trademarks, and this is where the law comes in. By protecting established trademarks against confusing imitation, the law ensures a reliable vocabulary for communications between producers and consumers. Both sellers and buyers benefit from the ability to trust this vocabulary to mean what it says. Sellers benefit because they can invest in goodwill with the knowledge that others will not appropriate it. Consumers benefit because they do not have to do exhaustive research or even spend extra time looking at labels before making a purchase; they can know, based on a brand name, that a product has the features they are seeking.

Id. (citations omitted).

[134] See Joseph B. Kendrick, Does Sound Travel in Cyberspace, 8 J. Small & Emerging Bus. L. 39, 51 (2004).

If a firm has established its product in the marketplace such that the buyer has a significant preference for the established product over the product of an entrant firm, then product differentiation has created an entry barrier. Product differentiation is established and perpetuated through advertising, as well as by name recognition through trademarks that distinguish the firm's products from others. If the consumer lacks information that an entrant firm's product is identical to the product they normally consume, then a barrier is created that the entrant must overcome. If a new entrant is capable of producing an identical product, and the buyer is aware of the homogeneous nature of the product, then product differentiation becomes more difficult.

Id.

[135] 1 McCarthy, supra note 5, §2:12. (citing Bates v. State Bar of Ariz., 433 U.S. 350 (1977), for the proposition that prices are lower rather than higher as a result of advertising).

[136] Wilf, supra note 110, at 154-56.

[137] Ben Kleinman, Luxury Markets, Antitrust, and Intellectual Property: An Introduction, 90 J. Pat & Trademark Off. Soc'y, 742, 747 (2008). See also Port, supra note 117, at 605-06.

[138] Lunney, supra note 83, at 427 ("To the extent a protected trademark serves as the device for capturing such brand loyalty, even narrow trademark protection will quite often prohibit competitors from marketing a product that consumers will recognize and accept as a perfect or even reasonable substitute for the popular brand.").

[139] See Harold R. Weinberg, Is The Monopoly Theory of Trademarks Robust or a Bust?, 13 J. Intell. Prop. L. 137, 147-48 (2005) (noting that consumers view competitors' product as inferior due to the lack of the producer's trademark).

[140] Id. at 148. See also Chad J. Doellinger, A New Theory of Trademarks, 111 Penn St. L. Rev. 823, 840-42 (2007) (discussing and criticizing the economists' explanations).

[141] Weinberg, supra note 139, at 148.

[142] See Michael H. Davis, Patent Politics, 56 S.C. L. Rev. 337, 368, n. 128 (2004) (summarizing this argument). See also Thomas C. Folsom, Truth in Intellectual Property Revisited: Embracing eBay at the Edge, 2 Akron Intell. Prop. J. 69, 78-79 (2008) ("The usually reckoned costs of trademark law include barriers to entry in mark-dominated industries....").

[143] See Richard Schmalensee, Product Differentiation Advantages of Pioneering Brands, 72 Am. Econ. Rev. 349, 361 (1982) ("By granting pioneering brands the exclusive use of their trademarks forever, society grants something like a patent with infinite life.... Like the patent grant, the potential monopoly position of pioneering brands trades off static efficiency against the incentive to innovate.").

[144] See Shahan J. Dilbary, Famous Trademarks and the Rational Basis for Protecting "Irrational Beliefs," 14 Geo. Mason L. Rev. 605, 611-12 (2007) (summarizing the economists' position against branding).

[145] The single signal rule is a less drastic and more effective alternative to the mandatory royalty-free licensing of famous brands suggested by Richard Schmalensee. See Richard Schmalensee, Entry Deterrence in the Ready to Eat Breakfast Cereal Industry, 9 Bell J. Econ. 305, 321 (1978).

[146] See, e.g., Saxlehner v. Wagner, 216 U.S. 375, 380 (1910); Lawrence Mfg. Co. v. Tennessee Mfg. Co., 138 U.S. 537 546-47. (1891).

