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From Trademarks to Brands

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ARTICLES

FROM TRADEMARKS TO BRANDS

*Deven R. Desai**

Abstract

The business world has moved from using trademarks—simple symbols identifying products—to brands—rich symbols that feed business strategy. At the same time, networked and empowered consumers are using brands, brand language, and branding strategies to make decisions about what they purchase, express preferences about how corporations conduct their business, and call for changes in corporate practices. These changes are the future of commerce. But trademark law has not kept pace with either.

This Article argues that because brands are governed by trademark law, the full realization of brands as information resources is hindered. Current trademark law is blinkered and confused, and consequently fails to manage all the interests at stake in the modern business environment. This failure flows from a core misunderstanding: trademark law has not grasped that it is managing brands, not trademarks. To address this shortcoming, this Article develops a new theory of trademarks: brand theory. This theory explains riddles within current trademark doctrine and provides the foundation for a new normative approach to trademarks. It expands the current information-based understanding of trademarks to embrace the possibility that trademarks can be true information resources for all stakeholders in a brand—corporations, consumers, and communities—rather than vessels for only one side's views. In short, a brand theory of trademarks offers the opportunity to bring trademark law into the information age.

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INTRODUCTION 982

I. BRANDS PAST, PRESENT, AND FUTURE..... 988

 A. *The Corporate Side of Brands* 992

 1. Product Brands 992

 2. Corporate Brands 994

 B. *The Noncorporate Side of Brands* 999

 1. Consumer Brands 1000

 2. Community Brands 1002

 C. *Synthesis: The Cultural, Networked Brand* 1005

II. A BRAND THEORY EXPLANATION OF TRADEMARK LAW 1009

 A. *From Direct Competition to Anonymous Source* 1010

 B. *An Expansive View of Goodwill, Merchandising, and Licensing*..... 1011

 C. *Family or House Marks as Brand Extension* 1019

 D. *Trade Dress and Branded Packaging* 1021

 E. *Initial Interest and Post-Sale Confusion as Control of Brand Identity* 1025

 F. *Dilution: Open Protection for Brands*..... 1027

III. BRAND FAILURES IN TRADEMARK LAW 1029

 A. *Trademark Law’s Erroneous View of Consumers and Communities* 1029

 B. *Brands as Information Resources that Enable the Co-Creation of Value*..... 1036

CONCLUSION: A POTENTIAL NEW ORDER FOR TRADEMARK LAW..... 1043

INTRODUCTION

A Coke is a Coke and no amount of money can get you a better Coke than the one the bum on the corner is drinking. All the Cokes are the same and all the Cokes are good. Liz Taylor knows it, the president knows it, the bum knows it and you know it.

—Andy Warhol¹

Andy Warhol said that a “Coke is a Coke,” but Coke *the brand* is much more than just a Coke. Warhol was referring to Coke as a standardized product that is the same regardless of who buys it. That perspective is a trademark way of thinking about Coke. But part of

1. Rob Walker, *Cult Classic*, N.Y. TIMES MAG., Oct. 11, 2009, at MM22 (quoting Andy Warhol).

Coke's power comes from Coke the brand. Coke's label with the words "Coca-Cola" flowing across a red field in white cursive script or Coke's iconic glass bottle are aspects of Coke's brand. Coke's brand also has an emotional, symbolic component, as the brand evokes a sense of being all-American, "Classic," and the perfect refreshing drink, whether it is the Fourth of July or Christmas. A sip of Coke means imbibing an entire culture.

Coke *the brand* is also much more than just Coke's brand. When Coke tried to deviate from its image and offered New Coke, a Coke with a different flavor and corn syrup instead of cane sugar, the public spoke up. Consumers wanted the "Real Thing." They hoarded old formula Coke, formed protest groups (with more than 100,000 members in some cases), wrote songs about the old taste, and staged demonstrations.² As Coke's official history admits, tests indicated people wanted a different flavor but failed to reveal "the bond consumers felt with their Coca-Cola—something they didn't want anyone, *including The Coca-Cola Company*, tampering with."³ So much so that Coke had to offer Coke Classic, which has now simply become Coke again with the "Classic" designation dropped.

Coke's brand has recently encountered a new problem related to Coke from Mexico. In contrast to U.S. Coke, Mexican Coke is still made with cane sugar. There is now a growing fanbase for Mexican Coke. Some want Coke in the classic glass bottle; some believe the flavor is better; some believe cane sugar is healthier.⁴ Consumers search online for tips on how to find sources of Mexican Coke and even have a Facebook page with more than 10,000 fans.⁵ Coke initially opposed the importation.⁶ Yet now Coke has altered course, and one can purchase this other Coke in box retail stores alongside U.S. Coke, which Coke offers in a resurrected Coke glass bottle, aluminum can, or plastic bottle.⁷

Brands and their relationship to the law have been woefully undertheorized. Brands are regulated by trademark law, which fails to grasp that trademarks are merely a subset of brands and that it manages brands at all. Instead, trademark law champions corporations as the sole

2. *Coke Lore: The Real Story of New Coke*, THE COCA-COLA COMPANY, http://www.thecoca-colacompany.com/heritage/cokelore_newcoke.html (last visited Mar. 8, 2012).

3. *Id.* (emphasis added).

4. *See* Walker, *supra* note 1.

5. *Id.*

6. *See* Bruce Kennedy, *Mexican Coca-Cola Is Finding Sweet Success in the U.S.*, DAILY FIN. (Sept. 20, 2010), <http://www.dailyfinance.com/story/company-news/mexican-coca-cola-is-finding-sweet-success-in-the-u-s/19639897>.

7. *Id.*

custodians of trademark meaning. As Professor Robert G. Bone explains, trademark law's "core mission, as it is understood today, is to facilitate the transmission of accurate information *to the market*."⁸ Trademark law thus clings to the model of the firm as the one with the exclusive power to develop the brand and to control its meaning.⁹

In addition, trademark law formally relies on the singular idea that trademarks are only about economic efficiency.¹⁰ From this perspective, trademarks enhance the economic efficiency of the marketplace by "lessen[ing] consumer search costs by making products and producers easier to identify in the marketplace," and "encourag[ing] producers to invest in quality by ensuring that they, and not their competitors, reap the reputation-related rewards of that investment."¹¹ In this view, the mark becomes a sign of "consistent source and quality."¹²

8. Robert G. Bone, *Hunting Goodwill: A History of the Concept of Goodwill in Trademark Law*, 86 B.U. L. REV. 547, 548 (2006) (emphasis added).

9. In a seminal trademark law article, Professor Ralph Brown argued that protection for trade symbols was only proper if such protection served the informational function of trade symbols, not any extra persuasive functions. See Ralph S. Brown, Jr., *Advertising and the Public Interest: Legal Protection of Trade Symbols*, 57 YALE L.J. 1165, 1183–84 (1948). Although Brown sought to limit trademark protection, this Article argues that by focusing solely on the corporate side of information transmission, Brown's approach failed to account for other important sources of information to the marketplace; thus, and perhaps of necessity, it was doomed to failure. Cf. Jessica Litman, *Breakfast with Batman: The Public Interest in the Advertising Age*, 108 YALE L.J. 1717, 1734 (1999) (arguing against providing brand producers all brand value because of brand value is collectively created).

10. William M. Landes & Richard A. Posner, *Trademark Law: An Economic Perspective*, 30 J.L. & ECON. 265, 265–66 (1987).

11. Barton Beebe, *The Semiotic Analysis of Trademark Law*, 51 UCLA L. REV. 621, 623 (2004); accord *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 163–64 (1995) ("[T]rademark law . . . 'reduce[s] the customer's costs of shopping and making purchasing decisions,' for it quickly and easily assures a potential customer that *this* item—the item with this mark—is made by the same producer as other similarly marked items that he or she liked (or disliked) in the past." (alteration in original) (quoting 1 J. MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 2.01[2], at 2–3 (3d ed. 1994))).

12. Robert N. Klieger, *Trademark Dilution: The Whittling Away of the Rational Basis for Trademark Protection*, 58 U. PITT. L. REV. 789, 790 (1997); cf. Mark A. Lemley & Mark McKenna, *Irrelevant Confusion*, 62 STAN. L. REV. 413, 414 (2010). Professors Mark Lemley and Mark McKenna further explained this proposition:

When it works well, trademark law facilitates the workings of modern markets by permitting producers to accurately communicate information about the quality of their products to buyers, thereby encouraging them to invest in making quality products, particularly in circumstances in which that quality wouldn't otherwise be apparent. If competitors can falsely mimic that information, they will confuse consumers, who won't know whether they are in fact getting a high quality product. Indeed, some consumers will be stuck with lemons.

This understanding of the information transmission function performed by brands such as Coca-Cola is far too limited. Its premise is that the mark holder's information is the best or only information a consumer may desire in assessing a purchase. Yet modern technology makes this model obsolete. As the Coke example reveals, consumers do not express their market preferences through purchasing decisions alone; they also create and share information that contributes significantly to the image and meaning of the brand.¹³ Similar examples of consumers engaging with and shaping brands are found across a wide range of commercial industries—from automotive to beverage, music, clothing, cosmetic, and food, among others.¹⁴

While trademark law sees trademarks and brands as synonymous,¹⁵ brand scholarship and practice recognize that they are not.¹⁶ Brands have many functions. One function maps well to trademark law: the corporate provision of information regarding a product to help a consumer make a purchase. Trademark law, however, recognizes only that function, and in far too limited a way. The corporate dimension of branding creates a strategic asset that allows a corporation to forge not only a product symbol, but also a connection with consumers so that consumers look beyond price when they make a purchasing decision.¹⁷ It also enables corporations to sell multiple branded products and ancillary merchandise and to turn the brand into a product in its own right.¹⁸

Id.

13. See *infra* Part III.B.

14. See *infra* Part III.B.

15. See, e.g., *Qualitex Co.*, 514 U.S. at 163–64 (“We cannot find in the basic objectives of trademark law any obvious theoretical objection to the use of color alone as a trademark, where that color has attained ‘secondary meaning’ and therefore identifies and distinguishes a particular brand (and thus indicates its ‘source’). 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 MCCARTHY, *supra* note 11, § 2.01[2], at 23)); see also *Ty Inc. v. Perryman*, 306 F.3d 509, 510 (7th Cir. 2002) (“The fundamental purpose of a trademark is to reduce consumer search costs by providing a concise and unequivocal identifier of the particular source of particular goods. The consumer who knows at a glance whose brand he is being asked to buy knows whom to hold responsible if the brand disappoints and whose product to buy in the future if the brand pleases. This in turn gives producers an incentive to maintain high and uniform quality, since otherwise the investment in their trademark may be lost as customers turn away in disappointment from the brand. A successful brand, however, creates an incentive in unsuccessful competitors to pass off their inferior brand as the successful brand by adopting a confusingly similar trademark, in effect appropriating the goodwill created by the producer of the successful brand. The traditional and still central concern of trademark law is to provide remedies against this practice.”).

16. See *infra* Parts I.A–B.

17. See *infra* Part I.A.1.

18. See *infra* Part I.A.2.

The noncorporate dimension of branding involves consumers and communities as stakeholders in brands.¹⁹ Consumers often buy branded goods not for their quality but as badges of loyalty, ways to express identity, and items to alter and interpret for self-expression.²⁰ Some consumers form brand communities which either evangelize or police brand meaning and corporate practices.²¹ From the perspective of trademark law, this behavior presents a problem; from the perspective of brand scholarship, it is both ordinary and expected.

This Article sets forth a new theory of trademarks—one that focuses on brands, their functions, and their democratic nature.²² This account avoids the incoherence and problems that currently plague trademark law and scholarship and offers a framework to guide future discussions on the purpose, function, and scope of trademark law.

A brand theory of trademark law explains the current (and outmoded) state of this area of law and points the way towards the future. The theory offers the most coherent account as to what interests—producer or consumer—were at stake in past shifts and expansions in trademark protection, and how they were justified. Prospectively, when a claim for new protection is made, the theory provides tools and vocabulary to recognize precisely what interest is at issue and what interests trademark law ought to vindicate, rather than relying on broad notions about the relationship between producers and consumers and market welfare. As a normative matter, brand theory offers a true information-based view of trademarks and a system in which both mark holders and consumers are free to share information

19. *See infra* Part I.B.

20. *See infra* Part I.B.1.

21. *See infra* Part I.B.2.

22. Thus far, although some trademark scholarship has mentioned brands, no one has pointed out that trademark law should focus on brands and all their dimensions rather than trademarks. To be clear, this Article owes much to work by Rochelle Dreyfus, Jessica Litman, and others who have explained the drive to propertize trademarks, documented the problems from such a shift, described some brand behaviors, and argued for greater acknowledgement of the role consumers play in constructing trademarks' meanings. *See* Rochelle Cooper Dreyfuss, *Expressive Genericity: Trademarks as Language in the Pepsi Generation*, 65 NOTRE DAME L. REV. 397 *passim* (1990) (explaining the way in which consumers use trademarks as valuable parts of expression and how trademark law hinders such uses); Litman, *supra* note 9, *passim* (tracking changes in advertising practices and trademark law from competition-enhancing actions and efforts to persuade consumers to buy products to the provision of complete corporate control over trade symbols). These works do not, however, connect brand scholarship and practice to the overall structure of trademark law. Thus, this Article follows these foundational works as they sought to have trademark law match practice and expand its view to understand, accommodate, and protect noncommercial interests. *See* Dreyfuss, *supra*, at 398–99. In their spirit, this Article hopes to expand the understanding of how brands function and to explain why law has come to embrace more than “nondeceptive, informative, and source-designating functions of trade symbols.” Litman, *supra* note 9, at 1735.

about brands without the hindrances the current system imposes. In both situations, a brand theory of trademark creates room to be clearer about what we are protecting, why we are protecting it, and what we give up in protecting one interest over another.

Part I explains what brands are and how they are different from trademarks. Drawing on sociological and marketing scholarship, it explains how trademark law has mistakenly equated trademarks with brands despite brands being far more complex than trademarks. It then offers a taxonomy for understanding the corporate and noncorporate dimensions of brands. Part I concludes by showing how brands have become the place where the two dimensions complement each other and open the door to the co-creation of value by corporate and noncorporate stakeholders.

Part II applies brand theory to core aspects of and specific puzzles within trademark doctrine. The general criticism that trademark law has expanded well beyond its traditional law and economics foundations may be accurate but tells us little. The corporate dimension of brand theory, however, explains these issues and shows that trademark law has evolved along the corporate dimension of brands while leaving important consumer interests behind.

Part III puts the theory further to the test and offers a brand theory critique of trademark law. This approach shows that trademark law misunderstands and by design fails to accommodate the noncorporate dimension of brands. As but one example, Part III shows that a brand approach to the likelihood of confusion test would improve this core aspect of trademark law. In addition, it offers a guiding normative claim: trademark law should adopt a more open perspective of brands, such as the perspective used by marketing and business disciplines. Marketing and business disciplines look to a more open, democratic understanding of brands precisely because such an approach enhances the value of brands and fits with the way brands operate in the marketplace. Trademark law ought embrace just such a perspective. Furthermore, an open approach creates room for individuals and communities to use brands as a locus of personal expression, political debate, and market discussion. This approach adheres to an information-based understanding of trademarks and embraces the possibility that they can be true information resources for all sides of the information marketplace rather than vessels for only one side's views.

I. BRANDS PAST, PRESENT, AND FUTURE

Trademarks and brands are not the same.²³ Using marks for the “utilitarian provision of information regarding origin and quality in order to reduce risk and uncertainty”²⁴ is only a part of what brands encompass.²⁵ Brands have “more complex . . . characteristics . . . which are related to image building and include status/power, inherent value and finally, the development of brand personality.”²⁶ As one study puts it, marks that only convey information or offer only one part of image building are proto-brands.²⁷ It is only around the late nineteenth century that one sees the birth of modern brands: the use of a private mark to provide information regarding source and quality and simultaneously to convey image components regarding power, value, and personality.²⁸

Put simply, brands have an array of functions depending on who is using the brand and in what context.²⁹ A company uses brands to

23. Historical work identifies a range of practices for marking goods, including branding, as examples of or precursors to the way in which modern trademark functions. See FRANK I. SCHECHTER, *THE HISTORICAL FOUNDATIONS OF THE LAW RELATING TO TRADE-MARKS* 20–21 (1925) (distinguishing between trademarks and marks designating ownership, and noting the importance of these “proprietary marks” in the development of modern trademark law); Sidney A. Diamond, *The Historical Development of Trademarks*, 65 TRADEMARK REP. 265, 266–72 (1975) (noting that the history of trademarks dates back to the branding of cattle and other animals); Daniel M. McClure, *Trademarks and Unfair Competition: A Critical History of Legal Thought*, 69 TRADEMARK REP. 305, 310–16 (1979) (noting that “the earliest use of marks on goods dates to antiquity, and were primarily used as an indication of personal ownership”); Benjamin G. Paster, *Trademarks—Their Early History*, 59 TRADEMARK REP. 551, 551–52 (1969) (discussing the use of marks as a method for distinguishing a maker’s product from others); Edward S. Rogers, *Some Historical Matter Concerning Trade-Marks*, 9 MICH. L. REV. 29, 29–30 (1910) (dating the usage of trademarks back to “the very earliest times,” where marks were used for identification purposes). In early eras, brands were burned or carved marks indicating ownership, slave, or criminal status. See Deven R. Desai & Spencer Waller, *Brands, Competition, and the Law*, 2010 BYU L. REV. 1425, 1432 (“Although many different ancient and medieval civilizations—from the Indus river valley to China to several Mediterranean cultures to Nigeria to the Arab Empire to medieval England—used brands and a variety of other commercial symbols to indicate ownership and facilitate commerce[,] none of those uses corresponds to modern brands.”); Diamond, *supra*, at 266–67, 273, 283–85.

24. Karl Moore & Susan Reid, *The Birth of the Brand: 4,000 Years of Branding History* 5, 25 (MPRA, Working Paper No. 10169, 2008), available at <http://mpr.ub.uni-muenchen.de/10169/> (examining branding practices from 2250 BCE to 300 BCE).

25. See, e.g., Susan Fournier, *Consumers and Their Brands: Developing Relationship Theory in Consumer Research*, 24 J. CONSUMER RES. 343, 344 (1998) (challenging the way in which brand theory often reduces to utilitarian views).

26. Moore & Reid, *supra* note 24, at 25.

27. *Id.* at 26.

28. *Id.* at 24, 26.

29. Some may want or prefer a definition of a brand. Although understandable, this Article argues that because a brand has several, simultaneous functions depending on contexts and operates within information and network rules, a taxonomy of brands is more useful than a

provide product information to consumers, but it also uses brands to enhance the overall corporate image as the company pursues a full range of business goals. Consumers may, of course, use brands to find products. But consumers may simultaneously use brands as expressions of individuality and identity as they take a brand and alter it to match what they see as the meaning of the brand and how that meaning relates to their self-image or message. Communities may also engage with a brand as a symbol about which they wish to comment and share both positive and negative information.

Some simple examples illustrate how brands have utilitarian and non-utilitarian dimensions. Consider the brands McDonald's, Nike, Apple, and Gucci. At one level, they all help consumers sort products. One can buy a Big Mac in New York, Los Angeles, or anywhere in the United States, and it will be the same. Nike, Apple, and Gucci offer a similar, but not quite the same, proposition. One can buy a shoe, electronic device, or item of clothing, but often none of them will be exactly the same as a previously purchased shoe, device, or outfit. A line may have been altered or discontinued. Instead of relying on the item to remain the same, the consumer relies on the symbol for assurance that the product will live up to her expectations.

The Nike shoe will essentially be the same as the shoe one bought previously; it will provide support, decay after a certain number of uses, and so on. Other Nike products will likely, but not definitely, be well-suited for the various athletic activities at which they are aimed. Apple devices will be elegant, have an easy interface, start up and shut down quickly, and be stable. Gucci apparel will have a certain attention to detail, use high-end fabric, and fit within Gucci style, which Gucci will define over time. In these cases, brands relate to the company as a source for a host of goods with somewhat consistent qualities.

If a competitor used those same marks on goods, the consumer might be quite upset. She can no longer rely on the mark to indicate source and quality. As consumers are forced to engage in new searches, their sense of trust in the mark diminishes. The law prevents such acts in the name of protecting the consumer from increased search costs and protecting the producer's goodwill. That is, the law claims to protect the producer's investment in making and offering a product that consumers

reductive definition. Cf. Lior Jacob Strahilevitz, *A Social Networks Theory of Privacy*, 72 U. CHI. L. REV. 919, 983 n.237 (“[S]ocial networks analysis is often context-dependent in ways that defy easy characterization or simplistic modeling. The ‘rules’ of social network theory (for example, the strength of weak ties, the tendency for social networks to be scale-free, the tendency of information of information to degrade as it passes through a social network) necessarily operate at a medium to high level of generality.”).

wish to purchase from that producer because the producer is offering a product with known quality.

Yet some authorized merchandise, such as keychains, are low-end products and often are not held to the same standard as the main products with, for example, the Apple logo on them. Companies sometimes offer lower-end goods as a way to expand their market, foster good feelings toward the company's core products, or maintain a relationship with consumers who want to engage with the brand but not the company's high-cost products.³⁰

Even when a company does not authorize the production of such merchandise, a consumer may buy unauthorized, branded goods knowing full well that the company does not sanction them.³¹ People buy clothes, flags, beer cozies, mobile phone shells, and almost any merchandise one can imagine with a favorite sports team logo, comic book character, or other cultural symbol regardless of whether the team or entertainment company authorized the item's manufacture. In these situations, people are simply not confused.

Many companies encourage consumers to see a brand as having a personality and to accept the idea that owning a branded good connects the consumer to the brand in some deep, personal way.³² Buying

30. Cf. Litman, *supra* note 9, at 1726–27 (explaining that marketing is a value on its own and that some find a box of cereal with Batman on it different than one without).

31. See, e.g., Ingrida Karins Berzins, Comment, *The Emerging Circuit Split over Secondary Meaning in Trade Dress Law*, 152 U. PA. L. REV. 1661, 1661 (2004) (“Big-city sidewalk vendors have long hawked ‘Rolex’ watches and ‘Donna Karan’ t-shirts. In an upscale twist on the theme, the *Wall Street Journal* recently reported that ‘purse parties,’ in which hostesses sell knockoff designer goods to their friends, are a hot new trend, albeit with the potential downside of jail time.”); cf. Dreyfuss, *supra* note 22, at 407 (explaining the idea of surplus value and issues regarding whether the mark holder or another manufacturer should get that value). For a discussion of how intellectual property law in general may be seen as a reaction to “increasingly powerful copying technologies [that] threaten quickly to dilute the rarity and thus the distinctiveness of otherwise distinctive goods,” see Barton Beebe, *Intellectual Property Law and the Sumptuary Code*, 123 HARV. L. REV. 809, 815 (2010).

32. See WILLIAM J. McEWEN, MARRIED TO THE BRAND: WHY CONSUMERS BOND WITH SOME BRANDS FOR LIFE 32–33 (2005). William J. McEwen lists five ways a brand can have personal meaning: as a sign of prestige (for example, the status of wearing a Rolex watch), personal quality (for example, youth for Pepsi or competitive excellence in Nike), membership (for example, the club-like aspect of owning a Harley-Davidson motorcycle), memory triggers (for example, associating a food brand with family tradition), and self-completion (for example, brands that consumers see as signs of self-completion, such as Marlboro as a sign of being a rugged man or L’Oreal as a sign of being worth spending extra for oneself). See *id.* at 36–38; see also MICHAEL J. SILVERSTEIN & NEIL FISKE, TRADING UP: WHY CONSUMERS WANT NEW LUXURY GOODS—AND HOW COMPANIES CREATE THEM 34–35, 41, 48 (2005) (discussing the emotional outcomes of branding as well as the feeling of individualization). For an excellent account of how Nike built its brand, see generally DONALD KATZ, JUST DO IT: THE NIKE SPIRIT IN THE CORPORATE WORLD (1994).

branded goods, authorized or not, is one way in which consumers build that connection. Given the mystique behind McDonald's, Apple, Nike, Gucci, and other powerful brands, the consumer is buying the brand itself.³³

Taken further, a consumer may use a brand to express herself. The brand is a symbol not for the producer, but for the consumer; she either embraces the brand's offered image as an outward sign of personality or criticizes the brand image.³⁴ In some cases, a community may form around a brand. The group will use the brand as the center of activity that celebrates or passes judgment on the brand, depending on how the group perceives the company's ability to remain true to either the company's claimed vision of the brand or the group's understanding of the true meaning of the brand.³⁵

Brand scholarship is not, however, directly aimed at the law. For that literature to be useful for legal discussions, a synthesis is required. The remainder of Part I develops a taxonomy of brand functions

33. See Graeme W. Austin, *Trademarks and the Burdened Imagination*, 69 BROOK. L. REV. 827, 849 (2004) ("Consumers often value trademarks for their own sake, and the incessant promotion of brands blurs the dividing line between the trademark and the goods themselves.").

34. *Id.*; see also Dreyfuss, *supra* note 22, at 413–14 (noting language's malleability and the way in which meaning is shaped by interactions specific to speakers' and listeners' actions to open a path to a "new level of understanding").

35. See, e.g., MCEWEN, *supra* note 32, at 37, 89–90:

As a regional brewer, Coors had an intensely loyal following bonded to and very proud of the brand because of its unique, Colorado- and Rocky-Mountains-only availability and image. However, as Coors expanded to maximize its volume potential, it also lost a good deal of the Colorado panache that had cemented its original customers to what they saw as a unique, personal brand experience that was not readily available to or intended for all.

Whether such communities form around brands with less obvious community dimensions, such as Post-it or Bic pens, remains to be seen. Nonetheless, Post-it has a Facebook page and seems to desire that some level of brand community emerge, which is to be expected from a brand approach to its trademark. See *Post-It*, FACEBOOK, <http://www.facebook.com/postit> (last visited Mar. 8, 2012). I thank Barton Beebe for raising this point. In addition, the consumer and community aspects of branding might be understood as a type of recoding problem. See Justin Hughes, "Recoding" *Intellectual Property and Overlooked Audience Interests*, 77 TEX. L. REV. 923, 926–27 (1999) (noting the tensions between users of intellectual property who wish to use and "recode" a given intellectual property and the desire for other users to have the intellectual property remain stable). In trademark law, the problem can be that one group wishes to maintain the stability of a mark's meaning as the group sees it, but that vision may conflict with the stability we may want for the mark as it operates in the marketplace. *Id.* at 1006–07. The general problem of recoding and reinterpreting a mark while maintaining a viable trademark system is a core question in trademark law. A fuller explanation of the way that understanding brands as information devices can allow for both recoding and stability for the trademark system is beyond the scope of this Article but is addressed in part in my forthcoming scholarship. See Deven R. Desai, *An Information Approach to Trademarks*, GEO. L.J. (forthcoming 2012).

designed for trademark law. Brand scholarship can be split into two major dimensions. One, the corporate dimension, sees the brand as owned and controlled by the corporation and shaped by the marketer. The other, the noncorporate dimension, accepts that brands are social constructs driven by individuals at a personal level and communities at a social level. The next two sections identify the four major types of modern brands and explore what brand scholarship has to say about their roles. Although the corporate and noncorporate dimensions serve useful descriptive, organizational, and analytical functions, they do not connect to each other. To address this gap, this Part concludes by examining recent business, marketing, and brand scholarship regarding the way in which companies and consumers co-create value. It argues that a new perspective of brands, a networked one, is emerging and bridges the apparent divide between corporate and noncorporate views of brands.