[147] See, e.g., Saxlehner, 216 U.S. at 380; Lawrence Mfg. Co., 138 U.S. at 546-47.

[148] 1 McCarthy, supra note 5, §2:12 ("[A]ny 'barriers to entry' arising from brand preferences are created by the desires of consumers. No set of laws, trademark or antitrust, exist to tell consumers what they 'should' buy.").

[149] 1 McCarthy, supra note 5, §2:12 (quoting Craswell Report at 13 (1977) (FTC Office of Policy Planning, FTC Policy Planning Issues Paper: Trademarks, Consumer Information and Barriers to Competition)).

[150] 1 McCarthy, supra note 5, §2:12 (quoting Craswell Report at 15).

[151] 1 McCarthy, supra note 5, §2:11 (citing Nat'l Fruit Prod. Co. v. Dwinell-Wright Co., 47 F. Supp. 499 (D. Mass. 1942), aff'd 140 F.2d 618 (1st Cir. 1944)).

[152] 1 McCarthy, supra note 5, §2:12 (citing Artype, Inc. v. Zappulla, 228 F.2d 695 (2d Cir. 1956)).

[153] 1 McCarthy, supra note 5, §2:12.

[154] See supra text accompanying notes 139-141.

[155] See Maurice E. Stucke, Evaluating the Risks of Increased Price Transparency, 19 Antitrust 81, 81 (Spring 2005) (discussing the implications of the assumption that full information is desirable).

[156] See Elizabeth E. Bailey & William J. Baumol, Deregulation and the Theory of Contestable Markets, 1 Yale J. on Reg. 111, 112-15 (1984) (discussing the role of entry barriers in competitive markets).

[157] See 1 McCarthy, supra note 5, §3:10 (noting that trademarks "indicate a level of consistent quality.").

[158] See 1 McCarthy, supra note 5, §3:10,

[159] See Bottero et al., supra note 129, at 275-76 (summarizing an economic model of competition explaining product differentiation and concluding that competition creates incentives to produce products of varying quality, not incentives to produce increasingly higher quality). The United States Supreme Court has also concluded that exclusive trademark rights have a positive effect on product quality. Park 'N Fly, Inc. v. Dollar Park & Fly, Inc., 469 U.S. 189, 193 (1985) ("[T]rademarks desirably promote competition and the maintenance of product quality.").

[160] See supra note 157.

[161] See supra Part III.B.1-3.

[162] See supra Part III.B.3.

[163] Bottero et al., supra note 129, at 281.

[164] Bottero et al., supra note 129, at 281.

[165] Bottero et al., supra note 129, at 281.

[166] See 1 McCarthy, supra note 5, §3:10 (discussing that trademarks signify that goods sold under the same mark are of equal quality).

[167] Section 1(a)(2) of the Lanham Act requires a registrant to indicate the goods in connection with which the mark is used. See 15 U.S.C. §1051(a)(2) (2006).

[168] See id. §1063.

[169] See id. §1064.

[170] See id. §§1114, 1125(a).

[171] See Kellogg Co. v. Nat'l Biscuit Co., 305 U.S. 111, 117 (1938).

[172] See, e.g., id. at 112-13.
The plaintiff has no exclusive right to the use of the term 'Shredded Wheat' as a trade name. For that is the generic term of the article, which describes it with a fair degree of accuracy; and is the term by which the biscuit in pillow-shaped form is generally known by the public. Since the term is generic, the original maker of the product acquired no exclusive right to use it. As Kellogg Company had the right to make the article, it had, also, the right to use the term by which the public knows it.
Id.

[173] See Park 'N Fly, Inc. v. Dollar Park & Fly, Inc., 469 U.S. 189, 200-01 (1985) (discussing exception for incontestable trademarks).

[174] Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4, 9 (2d Cir. 1976) ("[N]o matter how much money and effort the user of a generic term has poured into promoting the sale of its merchandise and what success it has achieved in securing public identification, it cannot deprive competing manufacturers of the product of the right to call an article by its name." (citing J. Kohnstam, Ltd. v. Louis Marx & Co., 280 F.2d 437, 440 (1960))).