A. *The Corporate Side of Brands*

This Section explains how different views of the corporate aspects of a brand have evolved in brand scholarship. A brand is first created by a firm, often a corporation. Yet the corporation needs to connect to something. Thus, a brand begins when it is connected to a product or service—a product brand. Once that connection is made, the brand may take on additional significance for the corporation. The brand may then become an umbrella for all corporate offerings—a corporate brand. Together, the product and corporate brands can be understood as falling within the corporate side of brands.

1. Product Brands

Marking a single product for commerce is the simplest form of branding.³⁶ A manufacturer marks a product with a symbol that indicates something to the world. Although this idea seems almost

36. For simplicity, this Article, like trademark law, draws little distinction between trademarks and service marks. *See, e.g.*, Paul M. Schoenhard, *Why Marks Have Power Beyond the Rights Conferred: The Conflation of Trademarks and Service Marks*, 87 J. PAT. & TRADEMARK OFF. SOC'Y 970, 972 (2005) (“By statute, the definitions of ‘service mark’ and ‘trademark’ differ only in the substitution of the term ‘services’ for the term ‘goods.’”). Although service trademarks apply to goods and service marks “identify and distinguish the source and quality of an intangible service,” for the purposes of this stage of the Article, the important point is that one understand the idea of a company offering a *single* good or service. 3 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 19:81 (4th ed. 2011).

commonplace today, the practice only began in the 1800s.³⁷ One of the first examples of product branding occurred when Harley Procter renamed his White Soap, Ivory Soap.³⁸ By changing his formerly generic name for a generic product, Procter created a unique product. In general, “[b]y simply labeling products in grocery, dry goods, and department stores with descriptive or colorful names, manufacturers soon found that sales of the products increased significantly.”³⁹ This practice continued across almost all industries and created important changes in the way commerce was conducted.⁴⁰ Both brand and trademark theory explain product branding as playing an important role; product branding for the producer and the consumer. Nonetheless, both assume that the producers are active creators of the brand, whereas consumers are passive recipients.⁴¹

Brand management theory began with an economic approach that mirrors the law’s approach to trademarks. The theory built on “neoclassical economics and classical marketing theory” to understand how a company’s marketing mix—the “4 Ps” of product, place, price, and promotion—drove consumer behavior.⁴² This model sees the brand as fully controlled and owned by the company and sees consumers as those who take in and process information as they decide whether to purchase a good or service.⁴³ Brand holders push information regarding an offering’s price and quality to consumers, and holders must find ways to reduce search costs lest consumers purchase a product based on inaccurate information.⁴⁴ The brand becomes the device that allows a manufacturer to exploit the “4 Ps.” Companies use advertising to inform consumers about the target product and to encourage them to purchase it,⁴⁵ and when consumers are ready to buy, they encounter the target product at the right price.

37. See MARCEL DANESI, BRANDS 13 (2006); Paul Duguid, *Developing the Brand: The Case of Alcohol, 1800–1880*, 4 ENTERPRISE & SOC’Y 405 (2003) (examining brand practices from early in the nineteenth century).

38. DANESI, *supra* note 37, at 13.

39. *Id.*

40. *Id.* at 13–14.

41. See Hope Jensen Schau et al., *How Brand Community Practices Create Value*, 73 J. MARKETING 30, 30 (2009) (“Modern marketing logic, as derived from economics, advanced a view of the firm and the customer as separate and discrete; the customer is exogenous to the firm and is the passive recipient of the firm’s active value creation efforts . . .”).

42. TILDE HEDING ET AL., BRAND MANAGEMENT: RESEARCH, THEORY AND PRACTICE 30 (2009) (citing Neil Borden’s work on the marketing mix and E. Jerome McCarthy’s development of the “4 Ps” framework as key ideas behind brand management’s adoption of the economic approach to branding).

43. *Id.* at 31.

44. *Id.* at 32–33; *accord* Landes & Posner, *supra* note 10, at 269–70.

45. CELIA LURY, BRANDS: THE LOGOS OF THE GLOBAL ECONOMY 23–24 (2004).

Yet modern brand scholarship acknowledges a flaw in the economic approach and criticizes the approach for being focused on short-term, isolated transactions rather than establishing a long-term connection with the consumer.⁴⁶ In other words, if a brand only conveys market information, the company is offering a new exchange *each time* a consumer chooses to buy goods. A pure view of the brand as an information resource for the consumer does not necessarily lead to repeat purchases; it merely allows for faster information processing. In addition, the view must assume that the consumer is a fully rational maximizer who does not buy goods for “hedonic” purposes, such as “emotional and irrational wants and desires.”⁴⁷

Product branding touches on an important, yet small, part of what a brand does. Some products, such as a bar of soap or a bottle of soda, remain relatively stable. Many products, however, change quickly. In addition, companies usually offer more than one product and may discontinue product lines. This reality points to the next category of brands: the corporate brand.

2. Corporate Brands

Once companies saw the advantages of branding, they quickly began to brand the company itself. For example, the Parker Company sold a range of fountain pens that were all “Parker pens.”⁴⁸ Many of today’s most powerful companies, such as Coca-Cola, Kodak, Heinz, Gillette, Kraft, Johnson & Johnson, Ford, Tiffany, and Wrigley’s, as well as more than fifty other major brands, started around 1900.⁴⁹ These companies were not selling just one product. They leveraged their existing product position and offered new products to consumers.⁵⁰

The shift is subtle, but central, to understanding brands. The company, *not* a specific product, is the brand.⁵¹ Direct competition was no longer the issue. Instead, companies with established brand names in one sector of the economy sought to prevent companies in other sectors from marking unrelated products with the established brand name.⁵²

46. HEDING ET AL., *supra* note 42, at 34.

47. *Id.* at 33; accord LURY, *supra* note 45, at 5–6.

48. DANESI, *supra* note 37, at 13.

49. See RONALD HAMBLETON, THE BRANDING OF AMERICA 61, 64–65, 90, 172–74, 182–83, 209–11 (1987); LURY, *supra* note 45, at 101.

50. See HAMBLETON, *supra* note 49, at 91–93, 172, 183, 210–11.

51. See HEDING ET AL., *supra* note 42, at 51; LURY, *supra* note 45, at 32.

52. See Bone, *supra* note 8, at 595–96 (describing how the U.S. Supreme Court dealt with the problem); accord Sara Stadler Nelson, *The Wages of Ubiquity in Trademark Law*, 88 IOWA L. REV. 731, 759–60 (2003) (examining how the court in *Tiffany & Co. v. Tiffany Products, Inc.*, 264 N.Y.S. 459 (N.Y. Sup. Ct. 1932), quoted and incorporated Schechter’s ideas and opened the door to dilution rationales in confusion cases).

In this model, the corporate brand sits on top of the product brand. Insofar as one claims that the corporate brand reduces search costs, it does so only in a thin way. One relies on the brand to indicate that a new product will be high quality, even if that product is something the company has not made before. Or at the extreme, one may rely on the brand when the company is entering a market in which the company has never been before.⁵³

Current brand scholarship takes three different approaches to corporate branding. In each, the corporation drives the process of creating the brand and using information to manage the brand. These views of corporate branding begin to acknowledge that consumers are a key part of the branding process; but at their core, they still relegate consumers to the status of secondary actors who are inert or, at best, merely process information fed to them.

The identity approach to corporate branding seeks to control the way consumers experience the company at every level through “the creation of a unified, visual and behavioral identity.”⁵⁴ The corporation seeks to align internal factors and external factors to offer the full brand identity to all stakeholders: top management, employees, consumers, and the media.⁵⁵ Management continually offers its piece of the brand and then incorporates feedback information to fine-tune the alignment between internal and external factors that make up brand identity.⁵⁶ For

53. Cf. Mark P. McKenna, *Testing Modern Trademark Law’s Theory of Harm*, 95 IOWA L. REV. 63, 117 (2009) (arguing that producer interests such as market entry may be what trademark addresses rather than consumer interests).

54. HEDING ET AL., *supra* note 42, at 49; cf. LURY, *supra* note 45, at 27 (describing the way in which Levi’s, Persil, Mars, Smirnoff, and Versace maintained a consistent brand image, which allowed them to extend the brand into new product offerings).

55. HEDING ET AL., *supra* note 42, at 56–59. For example, according to Professor Celia Lury, brands allowed companies to move beyond the “4 Ps” of product, price, place, promotion, which a competitor could duplicate, to a fifth P, personality of a company, which competitors could not copy. LURY, *supra* note 45, at 33–34. Although Lury calls this shift “personality,” it maps to the corporate identity view. Lury defines her version of personality as being built and reflected by the internal connection between the brand and employees who become “the soul” of the brand. *Id.*; cf. DANESI, *supra* note 37, at 33 (explaining brands as personalities with identities).

56. See Mary Jo Hatch & Majken Schultz, *Relations Between Organizational Culture, Identity and Image*, 31 EUR. J. MARKETING 356, 359, 361 (1997) (describing the interaction between internal and external information about corporate identity as managers “orchestrate deliberate attempts to influence public impression”); see also Curtis P. Haugtvedt et al., *Cognitive Strength of Established Brands: Memory, Attitudinal, and Structural Approaches*, in BRAND EQUITY & ADVERTISING: ADVERTISING’S ROLE IN BUILDING STRONG BRANDS 247–48 (David A. Aaker & Alexander L. Biel eds., 1993) (discussing the need for the creation of “brand memories”); accord HEDING ET AL., *supra* note 42, at 70; cf. DOUGLAS B. HOLT, HOW BRANDS BECOME ICONS: THE PRINCIPLES OF CULTURAL BRANDING 15–16, 215 (2004) (arguing that brand

example, by developing and refining product design, companies can overcome “the lack of obvious differences between products.”⁵⁷ But this strategy is part of the larger strategic goal, one that sees management as gathering information from stakeholders while it controls all the ways in which the brand is communicated.⁵⁸

A related corporate branding approach, the (somewhat ironically named) consumer-based approach, focuses on how a brand exists from the individual consumer’s view as a cognitive construct and then asks how management can shape that perception.⁵⁹ The consumer-based approach presents a paradox. On one hand, the approach views the consumer as the owner of the brand.⁶⁰ On the other hand, because the approach draws on cognitive psychology and the idea that the information put into a system will generate specific outputs, it seeks to map how a consumer understands the brand with the belief that offering “exactly the right brand elements” will generate a desired response.⁶¹

These two views intersect and require that management begin by gathering data from and about consumers to understand the consumer perspective accurately. Management then generates brand communication based on that understanding. The brand communication seeks to ensure that consumers know the brand; thus, management must choose the correct brand elements to ensure that consumers are aware of the brand.⁶² This approach is premised on a concept called brand awareness: the idea that consumers will remember a brand and purchase a product for reasons beyond the functional aspects of a product and even possibly pay a higher price for a good regardless of quality.⁶³

identity is part of a general “mind share” approach to branding where a company constructs a timeless brand and then tries to capture part of a consumer’s mind with that image).

57. LIZ MOOR, *THE RISE OF BRANDS* 27–28 (2007); *see also* DANESI, *supra* note 37, at 60–67 (detailing the importance of product and package design through the examples of the automobile, perfume, and tobacco industries).

58. *See* LURY, *supra* note 45, at 20–23; MOOR, *supra* note 57, at 30–33.

59. *See* Kevin Lane Keller, *Conceptualizing, Measuring, and Managing Customer-Based Brand Equity*, 57 *J. MARKETING* 1, 2 (1993).

60. HEDING ET AL., *supra* note 42, at 85.

61. *Id.* at 86; *see also* Keller, *supra* note 59, at 9–12 (describing possible strategic actions to increase brand equity under the consumer-based theory of brand management).

62. LURY, *supra* note 45, at 79 (explaining brand awareness, the amount of consumers that know that a brand exists, as a key component to brand equity as defined by Keller); *accord* HEDING ET AL., *supra* note 42, at 102–03 (“It is all about making the brand known to consumers, making consumers pay attention to the brand by choosing the right brand elements.”).

63. Keller, *supra* note 59, at 8–9 (“Fundamentally, high levels of brand awareness and a positive brand image should increase the probability of brand choice, as well as produce greater consumer (and retailer) loyalty and decrease vulnerability to competitive marketing actions. Thus, the view of brand loyalty adopted here is that it occurs when favorable beliefs and attitudes for the brand are manifested in repeat buying behavior. Some of these beliefs may reflect the objective reality of the product, in which case no underlying customer-based brand

To achieve brand awareness, management must make sure that consumers pay attention to the brand.⁶⁴ By analyzing consumer data, management can assess which aspects of a brand have positive, neutral, and negative effects and craft a strategy for future brand activity. Because consumers face a barrage of similar information about competing brands, management seeks to craft a consistent and often repeated brand message that resonates with consumers and carves out lasting mental associations; in that sense brand awareness is high.⁶⁵

A third major approach to brand theory, the personality approach, rounds out corporate branding. The personality approach focuses on the ways in which consumers ascribe personalities to brands⁶⁶ and holds that “consumers’ need for identity and expression of self is a key driver of the consumption of a brand.”⁶⁷ With this understanding, companies create “system[s] that . . . link brand names to broader values and meanings”⁶⁸

In this personality-driven system, products have “essences” that meet consumers’ psychological needs and lifestyle goals.⁶⁹ Consumers use brands to define themselves on a personal level so that they may have an idea about who they are while aspiring to a different way of being.⁷⁰ In addition, a given consumer may use a brand or brands to

equity may be present, but in other cases they may reflect favorable, strong, and unique associations that go beyond the objective reality of the product.”); accord HEDING ET AL., *supra* note 42, at 104 (noting that under the consumer-based approach, consumers may “be willing to pay a premium price and accept lower-quality goods for the same brand if it is a brand with high awareness”).