[175] Schwan's IP, LLC v. Kraft Pizza Co., 460 F.3d 971, 974 (8th Cir. 2006).

[176] A.J. Canfield Co. v. Honickman, 808 F.2d 291, 304 (3rd Cir. 1986). See also Freecycle Network, Inc. v. Oey, 505 F.3d 898, 905-06 (9th Cir. 2007).
"Although there is a social cost when a mark becomes generic--the trademark owner has to invest in a new trademark to identify his brand--there is also a social benefit, namely the addition to ordinary language." Ty, Inc. v. Perryman, 306 F.3d 509, 514 (7th Cir. 2002). Furthermore, when a trademark becomes generic, "it reduces the cost of communication by making it cheaper for

competitors to inform consumers that they are selling the same kind of product" or providing the same kind of service. 2[J. Thomas McCarthy on Trademarks and Unfair Competition §12:2 (4th ed. 2007)]; see also [Mattel, Inc. v. MCA Records, Inc., 296 F.3d 894, 900] ("Trademarks often fill in gaps in our vocabulary and add a contemporary flavor to our expressions. Once imbued with such expressive value, the trademark becomes a word in our language and assumes a role outside the bounds of trademark law."). Id.

177 See supra Part III.B.2.

178 Kellogg Co. v. National Biscuit Co., 305 U.S. 111, 117-18 (1938).

179 Id. at 119.

180 Id. See also Saxlehner v. Wagner, 216 U.S. 375, 380-81 (1910) (holding that where there is no unfair competition or fraud, a supplier cannot enjoin another from using its formerly protected mark that has become generic).

181 A secondary line of authority supports unfair competition protection for marks that are unprotectible as trademarks because they are inherently (rather than have become) generic terms. A competitor's use of a generic term that is also associated with a particular source may confuse consumers about the source of its products. Courts have recognized that a supplier that has a source-identification with the term has a claim available against another whose use causes confusion, whether that claim is characterized as an unfair competition, passing off, or Lanham Act claim, even if the term is not entitled to trademark protection. See, e.g., Murphy Door Bed Co. v. Interior Sleep Sys., 874 F.2d 95, 102 (2d Cir. 1989) (stating that even though a term "may be generic and not entitled to trademark protection, [a] claim of unfair competition is not foreclosed."); Blinded Veterans Ass'n v. Blinded Am. Veterans Found., 872 F.2d 1035, 1043 (D.C. Cir. 1989) ("[T]he subsequent competitor cannot be prevented from using the generic term to denote itself or its product, but it may be enjoined from passing itself or its product off as the first organization or its product" .); Metric & Multistandard Components Corp. v. Metric's, Inc., 635 F.2d 710, 714 (8th Cir. 1980) (finding that despite the generic character of the term "metric" used in connection with industrial supplies, Section 43 of the Lanham Act had been violated because consumers associated the term with the plaintiff as the source of such supplies). Case law supporting claims involving inherently generic terms is, however, less clear than the law supporting claims for terms that become generic. In Blinded Veterans Ass'n, then-Circuit Judge Ruth Bader Ginsburg, allowing a confusion claim based on a generic term and variously characterized as an unfair competition, passing off, and Lanham Act claim, stated that "[c]ase law in this area is not perspicuous...." Blinded Veterans Ass'n, 872 F.2d at 1042-43.

182 Kellogg Co.,305 U.S. at 119.

183 Id. at 120-21.

184 U.S. Trademark No. 1,730,936 (filed Aug. 20, 1991). Owned by General Motors Corporation. Id.

185 See Blinded Veterans Ass'n, 872 F.2d at 1043-44 ((providing citations to cases).

186 Singer Mfg. Co. v. June Mfg. Co., 163 U.S. 169, 204 (1896).

187 O. & W. Thum Co. v. Dickinson, 245 F. 609, 627-28 (6th Cir. 1917).

188 G. & C. Merriam Co. v. Saalfield, 198 F. 369, 375 (6th Cir. 1912).

189 Kellogg Co., 305 U.S. at 119.

190 321 F.2d 577, 579 (2d. Cir. 1963).

191 Id. at 581.

192 Trinidad Asphalt Mfg. Co. v. Standard Paint Co, 163 F. 977, 982 (8th Cir. 1908), aff'd,, 220 U.S. 446 (1911).

193 See Trader Joe's Vegan Products, http:// www.traderjoes.com/Attachments/Vegan.pdf (last visited Aug. 17, 2009).

194 See, e.g., Murphy Door Bed Co. v. Interior Sleep Sys., Inc., 874 F.2d 95, 102 (2d Cir. 1989); King-Seeley, 321 F.2d at 581 (prohibiting defendant from using the terms "genuine" or "original").

195 U.S. Trademark No. 1,256,315 (filed June 7, 1989).

196 U.S. Trademark No. 0,831,942 (filed June 1, 1966). Owned by Pinnacle Foods Group, LLC. Id.

197 U.S. Patent & Trademark Office, http:// www.uspto.gov/main/trademarks.htm (last visited June 9, 2009).

198 August Storck K.G. v. Nabisco, Inc., 59 F.3d 616, 618 (7th Cir. 1995) ("Both the FTC and the FDA encourage product comparisons.").

199 See, e.g., id.

200 Id. at 619 (listing several cases reversing the granting of an injunction on the ground that the trial judge had failed to give enough weight to the public's interest in the competition generated by comparative advertising).

201 15 U.S.C §1125(a)(1)(B) (2006).

202 See Potato Chip Inst. v. Gen. Mills, Inc. 333 F. Supp. 173, 181 (D. Neb. 1971), aff'd, 461 F.2d 1088 (8th Cir. 1972) ("[P]ast experience of the consumer so shades the term [potato chip] with a raw potato overlay that the phrase tends to mislead the public and thus falsely to describe" the product.).

203 See E. Air Lines, Inc. v. N.Y. Air Lines, Inc., 559 F. Supp. 1270, 1277 (S.D. N.Y. 1983).

204 See Dawn Donut Co. v. Hart's Food Stores, Inc., 267 F.2d 358, 367 (2d Cir. 1959) (recognizing that amendments to the Lanham Act permitted controlled licensing).

205 Id. ("If the licensor is not compelled to take some reasonable steps to prevent misuses of his trademark in the hands of others the public will be deprived of its most effective protection against misleading uses of a trademark. The public is hardly in a position to uncover deceptive uses of a trademark before they occur and will be at best slow to detect them after they happen. Thus, unless the licensor exercises supervision and control over the operations of its licensees the risk that the public will be unwittingly deceived will be increased and this is precisely what the Act is in part designed to prevent. See Sen. Report No. 1333, 79th Cong., 2d Sess. (1946). Clearly the only effective way to protect the public where a trademark is used by licensees is to place on the licensor the affirmative duty of policing in a reasonable manner the activities of his licensees.")

206 15 U.S.C. §1055 (2006) provides:

Where a registered mark or a mark sought to be registered is or may be used legitimately by related companies, such use shall inure to the benefit of the registrant or applicant for registration, and such use shall not affect the validity of such mark or of its registration, provided such mark is not used in such manner as to deceive the public. If first use of a mark by a person is controlled by the registrant or applicant for registration of the mark with respect to the nature and quality of the goods or services, such first use shall inure to the benefit of the registrant or applicant, as the case may be.

207 15 U.S.C. §1127 (2006).

208 Once a source has given up its right and ability to control the nature and quality of goods or services in connection with which a mark is used, that source is no longer the guarantor to the public that "the goods now bearing the trademark are of the same nature and quality as were the goods bearing the trademark before." Morse-Starrett Prods. Co. v. Steccone, 86 F. Supp. 796, 805 (N.D. Cal. 1949). This constitutes an abandonment or assignment, and the mark no longer has the same meaning as far as the public is concerned. Id. In that event, the new user of the mark may obtain exclusive rights to the mark subject to the customary rules governing abandonment.