64. Curtis Haugtvedt et al., *supra* note 56, at 247–48 (raising suggestions for achieving brand awareness); H. Shanker Krishnan & Dipankar Chakravarti, *Varieties of Brand Memory Induced by Advertising: Determinants, Measures, and Relationships*, in BRAND EQUITY AND ADVERTISING: ADVERTISING’S ROLE IN BUILDING STRONG BRANDS 213, 215–16 (David A. Aaker & Alexander L. Biel eds., 1993) (detailing the way in which ads may grab the consumer’s attention); accord HEDING ET AL., *supra* note 42, at 104 (detailing the importance of repeat exposure to commercial messaging). *But see* Rebecca Tushnet, *Gone in Sixty Milliseconds: Trademark Law and Cognitive Science*, 86 TEX. L. REV. 507, 511 (2008) (questioning the validity of the cognitive science claims regarding how brands are stored in a consumer’s mind).

65. HOLT, *supra* note 56, at 15–16.

66. One of the foundational articles in this field is Professor Jennifer Aaker’s *Dimensions of Brand Personality*, 34 J. MARKETING RES. 347, 347 (1997), which examines the general idea that consumers imbue brands with human personalities and offers a systematic way to assess what those personalities are for a given brand.

67. HEDING ET AL., *supra* note 42, at 117.

68. MOOR, *supra* note 57, at 23.

69. *See* LURY, *supra* note 45, at 24–25; *cf.* DANESI, *supra* note 37, at 8, 16 (describing how advertising aims to persuade a consumer that a product will fulfill “emotional, social, and other kinds of human needs”).

70. Karl Moore and Susan Reid describe the growth of the brand as a company creating a personality for a brand which a consumer then incorporates into how that consumer “express[es]

signal where he may fit into the social world.⁷¹ When a brand matches either of these aspects of the consumer's view of himself, the resulting congruence drives the consumer to purchase items bearing the brand.⁷² Accordingly, management seeks to understand how consumers use brands in fashioning their identities and to offer brands with characteristics that match consumers' needs.⁷³

All three approaches to branding—identity, consumer, and personality—view the company brand, not the product brand, as the central matter.⁷⁴ As Richard Branson—master of branding and CEO of Virgin—has put it, companies “build brands not around products but around reputation.”⁷⁵ The identity approach seeks to control and shape

his or her own self, an ideal self, or specific dimensions of the self.” Moore & Reid, *supra* note 24, at 24 (citations omitted); accord DANESI, *supra* note 37, at 33 (describing how the personalities of the brands merge with those of the consumers).

71. See HEDING ET AL., *supra* note 42, at 124.

72. Joseph T. Plummer, *How Personality Makes a Difference*, 40 J. ADVERTISING RES., Nov.–Dec. 2000, at 79, 81 (explaining how a consumer will favor a brand that has a personality in which the consumer sees himself); accord HEDING ET AL., *supra* note 42, at 124–25 (describing the “self-expressive value” of branding); cf. Aaker, *supra* note 66, at 355 (noting congruence problems between brand and human personalities). See generally CLOTAIRE RAPAILLE, *THE CULTURE CODE 5–9* (2006) (arguing that different cultures have codes that resonate with consumers and that companies' brands must be congruent with those codes in order to be successful).

73. See HEDING ET AL., *supra* note 42, at 138.

74. An irony here is that in some cases a corporate brand will fall into the background. There can be three levels at work: the corporate brand, the immediate brand, and the product. Consider as examples: General Motors, Chevrolet, Corvette; Procter and Gamble, Crest, Crest Whitestrips; Disney, Muppets, Cookie Monster. There is a community for whom the brand Corvette is more the central matter than the parent corporate brand GM, and so on. I thank Professor Justin Hughes for pointing out this argument and these examples.

I would agree with Professor Hughes and go further to say that the products themselves, such as Cookie Monster and perhaps even Crest Whitestrips, are central matters for some. Yet, car enthusiasts are quite aware of the parent brand when comparing Chevy and Ford. With Disney and the Muppets, Disney purchased the brand, but the rights to Muppets from Sesame Street remain with the Sesame Workshop. See Jonathan Berr, *Disney's Muppets Purchase May Finally Pay off with New Film*, DAILYFINANCE.COM (Nov. 10, 2011, 6:00 AM), <http://www.dailyfinance.com/2011/11/10/disneys-muppets-purchase-may-finally-pay-off-with-new-film/>. How much Disney wishes to clarify its relationship with the Muppets of any type is up to Disney. After all, this is the company that launched Touchstone Pictures to isolate its brand from non-PG-rated movie fare. See Rod Gustafson, *Is Disney Sailing into Rough Waters?*, PARENTPREVIEWS.COM (July 11, 2003), <http://parentpreviews.com/the-big-picture/post/is-disney-sailing-into-rough-waters>.

Corporate branding as described here reveals that different companies may use different corporate structures and related brand-strategies either to offer the cohesive overview the theories indicate or to try and isolate a brand. Even an isolated brand can be analyzed with the taxonomy. And one must analyze which approach is at work if one is to assess whether any claims—about mark holder rights, a corporate source behind the product, an anonymous source that matters, or goodwill—make sense, and if so, to what degree.

75. LURY, *supra* note 45, at 121–22 (quoting Richard Branson's explanation of branding) (internal quotation marks omitted).

that reputation in every context. The consumer-based approach seeks to understand how consumers conceptualize a brand and manipulate that process so that the consumer has a positive view of the brand. The personality approach seeks to offer brands that match consumers' psychological needs so that they purchase the company-branded product for its symbolic value.

In other words, if a company brands itself and manages its brand well, it can move beyond the "4 Ps"—which a competitor could duplicate—to a new dimension, one that cannot be copied.⁷⁶ Marketing strategy, advertising, and even packaging are all part of the brand strategy used to communicate information and values. This brand strategy encourages consumers to buy one company's product over a competitor's for reasons other than the price or quality of the good.⁷⁷

Furthermore, once a company has created such a brand, the company can offer diffusion products. Rather than having one good at a particular price point, a company can offer a range of goods at different prices and market points to give a variety of people "access to the brand."⁷⁸ In sum, the corporate brand is the lever by which a company grabs consumers and enters markets.⁷⁹ The brand is the symbol and tool of the company, not simply a specific product or even a series of products.⁸⁰

B. *The Noncorporate Side of Brands*

This Section explains how noncorporate actors can shape a brand. Although a brand begins with a corporation, it can quickly move beyond corporate control. Once the brand is offered to the world, consumers and communities may engage with and sometimes reinterpret or repurpose the brand. Not all brands will have consumer and community meanings.⁸¹ But when they do, consumers and communities have the potential to alter the brand meaning the

76. See LURY, *supra* note 45, at 24, 33–34; cf. DANESI, *supra* note 37, at 33 (explaining brands as personalities with identities).

77. See MOOR, *supra* note 57, at 18–21; cf. Erich Joachimsthaler & David A. Aaker, *Building Brands Without Mass Media*, 75 HARV. BUS. REV. 39 (1997) (stating that "mass-media advertising has long been the cornerstone of most brand-building efforts").

78. LURY, *supra* note 45, at 61–62.

79. Cf. McKenna, *supra* note 53, at 117 (discussing market entry as a potential theory of harm for trademark holders).

80. Lury presents another way to understand this strategy in that brands enable companies to move beyond the "4 Ps," which a competitor could duplicate to include a fifth P, personality of a company, which competitors could not copy. See *supra* note 55.

81. Indeed, whether, how much, and how many consumers and communities choose to engage with a given brand will vary from brand to brand.

corporation intended. Consumers and communities also open the potential opportunity to inform and enhance a brand's overall value.

1. Consumer Brands

Brand scholarship underwent a significant change in the mid-1990s.⁸² It shifted from a positivistic paradigm where the company owns the brand and pushes information to the consumer to a constructivist or interpretive paradigm that “reflects on the nature of the brand and the value of brand equity as something created in the interaction between marketer and an active consumer.”⁸³ Under the constructivist or interpretive paradigm, the consumer has an active part in the construction and strength of the brand.

The first major constructivist approach to branding is the relational approach. Unlike previous approaches, it applies “an entirely qualitative research design, and focus[es] on meaning instead of information.”⁸⁴ In addition, it understands brands as part of a dyadic system where consumers are on an equal footing with the brand, and consumer and brand exchange with each other equally.⁸⁵ This approach implicitly casts the brand as something *partly owned by the consumer*. It abandons the input–output relationship at the heart of approaches which look to the company as the owner of the brand.⁸⁶

Like the personality approach, relational brand theory accepts that people imbue brands with human characteristics.⁸⁷ Relational brand theory, however, goes further: “For the brand to serve as a legitimate relationship partner, it must surpass the personification qualification and actually behave as an active, contributing member of the dyad.”⁸⁸ A company's intention for what a brand is or what it means does not, and arguably cannot, capture the way in which consumers take a brand and

82. See HEDING ET AL., *supra* note 42, at 22–24.

83. *Id.* at 21; see also Fournier, *supra* note 25, at 344 (stating that “relationships involve reciprocal exchange between active and interdependent relationship partners”).

84. See HEDING ET AL., *supra* note 42, at 153.

85. See *id.* at 154; Fournier, *supra* note 25, at 344; Susan Fournier, *A Meaning-Based Framework for the Study of Consumer-Object Relations*, 18 *ADVANCES CONSUMER RES.* 736, 740 (1991) (offering a framework that encompasses the way in which a product can have a range of meanings for consumers from the “subjective, symbolic” to the “objective, tangible”); cf. Beebe, *supra* note 11, at 634 (discussing dyadic nature of signs in Ferdinand de Saussure's semiotic theory).

86. See HEDING ET AL., *supra* note 42, at 154; cf. Beebe, *supra* note 11, at 630 (arguing that semiotics “holds that no element of experience is meaningful in itself”). To be clear, this conception of ownership does not trump the corporation's claims to the mark; instead it accepts that as symbols, trademarks can be subject to consumers' ability to take and interpret the mark in a personal ownership way.

87. See HEDING ET AL., *supra* note 42, at 156; Fournier, *supra* note 25, at 345

88. Fournier, *supra* note 25, at 345.

make it part of their lives.⁸⁹ As Professor Susan Fournier explains, people are “not just buying brands because they like them or because they work well. They are involved in relationships with a collectivity of brands so as to benefit from the meanings they add into their lives. Some of these meanings are functional and utilitarian; others are more psychological and emotional.”⁹⁰

This shift in understanding the brand poses problems for the traditional brand manager. Rather than a distinct, prescribed method for applying the relational approach, business literature offers guidelines for managing a relational brand.⁹¹ In a relational approach, management must first understand that the brand’s meaning *will vary with each consumer* depending on the consumer’s place in his or her life. In addition, management needs to have a high degree of intimacy with its customers so it can understand “the context in which . . . products and services are used in the course of . . . customers’ day-to-day lives.”⁹²

This view of brands acknowledges, however, that if management only gathers data from consumers and never provides space for the consumer to act on the brand on his own, consumers will turn on the brand.⁹³ Excessive data gathering, ignoring privacy, seeking to own the customer to the exclusion of other brands, or any other behavior that undermines the dyadic relationship, harms the relational brand and moves it away from a friendly interaction between equals.⁹⁴

In other words, management and marketing must let go of the brand and let it exist in the subjective “chaotic” hands of each customer.⁹⁵ The advantage of this approach is that it releases management from the “unnecessarily restrictive and inherently limiting” view of brand loyalty and permits management to enhance its brand strategy.⁹⁶ In a relational approach, management can study consumers’ “actual brand behaviors” with a more accurate understanding of how brand personality “is

89. See HEDING ET AL., *supra* note 42, at 155; Fournier, *supra* note 25, at 367.

90. Fournier, *supra* note 25, at 361; accord Dreyfuss, *supra* note 22; see also *Automotive Gold, Inc. v. Volkswagen of Am., Inc.*, 457 F.3d 1062, 1067 (9th Cir. 2006) (“Consumers sometimes buy products bearing marks such as the Nike Swoosh, the Playboy bunny ears, the Mercedes tri-point star, the Ferrari stallion, and countless sports franchise logos, for the appeal of the mark itself, without regard to whether it signifies the origin or sponsorship of the product.”).

91. See HEDING ET AL., *supra* note 42, at 171 (describing certain guidelines).

92. Susan Fournier et al., *Preventing the Premature Death of Relationship Marketing*, 76 HARV. BUS. REV. 42, 49 (1998).

93. *Id.* at 43–44.

94. *Id.*; accord James H. McAlexander et al., *Building Brand Community*, 66 J. MARKETING 38, 51 (2002) (“In addition, marketers should recognize that relationships are reciprocal: Both parties give and receive.”); HEDING ET AL., *supra* note 42, at 172.

95. HEDING ET AL., *supra* note 42, at 175.

96. Fournier, *supra* note 25, at 368.

created, developed, and changed over time . . . thus enabling an important and sought-after link between managerial action and consumer response.”⁹⁷

2. Community Brands

The community approach to brands asks what happens when individual customers connect and form groups.⁹⁸ This perspective addresses the way in which either face-to-face or technology-based sharing of positive and negative information through social networks—from facts to impressions to rumors—affects brands.⁹⁹ More precisely, this approach defines a brand community as “a specialized, non-geographically bound community, based on a structured set of social relationships among admirers of a brand.”¹⁰⁰

A given brand community collectively negotiates with companies regarding the brand.¹⁰¹ The members of a brand community experience a connection to the brand, but they experience an even stronger bond with the other members of the brand community.¹⁰² In some cases, the marketer fosters these communities by encouraging and endorsing events (for example, Harley-Davidson rallies), and members share the brand meaning with the marketer.¹⁰³ In other cases, an existing marketer

97. *Id.*

98. See HEDING ET AL., *supra* note 42, at 183. One theorist has argued:

[T]he value-expressive dimension of brand names, suggests that brand name usage performs a valuable social function by engendering feelings of community on the part of those who share the brand identification. This facilitation of group affiliation seems especially important in light of the loss of community that is said to commonly accompany life in complex societies such as contemporary America.

Monroe Friedman, *The Changing Language of Consumer Society: Brand Name Usage in Popular American Novels in the Postwar Era*, 11 J. CONSUMER RES. 927, 936 (1985).

99. See HEDING ET AL., *supra* note 42, at 182–83.

100. Albert M. Muniz, Jr. & Thomas C. O’Guinn, *Brand Community*, 21 J. CONSUMER RES. 412, 412 (2001); accord René Algesheimer et al., *The Social Influence of Brand Community: Evidence from European Car Clubs*, 69 J. MARKETING 19, 19 (2005). But see McAlexander, *supra* note 94, at 39 (arguing that brand communities are dynamic and may be geographically scattered or “may even exist in the entirely nongeographical space of the Internet”).

101. See HEDING ET AL., *supra* note 42, at 187.

102. See, e.g., Muniz & O’Guinn, *supra* note 100, at 414 (arguing that the Harley example is a subculture that operates within a different construct than the brand community); cf. Algesheimer et al., *supra* note 100, at 19 (stating that “identification with the brand community leads to positive consequences, such as greater community engagement, and negative consequences, such as normative community pressure and (ultimately) reactance”).

103. See HEDING ET AL., *supra* note 42, at 188; Muniz & O’Guinn, *supra* note 100, at 414; HOLT, *supra* note 56, at 156–57 (questioning the corporate role in this community branding event).

deploys the brand, but the community and the marketer co-create the brand meaning (for example, customer-started clubs and Web groups).¹⁰⁴ One other variation operates with the community marketing the brand and creating its meaning (for example, Linux).¹⁰⁵

Brand communities present managers with opportunities and problems that are much larger than those recognized by the relational approach. The collective aspect of community brands provides greater leverage and a louder voice regarding a brand than the dispersed, subjective nature at the core of the relational approach.¹⁰⁶ A potential benefit to the company comes from the way in which a community can be extremely loyal and promote the brand in ways that are quite influential, at times verging on evangelical zeal.¹⁰⁷ This kind of group is almost a marketer's dream, as the group is less likely to switch brands and often generates repeat purchases of the same item and across the brand in general.¹⁰⁸ If the community decides, however, that management has taken a wrong turn, erred in its brand message, or transgressed the community's vision in some way, the community can spread rumors about the brand, attack the marketer's vision, and in some cases effectively hijack the brand to redirect its course to where management does not desire.¹⁰⁹ The powerful Apple brand faced this problem in 1998 when it chose to abandon its Newton brand and move to the iMac and iPod brands. Loyal Newton fans created Web-based marketing and technical support for Newton consisting of 200,000 supporters at its peak and continuing its vibrancy into the mid-2000s.¹¹⁰

Nonetheless, by studying the way in which a brand community shapes the brand for the community itself, management can discern what consumers think about a brand and what the brand means to that community.¹¹¹ This information allows the company to use latent brand power to resurrect a product (for example, the VW Beetle), align current products with the community's views, and develop new products based

104. McAlexander et al., *supra* note 94, at 38 (stating that “[w]e found consumers and marketers jointly building communities”); *cf.* Algesheimer, *supra* note 100, at 30 (finding that when a company tried to draft new or potential customers into a brand community, such efforts were less effective because the customers were not already fully engaged with the brand).

105. *See* HEDING ET AL., *supra* note 42, at 190.

106. *See* Muniz & O’Guinn, *supra* note 100, at 426–27.

107. *Id.* at 427; McAlexander, *supra* note 94, at 43–44 (applying ethnography to a Jeep brand event, Jeep Jamboree, and noting “enthusiasm” and the “fervent expression of missionary zeal” by some participants); *accord* HEDING ET AL., *supra* note 42, at 197.

108. *See* Muniz & O’Guinn, *supra* note 100, at 427.

109. *See* HEDING ET AL., *supra* note 42, at 197.

110. *See* Albert M. Muñiz Jr. & Hope Jensen Schau, *Religiosity in the Abandoned Apple Newton Brand Community*, 31 J. CONSUMER RES. 737, 737–38 (2005); *accord* HEDING ET AL., *supra* note 42, at 184.

111. Muñiz & Schau, *supra* note 110, at 738.

on the community meaning.¹¹² But just as the relational approach requires that management respect the individual, brand communities require that management should not overstep its bounds through actions such as spying on the community, pushing or manipulating it, inserting members into the community, selling into the community, or otherwise exploiting the community-developed brand mystique because such acts will offend the community.¹¹³

In sum, the brand community approach sees brands as “social objects,” “socially constructed,” and “created as much by consumers as marketers.”¹¹⁴ Made up of loyal consumers, the brand community affects all aspects of how the brand is seen by spreading both positive and negative impressions about the brand.¹¹⁵ Companies with strong brand communities can rely on them to maintain the relationship between the company and multiple consumers without the company having to maintain as many one-on-one relationships.¹¹⁶ In place of a one-way dictatorial system for brands, the community approach presents a democratic understanding of brands.¹¹⁷

It seems, however, that we have two dimensions of brands that may never connect: the corporate and the noncorporate. Despite the evolution of brand theory regarding consumers and communities, some may think that the noncorporate dimensions of brands have little to say to a corporation and the marketplace. And one may think that noncorporate actors care little for what the corporation offers regarding a brand. Yet recent scholarship on the co-creation of value shows the opposite to be true.

The idea of co-creation has taken hold in many fields, such as the open source movement, innovation and tool kit theory, and marketing.¹¹⁸ As business strategy and marketing Professors C.K. Prahalad and Venkat Ramaswamy explain, at a general level:

112. See, e.g., Muniz & O’Guinn, *supra* note 100, at 427 (describing how Saab responded to community feedback regarding changes).

113. *Id.* at 415, 424, 427 (noting consumers are sensitive to authenticity problems in consumer culture and documenting brand community reactions to shift in corporate management and strategy); HEDING ET AL., *supra* note 42, at 198–99.

114. Muniz & O’Guinn, *supra* note 100, at 427–28; see also Schau et al., *supra* note 41, at 30 (arguing that the new revolution of co-creation of the brand is occurring).

115. Albert M. Muñoz Jr. & Hope Jensen Schau, *Vigilante Marketing and Consumer-Created Communications*, 36 J. ADVERTISING 187, 187 (2007) (“Consumers creating such content are acting as self-appointed promoters of the brand and often have firm convictions regarding what is right and wrong for it.”); accord Muniz & O’Guinn, *supra* note 100, at 427.

116. See Muniz & O’Guinn, *supra* note 100, at 427.

117. *Id.* at 428.

118. See, e.g., James Bessen, *Open Source Software: Free Provision of Complex Public Goods*, in THE ECONOMICS OF OPEN SOURCE SOFTWARE DEVELOPMENT 57, 67 (Jürgen Bitzer & Philipp J.H. Schröder eds., 2006) (describing the problem of creating a specific iteration of

The meaning of value and the process of value creation are rapidly shifting from a product- and firm-centric view to personalized consumer experiences. Informed, networked, empowered, and active consumers are increasingly co-creating value with the firm. The interaction between the firm and the consumer is becoming the locus of value creation and value extraction.¹¹⁹

Modern brand practices and strategies have embraced this outlook. Brand theory's cultural understanding of brands combined with an information network perspective offers a full picture of brands where corporations and active consumers co-create value.

C. *Synthesis: The Cultural, Networked Brand*

The cultural approach to branding explains the dynamic, co-creative nature of brands. Cultural theory understood culture as a toolkit for some time prior to the adoption of this view in the business literature. Professor Ann Swidler's groundbreaking article, *Culture in Action: Symbols and Strategies*, argues that culture provides "tool kit[s]" for certain "strategies of action" and that "both the influence and the fate of cultural meanings depend on the strategies of action they support."¹²⁰ In the tool kit understanding of culture, "how culture shapes or constrains action, and more generally, how culture interacts with social structure . . . var[ies] across time and historical situation."¹²¹

Recent work has argued that brands are cultural artifacts that function in ways that conform to Swidler's theory. Douglas Holt, a leader of the cultural approach to branding, explains:

complex software); Nikolaus Franke & Frank Piller, *Value Creation by Toolkits for User Innovation and Design: The Case of the Watch Market*, 21 J. PRODUCT INNOVATION MGMT. 401, 402 (2004) (comparing the practices of releasing a product and toolkit in different industries and finding "[t]he rationale underlying the toolkit, however, is the same: it allows the customer to take an active part in product development"); C.K. Prahalad & Venkat Ramaswamy, *Co-Creation Experiences: The Next Practice in Value Creation*, 18 J. INTERACTIVE MARKETING 5, 10–13 (2004) (describing co-creation in interactive marketing); Stefan Thomke & Eric von Hippel, *Customers as Innovators: A New Way to Create Value*, 80 HARV. BUS. REV. 74 *passim* (2002) (describing a form of co-creation); Stephen L. Vargo & Robert F. Lusch, *Evolving to a New Dominant Logic for Marketing*, 68 J. MARKETING 1, 1, 12 (2004) (describing co-creation in marketing).

119. Prahalad & Ramaswamy, *supra* note 118, at 5.

120. Ann Swidler, *Culture in Action: Symbols and Strategies*, 51 AM. SOC. REV. 273, 273, 284 (1986); *see also* Paul DiMaggio, *Culture and Cognition*, 23 ANN. REV. SOC. 263, 268 (1997) (arguing that cognitive research "reinforces the 'toolkit'" view of culture).

121. Swidler, *supra* note 120, at 284.

Consumers will look for brands to contribute directly to their identity projects by providing original and relevant cultural materials with which to work. So brands will become another form of expressive culture, no different in principle from films or television programs or rock bands (which, in turn, are increasingly treated and perceived as brands). Brands that create worlds that strike consumers' imaginations, that inspire and provoke and stimulate, that help them interpret the world that surrounds them, will earn kudos and profits.¹²²

The brand must be part of shaping mainstream culture, but it is also “subjected to social and cultural changes.”¹²³

In the cultural theory approach to brands, brands change and move through time¹²⁴: “[T]he brand is a vessel of meaning and myth making, successful only if it resonates with consumers' collective identity projects of the time.”¹²⁵ In short, brands can have an effect on culture, and culture can have an effect on brands. Brand managers seek to understand the social and cultural currents of a given time and then generate a story to fit that moment.

Of course, as consumers or communities bond with a brand, they may begin to criticize the brand.¹²⁶ For example, the antibrand or “No Logo” movement provides strong criticism of branding.¹²⁷ Naomi Klein, author of *No Logo*, makes a strong case that brands in general pose significant problems for society—from changing the availability of open space for expression, to reducing meaningful choice in the marketplace, to altering labor mechanisms such that high-paying jobs are scarce and labor is exploited in developing countries.¹²⁸

The movement advocates culture jamming—the distortion of brand images and messages and the overt rejection of consumerism—as a way

122. Douglas B. Holt, *Why Do Brands Cause Trouble? A Dialectical Theory of Consumer Culture and Branding*, 29 J. CONSUMER RES. 70, 87 (2002).

123. HEDING ET AL., *supra* note 42, at 211.

124. HOLT, *supra* note 56, at 215; cf. Swidler, *supra* note 120, at 284.

125. HEDING ET AL., *supra* note 42, at 210.

126. See Craig J. Thomson et al., *Emotional Branding and the Strategic Value of the Doppelgänger Brand Image*, 70 J. MARKETING 50, 51–52 (2006).

127. See NAOMI KLEIN, *NO LOGO passim* (2002) (describing the No Logo movement); accord Holt, *supra* note 122, at 70 (noting Klein's book, Kalle Lasn's book and magazine *Adbusters*, and Eric Schlosser's *Fast Food Nation* as part of the antibrand movement); see also KYLE BAGWELL, *THE ECONOMIC ANALYSIS OF ADVERTISING* 99 (2005) (noting that part of the antibrand movement's concern is that corporate culture is displacing bottom-up culture); HEDING ET AL., *supra* note 42, at 220–21 (describing the No Logo movement).

128. See KLEIN, *supra* note 127.

to allow people to shape culture and comment on corporate practices.¹²⁹ Part of culture jamming may entail creating a doppelgänger brand, “a family of disparaging images and stories about a brand that are circulated in popular culture by a loosely organized network of consumers, antibrand activists, bloggers, and opinion leaders in the news and entertainment media.”¹³⁰

In addition, this group’s sensitivity to corporate power has fostered monitoring agendas, which scrutinize corporate impact on social issues such as labor and the environment.¹³¹ This action has spurred corporate awareness and in some cases greater attention to corporate social responsibility. In Holt’s words, “Today, culture jamming is more frequently used to attack disjunctures between brand promises and corporate actions.”¹³²

One might argue that in the antibrand context, “[i]nformed, networked, empowered, and active consumers” seem to be “increasingly [destroying] value with the firm. The interaction between the firm and the consumer is becoming the locus of value [loss].”¹³³ Indeed, as discussed later in this Article, a common response to many brand critical acts is to cry foul and try to stifle such commentary by claiming that the acts cause trademark confusion, dilution, or both.¹³⁴ That perspective, however, clings to a product- or producer-centered view of brands, in which goods and information are under corporate control in a one-way system.