209 See supra Part IV.

210 See supra Part IV.

211 See supra Part IV (discussing affirmative defense).

212 1 McCarthy, supra note 5, §9:13.

An example of a corporate trademark or "house mark" is the word DUPONT, in capital letters surrounded by an oval, used "to identify all products emanating from that corporate source." The oval corporate "house mark" identifies products of the company and distinguishes them from those made and sold by others. Du Pont also has trademarks used on different products sold by the company, such as: LUCITE paint; MYLAR polyester film; ADIPRENE urethane rubber; and TEFLON fluorocarbon resins. These product marks identify those products and distinguish them from related products sold by others.

1 McCarthy, supra note 5. The single signal rule would eliminate trademark protection for these product identifiers.

213 See, e.g., Quiksilver, Inc. v. Kymsta Corp., 466 F.3d 749, 757-58 (9th Cir. 2006) (addressing the issue whether the term "Roxy" had independent significance as trademark).

In determining whether a mark has independent trademark significance, we consider whether the mark owner has engaged in "a constant pattern or effort ... to use ... [the product mark] in a manner separate and distinct from [the house mark]." [citing Textron Inc. v. Cardinal Eng'g Corp., 164 U.S.P.Q. 397, 400 (T.T.A.B. 1969)]. "[C]onsumer awareness of the product mark apart from the fame of the associated house mark," the "strength of the public reputation of the product mark," and the "nature and context of promotion" are also "reliable test[s] of the independence of the product mark from its parent house mark." Bose Corp. v. QSC Audio Prods., Inc., 293 F.3d 1367, 1374 (Fed. Cir. 2002).

214 U.S. Trademark No. 0,415,755 (filed Mar. 27, 1944).

215 U.S. Trademark No. 3,490,468 (filed Mar. 15, 2006).

216 U.S. Trademark No. 0,216,070 (filed Aug. 8, 1924). Owned by the General Motors Corp. Id.

217 U.S. Trademark No. 1,494,385 (filed Nov. 23, 1987).

218 U.S. Trademark No. 0,647,236 (filed Feb. 10, 1956).

[219] Under the tacking doctrine, a mark owner "essentially seeks to 'tack' his first use date in the earlier mark onto the subsequent mark." Brookfield Commc'ns, Inc. v. W. Coast Entm't Corp., 174 F.3d 1036, 1048 (9th Cir. 1999).

[220] "The standard for tacking ... is exceedingly strict: The marks must create the same, continuing commercial impression, and the later mark should not materially differ from or alter the character of the mark attempted to be tacked." Id. (emphasis, citation, and internal quotation marks omitted). The later mark must be indistinguishable from the original mark at the time that the later mark is introduced. See id. In deciding whether tacking applies, courts often compare the earlier mark with the subsequent mark to determine whether the two marks create "the same, continuing commercial impression." Id. at 1048-49 (emphasis and citations omitted). The similarities or dissimilarities between two marks constitute evidence of whether consumers view them as indistinguishable. See id. at 1047-48. "Without tacking, a trademark owner's priority in his mark would be reduced each time he made the slightest alteration to the mark, which would discourage him from altering the mark in response to changing consumer preferences, evolving aesthetic developments, or new advertising and marketing styles." Id. at 1048.

[221] See Van Dyne-Crotty v. Wear-Guard Corp., 926 F.2d 1156, 1159 (Fed. Cir. 1991). Tacking permits a mark owner "to claim priority in a mark based on the first use date of a similar, but technically distinct, mark--but only in the exceptionally narrow instance where the previously used mark is the legal equivalent of the mark in question or indistinguishable therefrom such that consumers consider both as the same mark." Brookfield Commc'n, 174 F.3d. at 1047-48(citations and internal quotation marks omitted).

[222] 3 McCarthy, supra note 5, §17:26 (stating that to be legal equivalents it is necessary that a "continuing common element of the marks retains its impact and symbolizes a continuing commercial impression.").