Negative information offered from the noncorporate side may be more important than positive information. Some brand literature argues that antibrand acts, especially the emergence of doppelgänger brands—reinterpretations of a brand that present disparaging images and meanings—are *useful* sources of information for business and brand strategy:

[A] doppelgänger brand image functions as a diagnostic tool that can reveal latent brand image problems that could eventually blossom into a full-fledged brand image crisis. More specifically, the analysis of a doppelgänger brand image can (1) call attention to cultural contradictions that could potentially undermine the perceived authenticity of a

129. See Holt, *supra* note 122, at 85.

130. See Thomson et al., *supra* note 126, at 50.

131. See HEDING ET AL., *supra* note 42, at 218, 220, 221.

132. Holt, *supra* note 122, at 85.

133. Prahald & Ramaswamy, *supra* note 118, at 5.

134. See Thomson et al., *supra* note 126, at 50; see also Deven R. Desai & Sandra L. Rierson, *Confronting the Genericism Conundrum*, 28 CARDOZO L. REV. 1789, 1791 (2007) (discussing the growth of aggressive trademark litigation).

firm's emotional branding strategy, (2) provide early warning signs that an emotional-branding story is beginning to lose its value as an authenticating narrative for consumers' identity projects, and (3) offer insights into how an emotional-branding strategy can be reconfigured to fit better with changing cultural times and shifting consumer outlooks.¹³⁵

Insofar as a company offers and trades information about the benefits of its brand—from product quality, to image, to identity, to emotional, relationship, to socially responsible production methods, or any other benefit—the doppelgänger brand and similar commentaries by consumers and communities offer valuable information regarding how the brand offering is received.

Furthermore when brands function as two-way information resources, it opens the possibility of co-creating value:

As consumers peel away the brand veneer, they are looking for companies that act like a local merchant, as a stalwart citizen of the community. What consumers will want to touch, soon enough, is the way in which companies treat people when they are not customers. Brands will be trusted to serve as cultural source materials when their sponsors have demonstrated that they shoulder civic responsibilities as would a community pillar.¹³⁶

In other words, the brand is a key vehicle by which a company communicates with society. And in turn, the brand is a key vehicle by which society communicates with a company.

As consumers have become more aware of corporate behavior and its impact on society, authenticity and openness have taken a central role in what is demanded from a brand.¹³⁷ Rather than the cool,

135. See Thomson et al., *supra* note 126, at 51. Although the doppelgänger idea is couched in terms of emotional branding, there is no reason that it cannot apply to any brand. As Professor Sonia Katyal has noted, antibranding practices similar to doppelgänger practices may target a specific brand while also targeting general social matters, such as questioning alcohol consumption, the use of child labor, the cigarette industry, and commitments to alternative energy. See Sonia K. Katyal, *Stealth Marketing and Antibranding: The Love that Dare Not Speak Its Name*, 58 BUFFALO L. REV. 795, 807–09 (2010). Such acts can inform a company that certain practices are not favored by at least some of the populace.

136. Holt, *supra* note 122, at 88.

137. See Prahalad & Ramaswamy, *supra* note 118, at 8 (stating that “[c]onsumers expect transparency”); cf. Isabelle Maignan & O.C. Ferrell, *Corporate Social Responsibility and Marketing: An Integrative Framework*, 32 J. ACAD. MARKETING SCI. 3, 8 (2004) (noting the transparency of financial information).

manipulative brand that pretends profits are not part of the corporate agenda, corporations can, and perhaps must, be transparent about what they are doing and acknowledge their duty to improve society in general.

In market terms, the brand is an information device and part of a network consisting of the product, the corporation, the consumer, and the community. The new reality is that a company's ability to have full command and control over the brand is diminished, if not gone completely. Instead, brands are subject to ongoing interaction and definition. The company and its product may initiate the relationship, but power diffuses after that moment. Consumers and communities ultimately create value specific to themselves and simultaneously create the opportunity for value creation on the company side.

Thus, the use of the term "side" is arguably incorrect. Prahalad and Ramaswamy offer that "[t]he interaction between the firm and the consumer is becoming the locus of value creation and value extraction" for all connected to the brand.¹³⁸ There are sides, but they work in a symbiotic, not antagonistic, manner.

II. A BRAND THEORY EXPLANATION OF TRADEMARK LAW

Trademark law protects the corporate dimensions of brands but is not clear as to how and why it does so. As trademark law has evolved, the claimed search cost, utilitarian goals of trademark had to be relaxed if not twisted to achieve protection of the corporate brand interests. Fundamental parts of trademark law can be explained as protecting and growing the corporate dimension of brands, rather than adhering to a search cost theory of trademarks. For example, the anonymous source doctrine and concept of goodwill grew to support the corporate side of brands. In addition, several doctrinal puzzles within trademark law that are difficult to reconcile with the traditional law and economics explanation of trademarks¹³⁹ are easily understood from a brand perspective. These aspects further demonstrate how trademark law is an unwitting servant of the corporate side of brands.

138. Prahalad & Ramaswamy, *supra* note 118, at 5.

139. As Beebe has put it, insofar as trademark theory rests easy and relies on law and economics it "cannot explain, predict, or justify certain outcomes in [trademark] law, nor can it articulate the need for necessary reforms." See Beebe, *supra* note 11, at 624 (arguing that law and economics cannot explain the "concepts of trademark 'distinctiveness' and trademark 'dilution'").

A. *From Direct Competition to Anonymous Source*

The law and economics view of trademarks tracks early brand scholarship's view of product brands almost exactly.¹⁴⁰ Early brand scholarship looked at the brand as product-related; the brand reduces search costs so consumers can process information quickly as they decide what to purchase.¹⁴¹ Professor William Landes and Judge Richard Posner summarize and conflate how trademarks and brands function:

[A] trademark conveys information that allows the consumer to say to himself, "I need not investigate the attributes of the brand I am about to purchase because the trademark is a shorthand way of telling me that the attributes are the same as that of the brand I enjoyed earlier."¹⁴²

The views are so close that leading marketing theorists often also conflate brands and trademarks by defining a brand as "a name, trademark, logo, or other symbol."¹⁴³

Yet, in the beginning, trademark law was supposed to protect against "directly competing products and passing off or source confusion."¹⁴⁴ The U.S. Supreme Court's explanation of a trademark's purpose in *Hanover Star Milling Co. v. Metcalf* captures the essence of the strict source doctrine: "to identify the origin or ownership of the article to which it is affixed."¹⁴⁵ In a world of limited travel and local production, the strict source doctrine—the doctrine holding that consumers "knew or cared to know the actual source of the brand they were buying"¹⁴⁶—may have matched how brands functioned in the marketplace. But as the economy shifted to mass production and

140. The economic rationale behind trademark law is that trademarks should be protected because they are economically efficient; trademarks help to minimize consumers' search costs, the pre-purchase analysis a consumer performs to make her purchase decision. *See, e.g.*, Ann Bartow, *Likelihood of Confusion*, 41 SAN DIEGO L. REV. 721, 729–30 (2004); Stephen L. Carter, *The Trouble with Trademark*, 99 YALE L.J. 759, 762 (1990).

141. *See* HEDING ET AL., *supra* note 42, at 33.

142. Landes & Posner, *supra* note 10, at 269.

143. PHILIP KOTLER, *MARKETING MANAGEMENT* 404 (2000). David Aaker argues that a brand is "a distinguishing name and/or symbol (such as a logo, trademark, or package design) intended to identify the goods or services of either one seller or a group of sellers, and to differentiate those goods or services from those of competitors." DAVID A. AAKER, *MANAGING BRAND EQUITY: CAPITALIZING ON THE VALUE OF A BRAND NAME* 7 (1991).

144. Bone, *supra* note 8, at 593; *see also* Glynn Lunney, Jr., *Trademark Monopolies*, 48 EMORY L.J. 367, 391 (1999); Nelson, *supra* note 52, at 742–44.

145. *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 412 (1916).

146. Beebe, *supra* note 11, at 678.

distribution on a national scale, this doctrine became suspect.¹⁴⁷ Once companies moved beyond direct competition, trademark theory and law struggled to find a way to explain what trademarks protect.

Within a decade of the Supreme Court's ruling in *Hanover Star Milling Co.*, Frank Schechter argued that "the ramifications of modern trade and the national and international distribution of goods from the manufacturer through the jobber or importer and the retailer to the consumer, [created a situation where] the source or origin of the goods bearing a well known trademark is seldom known to the consumer."¹⁴⁸ By the 1930s, national manufacturers had established their brands, and trademark law began protecting those interests. Responding to the facts that Schechter presented—that no one knew the source—courts embraced the anonymous source doctrine.

The doctrine holds that a trademark must represent a single source, but consumers do not have to know the precise origin of a good.¹⁴⁹ It implicitly recognizes that consumers look to a product brand rather than the corporate source as they make purchasing decisions. As Professor Barton Beebe has shown, the doctrine allows for the creation of hypermarks, which "are not designations of source, but commodified *simulations* of such designations. . . . Their sign value is the source of their economic value."¹⁵⁰ In other words, the mark itself is the thing which has value and is purchased. Here, the mark becomes the product—which is quite a brand way of looking at trademarks.

B. *An Expansive View of Goodwill, Merchandising, and Licensing*

A core doctrine in trademark law, the goodwill doctrine, exemplifies how trademark law supports the shift from a product-level to a corporate-level brand. The rise of the idea of goodwill as it relates to trademarks tracks brand logic better than competition and search cost rationales. Trademark law holds that marks have no intrinsic value; rather, they are symbols of goodwill.¹⁵¹ Trademarks do not have property rights in gross with the same strong exclusionary and

147. See, e.g., Dan L. Burk & Brett H. McDonnell, *Trademarks and the Boundaries of the Firm*, 51 WM. & MARY L. REV. 345, 353 (2009); Lars Smith, *Trade Distinctiveness: Solving Scalia's Tertium Quid Trade Dress Conundrum*, 2005 MICH. ST. L. REV. 243, 260.

148. Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813, 814 (1927) (citing *McLean v. Fleming*, 96 U.S. 245 (1877), and *Charles Broadway Rouss, Inc. v. Winchester Co.*, 300 F. 706, 722–23 (2d Cir. 1924), *cert. denied*, 266 U.S. 607 (1924)); accord LURY, *supra* note 45, at 19 (describing early brand strategy as seeking to "circumvent or limit the role of the retailer").

149. Beebe, *supra* note 11, at 678.

150. *Id.* at 669.

151. See Bone, *supra* note 8, at 560 ("The locus of the property eventually shifted from the mark itself to the value underlying the mark, which was called 'goodwill.'").

temporary monopoly power that patent and copyright law enjoy.¹⁵² Instead, “the trademark holder’s right to prohibit others’ use of the mark is limited to circumstances in which that use harms consumers, as determined via the ‘likelihood of confusion’ standard.”¹⁵³

Yet, cases in the 1930s and 1940s enjoined the use of marks even when direct competition and source confusion over products—the touchstones of early trademark law¹⁵⁴—were lacking.¹⁵⁵ To explain this shift, courts had to fashion a new way of understanding what trademarks represent while trying to maintain its claimed foundation in protecting consumers and reducing search costs. Professor Robert Bone has explained that this new approach “focused on the goodwill that a mark symbolized and protected that goodwill as the seller’s property. This goodwill-as-property theory was flexible enough to support broad trademark protection provided ‘goodwill’ was defined to include goodwill that attached to the *firm* as well as to the particular brand.”¹⁵⁶ Courts were protecting firm-level interests, not product-level ones.

Nonetheless, courts held that one could not assign a mark without the goodwill, because to allow assignment without goodwill would permit one company to use the mark but change the product, and this practice would disrupt the public’s ability to rely on the mark as a conveyor of information about a certain product.¹⁵⁷ Until the 1930s, courts often required the transfer of the entire business.¹⁵⁸ Short of that requirement, courts frequently required the transfer of the means of production or some type of tangible asset as part of a mark assignment, and they invalidated assignments if the original mark holder continued to make similar products, even under a different mark.¹⁵⁹

The ban on assignment without goodwill comes from an era when the product was the key to the transaction. That idea is ill-suited to a

152. See *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 98 (1918) (“In truth, a trade-mark confers no monopoly whatever in a proper sense, but is merely a convenient means for facilitating the protection of one’s good-will in trade by placing a distinguishing mark or symbol—a commercial signature—upon the merchandise or package in which it is sold.”); accord *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 413–14 (1916).

153. See *Desai & Rierson*, *supra* note 134, at 1801.

154. Bone, *supra* note 8, at 593 (noting that “directly competing products and passing off or source confusion” described most trademark cases prior to 1920); accord *Lunney*, *supra* note 144, at 391; *Nelson*, *supra* note 52, at 742–44.

155. See Bone, *supra* note 8, at 595–96; accord *Nelson*, *supra* note 52, at 742–44.

156. Bone, *supra* note 8, at 493 (emphasis added) (footnote omitted); cf. *Lunney*, *supra* note 144, at 371–72 (explaining the growth of “property mania” in trademark law (internal quotation marks omitted)).

157. See *Lunney*, *supra* note 144, at 410.

158. See Lisa H. Johnston, Note, *Drifting Toward Trademark Rights in Gross*, 85 TRADEMARK REP. 19, 23–24 (1995).

159. See *Lunney*, *supra* note 144, at 410.

world where intangible assets, especially corporate brands and other levels of branding, are the concern. But, as Bone observes, “Goodwill protection has nothing directly to do with facilitating consumer choice or safeguarding the quality of market information.”¹⁶⁰ That was and is the point.

From the beginning of corporate branding in the 1920s, business interests argued that the prohibition of assignment of a mark without goodwill needed to be relaxed. When the Lanham Act was passed in 1946, the law changed so that “a mark, and its goodwill, could be assigned separately from the business, thus incorporating some of the ideas of those who advocated free trademark transferability.”¹⁶¹ By the 1970s, courts had dropped most of the narrow requirements of the past, and marks were allowed to be transferred without any tangible assets in tow as long as the new mark holder’s products were substantially similar to the previous holder’s products. By the 1990s, these standards were further relaxed, and new mark holder products only needed to be sufficiently similar and sometimes could be on entirely different products as long as consumers were not confused.¹⁶² These more recent changes occurred just as the business world began to recognize that a large portion of a company’s value lay in its brand.¹⁶³

Trademark doctrine’s move to include confusion over sponsorship is another example of the move from product to corporate branding. Embracing a broad notion of sponsorship “expanded the range of actionable confusion beyond confusion over the actual source of a *product*—trademark law’s traditional concern—to include claims against uses that might confuse consumers about whether the trademark *owner* sponsors or is affiliated with the defendant’s goods.”¹⁶⁴ Courts explained this new level of protection came from the belief that trademark law should protect against the “loss of current customers due

160. Bone, *supra* note 8, at 549.

161. See Irene Calboli, *Trademark Assignment “With Goodwill”: A Concept Whose Time Has Gone*, 57 FLA. L. REV. 771, 786 (2005). *But see* Lunney, *supra* note 144, at 411–12 (arguing that the rejection of specific language allowing such transfers indicates that courts have ignored the rule against assignment in gross).

162. *Cf.* Carter, *supra* note 140, at 785–86 (criticizing the Trademark Law Revision Act of 1988 for “effectively eliminat[ing] the traditional restriction on the transfer of a mark in gross, and thereby creat[ing] a potential market in trademarks—the very creature the Lanham Act’s original sponsors long ago promised that Federal rights would not create”); Calboli, *supra* note 161, at 791–93 (discussing cases that used the sufficient similarity standard to allow assignments that are arguably in gross).

163. See *infra* note 190 and accompanying text.

164. Lemley & McKenna, *supra* note 12, at 414 (emphasis added); *cf.* Bone, *supra* note 8, at 493 (“The way a defendant injured or appropriated a plaintiff’s firm goodwill was by confusing consumers about sponsorship. Therefore, protecting a mark against sponsorship confusion prevented harm to the seller at the same time as preventing harm to the consumer.”).

to a reputation injury created by defendant's lower quality product, or loss of future customers due to the plaintiff's inability to enter a new market with its mark."¹⁶⁵

This understanding fits well within the corporate brand perspective. Brand scholarship explicitly takes the view that a brand is built around a reputation and a company, "not around products."¹⁶⁶ Corporate brand strategy sees the brand as a vehicle that allows a corporation to create diffusion products; thus, a company can offer not just one product but a range of goods and services at different prices and market points so that a range of people can have "access to the brand."¹⁶⁷ When trademark doctrine protects a company's ability to enter new markets, the doctrine maps to the idea that a corporation will wish to leverage its corporate brand to offer products across a range of new market segments.

Furthermore, if trademark law took source and quality protection seriously, merchandising and licensing would have been cabined or possibly banned. Trademark law ostensibly prohibits pure merchandising or naked licensing of a mark because these practices would arguably harm the mark's role in offering information about the source and quality of goods or services. In practice, however, trademark law permits precisely these behaviors. Businesses operating under a brand view of marks benefit from this permissive approach.

Professor Irene Calboli's work helps show the problem. The following amalgam blends her hypothetical examples on trademark licensing and assignment in gross to show the realities of how many businesses operate and the brand environment consumers encounter:

Imagine that you are seated in the STARBUCKS coffee shop in front of your school sipping your coffee from a STARBUCKS mug. The coffee tastes richer than usual; you then notice a label on the shop door, and on your coffee cup, announcing that a new owner has purchased the mark STARBUCKS and has changed the quality of some of the STARBUCKS products. Throughout the rest of the day you see people wearing branded clothing, a HARLEY-DAVIDSON T-shirt here, a YANKEES hat there. Now, imagine that a South-African corporation has

165. Bone, *supra* note 8, at 599 (citing *Dwinell-Wright Co. v. White House Milk Co.*, 132 F.2d 822, 825 (2d Cir. 1943) (Hand, J.); *S.C. Johnson & Son, Inc. v. Johnson*, 116 F.2d 427, 429 (2d Cir. 1940) (Hand, J.)); *cf.* Nelson, *supra* note 52, at 743–45.

166. See LURY, *supra* note 45, at 122 (quoting KLEIN, *supra* note 127, at 22) (internal quotation marks omitted).

167. *Id.* at 25, 61–62 (quoting Christopher M. Moore, *Streets of Style: Fashion Designer Retailing Within London and New York*, in *COMMERCIAL CULTURES: ECONOMIES, PRACTICES, SPACES* 261, 269 (Peter Jackson et al. eds., 2000)) (internal quotation marks omitted).

acquired the Coca-Cola Company and announces that it will not continue to produce the well-known soft drink. Instead, it will use the mark COCA-COLA on a variety of salty snacks.¹⁶⁸

One may encounter a range of branded goods, but whether those goods are from the original source, whether the company manufactured the goods, and whether the goods have anything to do with a company's core goods or services are open questions each time one encounters the brand.

Put simply, companies seek to extend their brands. Licensing is a key way to accomplish this goal and can be quite lucrative.¹⁶⁹ As Calboli explains, one can think of three types of licensing: licensing, where a company outsources manufacture of its products; collateral licensing, where a company allows another company to produce a related good with the company's mark (such as GE, an appliance company, permitting another company to produce phones); and promotional or trademark merchandising licensing, where a company brands products unrelated to its products, such as hats, water, and coffee mugs.¹⁷⁰

Yet prior to the passage of the Lanham Act in 1946, trademark law traditionally disfavored trademark licensing.¹⁷¹ Just as one could not assign a mark, one could not, in theory, lend a mark. Marks were supposed to indicate origin. Licensing a mark to another logically undercuts that function.¹⁷² The *MacMahan* rule explains the point:

168. The above hypothetical includes both direct quotes and paraphrases from Irene Calboli, *The Sunset of "Quality Control" In Modern Trademark Licensing*, 57 AM. U. L. REV. 341, 342 (2007) [hereinafter Calboli, *Sunset*], and Calboli, *supra* note 161, at 772. I thank Professor Irene Calboli for allowing me to adapt her examples for this Article.

169. See Stacey L. Dogan & Mark A. Lemley, *The Merchandising Right: Fragile Theory or Fait Accompli?*, 54 EMORY L.J. 461, 461 (2005) ("Trademark merchandising is big business. One marketing consultant estimated the global market for licensing and marketing sports-related merchandise at \$17 billion in 2001. The college-logo retail market was estimated at \$3 billion in 2003. The 2002 Salt Lake Olympics generated \$500 million in gross sales—and \$34 million in licensing revenues—from sale of 'Olympics' attire." (footnotes omitted)); Alfred M. Marks, *Trademark Licensing—Towards a More Flexible Standard*, 78 TRADEMARK REP. 641, 645–47 (1988) (detailing the economic value of trademark licensing in the billions of dollars); Kevin Parks, *"Naked" Is Not a Four-Letter Word: Debunking the Myth of the "Quality Control Requirement" in Trademark Licensing*, 82 TRADEMARK REP. 531, 558 (1992) ("Trademark licensing is an accepted, widespread business practice which has and will continue to grow exponentially, adding tens of billions of dollars to the national and international economies.").

170. See Calboli, *Sunset*, *supra* note 168, at 348–50.

171. See Marks, *supra* note 169, at 643–44 (citing *Dawn Donut Co. v. Hart's Food Stores, Inc.*, 267 F.2d 358 (2d Cir. 1959)).

172. See Calboli, *Sunset*, *supra* note 168, at 344.

A trade-mark cannot be assigned, or its use licensed, except as incidental to a transfer of the business or property in connection with which it has been used. An assignment or license without such a transfer is totally inconsistent with the theory upon which the value of a trade-mark depends and its appropriation by an individual is permitted. The essential value of a trade-mark is that it identifies to the trade the merchandise upon which it appears as of a certain origin, or as the property of a certain person.¹⁷³

Regardless, courts often allowed licensing as long as the company monitored the licensee to ensure consistent quality of goods and the contract for the license had language explicitly permitting such control.¹⁷⁴

The Lanham Act explicitly allowed licensing to related companies,¹⁷⁵ provided that quality control was maintained; but neither the case law nor the statute provided guidance regarding the proper amount of control.¹⁷⁶ Instead, “courts progressively relaxed the interpretation of the control that licensors must exercise over their licensees and held that first ‘adequate,’ then ‘sufficient,’ and then ‘minimal’ control was sufficient to fulfill the statutory requirement.”¹⁷⁷

Merchandising licensing is simply not about the origin or source of a product. Rather, it is about how a consumer uses a branded good “to

173. *MacMahan Pharmacal Co. v. Denver Chem. Mfg. Co.*, 113 F. 468, 474–75 (8th Cir. 1901).

174. *See Marks*, *supra* note 169, at 643; *see also Calboli, Sunset*, *supra* note 168, at 344 (“Judicial decisions [previous to the passage of the Lanham Act] paved the way for this shift, accepting that trademarks could indicate commercial origin not only as actual product sources, but also in terms of consumers’ expectations by guaranteeing that all products bearing the same mark shared the same quality regardless of the manufacturer.”); David J. Franklyn, *The Apparent Manufacturer Doctrine, Trademark Licensors and the Third Restatement of Torts*, 49 CASE W. RES. L. REV. 671, 682 (1999) (noting that trademarks as guarantees were a function of satisfaction, not quality, but that the quality view took hold and remained the dominant understanding).

175. 15 U.S.C. § 1055 (2006).

176. *See Radiance A. Walters, Partial Forfeiture: The Best Compromise in Trademark Licensing Protocol*, 91 J. PAT. & TRADEMARK OFF. SOC’Y 126, 131 (2009) (“[T]he Lanham Act does not explicitly define quality control. As a result, courts have interpreted the meaning of quality control inconsistently, which has led to an ambiguous standard for validating trademark licensing.”); *accord Calboli, Sunset*, *supra* note 168, at 345 (“[L]ike the judiciary before its adoption, the statute neither provided a definition of ‘quality’ and ‘control’ nor indicated how much control must be used for licensing to be valid. As a result, courts continued to interpret the requirement case by case.”).

177. *Calboli, Sunset*, *supra* note 168, at 346.

identify with the trademark owner.”¹⁷⁸ The combination of the reduction of control standards to “minimal” and the growth of licensing, especially merchandising licensing, stretches the claim that a mark indicates source and quality arguably to its breaking point.

Furthermore, although consumers can know full well that a branded item is not licensed—they are not confused nor do they lack information as they purchase—trademark law will prevent unlicensed manufacturers from producing such goods.¹⁷⁹ *Boston Professional Hockey Ass’n v. Dallas Cap & Emblem Manufacturing*¹⁸⁰ is the key case in this shift.¹⁸¹ In that case, the U.S. Court of Appeals for the Fifth Circuit held that the unlicensed manufacture of embroidered National Hockey League team emblems was a trademark violation even though consumers were not confused.¹⁸² The court’s explanation reveals the brand trend in this area of trademark law:

[T]he district court overlooked the fact that the act was amended to *eliminate the source of origin as being the only focal point of confusion*. . . . [I]t can be argued, the buyer is not confused or deceived. This argument misplaces the purpose of the confusion requirement. The confusion or deceit requirement is met by the fact that the defendant duplicated the protected trademarks and sold them to the public knowing that the public would identify them as being the teams’ trademarks. The certain knowledge of the buyer that the source and origin of the trademark symbols were in plaintiffs [sic] satisfies the requirement of the act. The argument that confusion must be as to the source of the manufacture of the emblem itself is unpersuasive, where the trademark, originated by the team, is the triggering mechanism for the sale of the emblem.¹⁸³

First, the Lanham Act itself expanded to move beyond source to include sponsorship or affiliation as a basis for infringement. Second, that shift allows one to conclude that consumers are buying the product because it

178. W.J. Keating, *Promotional Trademark Licensing: A Concept Whose Time Has Come*, 89 DICK. L. REV. 363, 372 (1985).

179. See Calboli, *supra* note 161, at 799; see also LURY, *supra* note 45, at 108 (explaining that British trademark law was revised in 1994 to allow trafficking in a mark which is analogous to the U.S. merchandising right).

180. 510 F.2d 1004 (5th Cir. 1975).

181. Parks, *supra* note 169, at 565–66; accord Dogan & Lemley, *supra* note 169, at 473–74.

182. *Boston Hockey*, 510 F.2d at 1008–09, 1012.

183. *Id.* at 1012 (emphasis added).

bears the mark.¹⁸⁴ The purchase is “triggered” by the mark being on the good in question. Confusion is not the problem; trademark law now protects the mark being bought and sold as a commodity.¹⁸⁵

Protecting this approach to marked products fits into the brand view of trademarks far better than the trademark view. Source is no longer an issue. Quality control is now minimal and, perhaps as a de facto matter, abandoned by courts as they defer to the realities of business practices.¹⁸⁶ Insofar as companies use brands to build relationships with customers and offer them ways to embrace the brand as a way of life in many if not all parts of their lives, merchandising rights cases protect a company’s interest in generating and controlling consumer identity. Consumers may want to express themselves through wearing a good with a mark. Having a generous trademark law that protects a company’s ability to exploit that identity value protects a corporate brand interest, not a source or quality interest.