[223] Spice Islands, Inc. v. Frank Tea & Spice Co., 505 F.2d 1293, 1296 (C.C.P.A. 1974).

[224] Van Dyne-Crotty, Inc., 926 F.2d at 1159-60 (holding that "Clothes that work. For the work you do." was not legally equivalent to "Clothes that work" because consumers would clearly differentiate the marks).

[225] See, e.g., Data Concepts, Inc. v. Digital Consulting, Inc., 150 F.3d 620, 623-24 (stating that "[a] determination of legal equivalence may be based on the visual or aural appearance of the marks themselves" and concluding that "DCI" and "dci" did not "look alike") (citation and internal quotation omitted); Pro-Cuts v. Schilz-Price Enters., Inc., 27 U.S.P.Q. 2d 1224, 1993 WL 266611 at *4 (T.T.A.B. May 11, 1993) (holding that "Pro-Kut" and "Pro-Cuts" were not legal equivalents because "[a]side from the differences between the marks in spelling and pluralization, there is a very material difference between them because of their different design features").

[226] Brookfield Commc'n, Inc., 174 F.3d at 1048.

[227] Id.

[228] Van Dyne Crotty, Inc., 926 F.2d at 1160.

[229] See MB Fin. Bank, N.A. v. MB Real Estate Servs., L.L.C., No. 02 C 5925, 2003 WL 21462501 (N.D. Ill. June 29, 2003 ; Navistar Int'l Transp. Corp. v. Freightliner Corp., No. 96 C 6922, 1998 WL 911776 (N.D. Ill. Dec. 28, 1998).

[230] Consumer perceptions are relevant, for instance, in the context of determining whether a mark has secondary meaning, merely descriptive, suggestive or generic as well as the basic likelihood of confusion. See, e.g., Utah Lighthouse Ministry v. Found. for Apologetic Info. & Research, 527 F.3d 1045, 1051 (10th Cir. 2008) (dealing with marks with secondary meaning); In re Bayer Aktiengesellschraft, 488 F.3d 960, 966 (Fed. Cir. 2007) (discussing marks that are merely descriptive); Schwan's IP, LLC v. Kraft Pizza Co., 400 F.3d 971, 975 (8th Cir. 1006) (considering consumer perceptions as it applies to a suggestive mark); Hunt Masters, Inc. v. Landry's Seafood Rest., Inc., 240 F.3d 251, 255 (4th Cir. 2001); Better Box Commc'n Ltd. v. BB Techs., Inc., 300 F.3d 325, 334 (3rd Cir. 2002) (addressing the consumers' likelihood of confusion).

[231] Navistar Int'l Transp. Corp., 1998 WL 911776, at *4.

[232] Id., (citing Van Dyne-Crotty, Inc., 926 F.2d at 1159).

[233] Id., (citing ILCO Corp. v. Ideal Sec. Hardware Corp., 527 F.2d 1221, 1224 (C.C.P.A. 1976)).

[234] U.S. Trademark No. 2,494,636 (filed Apr. 22, 1998).

[235] U.S. Trademark No. 2,588,754 (filed Apr. 22, 1998).

[236] The author would like to thank Professor Sarah Ramsey for this observation.

[237] U.S. Trademark No. 1,241,619 (filed June 7, 1982).

[238] General Mills Company, http:// www.generalmills.com/corporate/company/index.aspx (last visited March 4, 2009).

[239] See supra Part V.C. (describing the prerogatives of owners of trademarks that have become the generic name for types of goods).

[240] See supra Part V (describing remedies available for owners of formerly protected product indicators that become available to all under the single signal rule).

[241] Market power is defined as "the ability profitably to maintain prices above, or output below, competitive levels for a significant period of time." U.S. Dep't of Just. & Fed. Trade Comm'n, Antitrust Guidelines for the Licensing of Intellectual Property, reprinted in 4 Trade Reg. Rep. (CCH) P13,132 (1995), available at http:// www.usdoj.gov/atr/public/guidelines/0558.pdf.

[242] See supra Part III.B.3.b.(describing the harm to competition resulting from strategies for exploiting trademarks).

[243] 15 U.S.C. §1052(d) (2006).

[244] See Dawn Donut Co. v. Hart's Food Stores, Inc., 267 F.2d 358, 365 (2d Cir. 1959) ("[B]ecause plaintiff and defendant use the mark in connection with retail sales in distinct and separate markets and because there is no present prospect that plaintiff will expand its use of the mark at the retail level into defendant's trading area, we conclude that there is no likelihood of public confusion arising from the concurrent use of the marks and therefore the issuance of an injunction is not warranted.").

[245] U.S. Trademark No. 3,038,073 (filed June 7, 1982).

[246] U.S. Trademark No. 2,808,567 (filed Oct. 2, 2002).

[247] Apple Corps Ltd. v. Apple Computer, Inc., 2006 EWHC (Ch) 996, [6] (Eng.), available at http://www.bailii.org/ew/cases/EWHC/Ch/2006/996.html.

[248] See Xuan-Thao Nguyen, Selling It First, Stealing It Later: The Trouble with Trademarks in Corporate Transactions in Bankruptcy, 44 Gonz. L. Rev. 1, 36-37 (2008) (discussing the history of conflict between these parties).

[249] U.S. Trademark No. 2,653,465 (filed Jan. 9, 2001).

[250] The court ultimately ruled in favor of Apple Inc., and the parties reached a settlement agreement under which Apple Corps transferred all of its rights to the Apple mark in exchange for licensing rights in certain markets, essentially permitting Apple Inc. to use its mark in that market. See Nguyen, supra note 248, at 37.

[251] Lever Bros. Co. v. Am. Bakeries Co., Inc., 537 F. Supp. 248, 256 (E.D.N.Y. 1982) (holding that consumers were not likely to be confused by concurrent use of the term "autumn").

[252] U.S. Patent and Trademark Office, http:// www.uspto.gov/main/trademarks.htm (last visited Aug. 15, 2009).

[253] Three types of expansion by means of acquisition are geographic market extension mergers (acquisition of a firm selling the same product in a spatially distinct areas), product line extension mergers (acquisition of a firm selling items related to the acquiring firm's existing production processes or marketing channels), and "pure" conglomerate mergers (mergers that have no functional relationship with the firm's prior activities). See Aubrey B. Willacy & Hazel M. Willacy, Conglomerate Bank Mergers and Clayton 7: Is Potential Competition the Answer?, 93 Banking L.J. 148, 160 n. 50 (1976).

[254] See Nguyen, supra note 248, at 37.

[255] See Lever Bros., 537 F. Supp. at 250 (Lever Bros. is an example of a conglomerate since it sells "detergents, soaps, toothpaste, and food products.").

[256] Used by General Electric Company in connection with sales of their fluid separation units. See, e.g., U.S. Trademark No. 3,280,631 (filed June 27, 2005).

[257] Used by ExxonMobil Corporation in connection with the provision of automobile maintenance services. See, e.g., U.S. Trademark No. 2,232,944 (filed July 23, 1997).

[258] Lever Bros. Co. v. Am. Bakeries Co., Inc., 537 F. Supp. 248, 250 (E.D.N.Y. 1982).

[259] See, e.g., Virgin Enters. Ltd. v. Nawab, 335 F.3d 141, 148 (2d Cir. 2003) ("The goal of avoiding consumer confusion thus dictates that the inherently distinctive, arbitrary, or fanciful marks, i.e., strong marks, receive broader protection than weak marks, those that are descriptive or suggestive of the products on which they are used.").

[260] See, e.g., Polaroid Corp. v. Polarad Elecs. Corp., 287 F.2d 492, 495 (2d Cir. 1961); Interstellar Starship Servs., Ltd. v. Epix, Inc., 304 F.3d 936, 942 (9th Cir. 2002).