Once a company attains success with its licensing strategies, it increases its overall value.¹⁸⁷ After all, if people are buying a brand as a brand, then that brand has value. Indeed, well before modern assessments of brand value developed,¹⁸⁸ companies asserted that brands were worth millions of dollars. In one case, a company asserted that a brand accounted for close to twenty percent of a company’s value.¹⁸⁹ Furthermore, from the late 1980s onwards, “intangible

184. Cf. Calboli, *Sunset*, *supra* note 168, at 381 & n.235 (citing and quoting Nat’l Football League Props., Inc. v. Consumer Enters., Inc., 327 N.E.2d 242, 246 (Ill. App. Ct. 1975) (“[T]he buying public has come to associate the trademark with the sponsorship of the NFL or of the particular member team involved.”)).

185. See, e.g., Dogan & Lemley, *supra* note 169, at 471–72 (“[T]he mark in these cases is rarely serving the traditional function of a trademark. Rather than indicating something to the consumer about the source . . . of a product, the mark *is* the product . . .”). The U.S. Court of Appeals for the Ninth Circuit recently undercut the first sale doctrine by holding that the sale of new products bearing an authorized VW or Audi chrome insignia to fans of the automakers causes post-sale confusion and is an infringing use. See *Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc.*, 457 F.3d 1062, 1075–78 (9th Cir. 2006).

186. See Calboli, *Sunset*, *supra* note 168, at 377–89 (documenting shift in quality control standards as business practices changed and arguing that courts have de facto ended any substantive quality control rules).

187. Cf. KOTLER, *supra* note 143, at 404 (“Perhaps the most distinctive skill of professional marketers is their ability to create, maintain, protect, and enhance brands.”).

188. Methods of brand valuation continue to be debated but the fact remains that brands account for some and a growing proportion of a company’s overall valuation. See LURY, *supra* note 45, at 120 (examining the growth of the brand as an asset and how some British companies, along with the London Stock Exchange, accept brand valuation while U.S. companies do not).

189. SUSAN STRASSER, *SATISFACTION GUARANTEED: THE MAKING OF THE AMERICAN MASS MARKET* 47 (1989) (noting that in the 1920s, American Tobacco Company was claimed to have had a total value of \$227 million, with \$45 million of that value coming from its trademarks, and that National Biscuit Company’s Uneda brand was worth an alleged \$1 million, and Coca-

assets—usually in the form of brand names—represent[ed] the larger share” of a company’s overall value.¹⁹⁰

The corporate dimension of the brand taxonomy offers a better way to understand why trademark law embraced the idea of goodwill, relaxed the goodwill assignment doctrine such that that rule is now essentially meaningless and an exercise in “sterile formalism,”¹⁹¹ and took such a permissive stance towards trademark licensing. Trademark law continues to face business realities that see the brand as valuable in and of itself and as a way to engage in a range of business activities. The idea that a company will offer only one or perhaps a series of related products is antiquated. Companies not only enter unrelated product markets, but consumers have become inured to the idea that a company may do so via brand extensions and mark licensing. In addition, once the business world viewed the brand as a key, if not the dominant, corporate asset, it is not surprising that the business world would want the ability to trade that asset. Trademark law has stretched the boundaries of the meaning of quality control and goodwill to accommodate these practices. It has done so at the cost of fealty to the consumer protection and search cost rationales of trademark doctrine.

C. Family or House Marks as Brand Extension

The recognition of family or house marks presents another example of brand logic in trademark law. Trademark law explicitly claims that marks for a company name or trade name alone—a mark that does not identify a product—are not suitable for federal registration.¹⁹² Yet trademark recognizes the idea of a house mark, such that SONY can

Cola alleged \$5 million for its brand); accord Douglas A. Galbi, *Communications Policy, Media Development, and Convergence* (Common Carrier Bureau, Federal Communications Commission, 2001), available at <http://www.galbithink.org/media.htm>.

190. MOOR, *supra* note 57, at 34; see also KOTLER, *supra* note 143, at 405 (explaining that “brand equity” is often understood as “the price premium the brand commands times the extra volume it moves over an average brand”); accord LURY, *supra* note 45, at 119–20. The value of a brand is expressed when a company realizes a net worth greater than its tangible asset value. For an extended investigation of the relationship between brand-equity and intangible assets, see generally KLAUS JENNEWAIN, *INTELLECTUAL PROPERTY MANAGEMENT: THE ROLE OF TECHNOLOGY-BRANDS IN THE APPROPRIATION OF TECHNOLOGICAL INNOVATION* (2005) (presenting a theory of how brand-equity and technology assets interact to allow companies to extract value from initial technological investments).

191. See Calboli, *supra* note 161, at 832 (quoting 2 MCCARTHY, *supra* note 36, § 18:10) (internal quotation marks omitted).

192. See 1 MCCARTHY, *supra* note 36, § 9:13 (“[A] term used only as a trade name is not registerable. For example, a corporate name cannot be registered on the Principal Register unless that name is also used in a trademark or service mark sense.”); accord *id.* § 3:2 (identifying a trademark’s functions as related to goods); David W. Barnes, *One Trademark per Source*, 18 TEX. INTELL. PROP. L.J. 1, 3, 45 (2009).

offer SONY WALKMAN and VAIO; APPLE can offer MACINTOSH and IPOD; and MCDONALD'S can offer a host of "MC" foods such as MCNUGGET, MCRIB, and MCFLURRY.¹⁹³ Under trademark law, a house mark "exists only if and when 'the purchasing public recognizes that the common characteristic is indicative of a common origin of the goods.'"¹⁹⁴ Furthermore, "a house mark serves as an umbrella for all of the product marks and merchandise emanating from a single source."¹⁹⁵ Although the law's formulation is couched in classic source identification language, it fits better within a brand view of trademarks.¹⁹⁶

The move to an idea of an "umbrella" mark for all products adopts a corporate brand view and acknowledge that companies wish to leverage a company-level mark to support a range of business activities. As discussed above, companies quickly learned to use an existing brand as a way to sell new and possibly unrelated products.¹⁹⁷ Product diversification strategies within and into new product lines have proliferated since the 1970s.¹⁹⁸ In some cases, the strategy involves using one mark across a range of related and unrelated products. The VIRGIN GROUP uses its VIRGIN mark to offer VIRGIN MEGASTORE—which sells "CDs, clothing, computer games, books, beverages, and travel-related services"—beverages, an airline service, a limousine service, and "rail services, balloon services, access to hotel properties, bikes, cars, and mobile phones."¹⁹⁹ This example fits into the identity approach to branding.

The identity approach to branding focuses the way in which a company can build a monolithic company brand with one coherent, centrally controlled identity to drive consumer purchases, rather than focusing on single products. These behaviors fall under brand diversification or extension strategies. Such strategies "try to satisfy [consumers'] desire for 'something different' by providing a wide variety of goods under a single brand *umbrella*. Such extensions,

193. 2 MCCARTHY, *supra* note 36, § 7:5.

194. AM Gen. Corp. v. DaimlerChrysler Corp., 311 F.3d 796, 814 (7th Cir. 2002) (quoting Han Beauty, Inc. v. Alberto-Culver Co., 236 F.3d 1333, 1336 (Fed. Cir. 2001)).

195. *In re Royal BodyCare, Inc.*, 83 U.S.P.Q.2d (BNA) 1564, 1568 (T.T.A.B. 2007).

196. *Cf.* Barnes, *supra* note 192, at 2 (arguing that trademark law ought to allow only one trademark per source, rather than allowing companies to have a rack of trademarks because "[m]ultiple marks are not necessary to indicate source").

197. *See supra* notes 78–80 and accompanying text; accord Katherine E. Halmen, *The Effects of the Corporate Diversification Trend on Trademarks*, 10 MARQ. INTELL. PROP. L. REV. 459, 467 (2006).

198. *See Halmen, supra* note 197, at 467.

199. *Id.* at 468–70.

companies hope, fulfill customers' desires while keeping them loyal to the brand franchise."²⁰⁰

Business literature argues that such extensions must be careful not to harm the underlying brand and undercut the loyalty of existing customers.²⁰¹ But when properly executed, brand extensions allow companies to rejuvenate some brands, bring in new customers for the company overall, innovate with regard to product lines, block competitors, and manage potential competitive threats from new products.²⁰² Thus, the house mark is the trademark term that maps to brand extension strategy. Marketers know that the house mark is the corporate brand, that it plays roles well beyond product identification, and indeed is important without a product.

D. Trade Dress and Branded Packaging

When trademark law protects trade dress—"the total image of a product [which] may include features such as size, shape, color or color combinations, texture, graphics, or even particular sales techniques"²⁰³—it protects a brand understanding of packaging and marketing. From a business perspective, the package does not typically fulfill a source identification function, but rather it fulfills other company brand goals. From a "4 Ps" perspective, trade dress protection addresses how companies seek to master the product, place, price, and promotion aspects of marketing.

Trade dress protection originally related, however, to protection for a product's labeling.²⁰⁴ That protection came via unfair competition law,

200. John A. Quelch & David Kenny, *Extend Profits, Not Product Lines*, HARV. BUS. REV., Sept.–Oct. 1994, at 153, 154 (emphasis added).

201. John A. Quelch & David Kenny, *John A. Quelch and David Kenny Respond: "Extensions Must Be Carefully Planned and Monitored,"* HARV. BUS. REV., Nov.–Dec. 1994, at 60.

202. See David A. Aaker, *Perspectives: The Logic of Brand Extensions*, HARV. BUS. REV., Nov.–Dec. 1994, at 62.

203. *John H. Harland Co. v. Clark Checks, Inc.*, 711 F.2d 966, 980 (11th Cir. 1983); accord Graeme Dinwoodie, *Reconceptualizing the Inherent Distinctiveness of Product Design Trade Dress*, 75 N.C. L. Rev. 471, 484 (1997) (noting the definition and its broad adoption); Berzins, *supra* note 31, at 1664.

204. "Trade dress" traditionally includes the appearance of labels, wrappers, and containers used in packaging a product as well as displays and other materials used in presenting the product to prospective purchasers. The design features of the product itself are also sometimes included within the meaning of "trade dress," although the substantive rules applicable to the protection of product designs differ in some respects from those applicable to packaging and related subject matter. See RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 16 cmt. a (1995); accord Dinwoodie, *supra* note 203, at 473; Smith, *supra* note 147, at 251 (2005) ("Historically, trade dress law focused on packaging and labeling, and not the product itself.").

not early trademark law.²⁰⁵ Indeed, trade dress protection was probably never intended to be part of the Lanham Act.²⁰⁶ Nonetheless, trade dress began to creep into federal trademark law on par with other registrable marks starting “in 1958 when then-Assistant Commissioner Daphne Robert Leeds reinterpreted the Trademark Act to allow trade dress’s registration on the principal register.”²⁰⁷ Others trace the expansion of trade dress protection to the 1970s when courts began recognizing and protecting trade dress as unregistered marks.²⁰⁸ When Congress amended the Lanham Act in 1988, courts already recognized trade dress as a type of trademark, and the amendments explicitly acknowledged or accepted that view by including a discussion of trade dress in the statute.²⁰⁹ As such, for better or for worse, federal trademark law today protects trade dress.²¹⁰

To understand why trade dress protection may not be desirable, recall that trademark law claims to be grounded on the idea that the mark identifies source. Trade dress and source pose problems. Professor Glynn S. Lunney, Jr. explains that the Restatement (Third) of Unfair Competition recognized that trade dress was rarely a source of information about the product.²¹¹ Indeed, the common law “required proof that consumers were relying on the claimed trade dress to identify a product’s source” and strove to prevent “evidence that the plaintiff had made a particular product feature, shape, or configuration popular” from being conflated with demand for the product.²¹² Lunney explains:

With the recognition of trade dress as a trademark, this care has largely disappeared. Accepting the pretense that trade dress is a trademark, some courts have extended protection to dress based upon popularity alone, without requiring any

205. See Smith, *supra* note 147, at 252.

206. See generally *id.*

207. Glynn S. Lunney, Jr., *The Trade Dress Emperor’s New Clothes: Why Trade Dress Does Not Belong on the Principal Register*, 51 HASTINGS L.J. 1131, 1133 (2000).

208. See Jessica Litman, Note, *The Problem of Functional Features: Trade Dress Infringement Under Section 43(a) of the Lanham Act*, 82 COLUM. L. REV. 77, 83 (1982); accord Dinwoodie, *supra* note 203, at 478–79; Smith, *supra* note 147, at 253.

209. See Smith, *supra* note 147, at 253–54 (citing Trademark Law Revision Act of 1988, Pub. L. No. 100-167, 102 Stat. 3946 (codified as amended at 15 U.S.C. § 1125(a)(3) 2006)). *But see* Lunney, *supra* note 207, at 1185–86 (questioning whether the 1998 amendments to the Lanham Act ought to constitute reenactment of the Lanham Act that includes trade dress).

210. See John H. Harland Co. v. Clark Checks, Inc., 711 F.2d 966, 980 (11th Cir. 1983); accord Dinwoodie, *supra* note 203, at 484 (noting the definition and its broad adoption); Berzins, *supra* note 31, at 1664.

211. Lunney, *supra* note 207, at 1164.

212. *Id.*

proof that consumers were relying on the claimed dress to identify the product's source.²¹³

In short, trade dress often may not serve a source identifying function. If trademark law is supposed to protect source identifying functions, why does it open the door to protection outside that realm? Lunney's analysis of trade dress points to brands.

The history of trade dress practices as brand practices tracks the law's growing acceptance of trade dress as a trademark. Companies have used labels and packages to build brands since the beginning of mass markets.²¹⁴ Packaging provided product information and simultaneously served a company's larger brand project. Companies used better labeling and packaging techniques to communicate with consumers, but that communication often included or focused on using values to encourage buying one company's product over a competitor's for reasons other than price or quality of the good.²¹⁵ Commercial images and standardized packaging—trade dress—allowed for greater control over price and distribution, but it also created a sense of nationhood and belonging.²¹⁶

For example, in the early 1900s, companies used trade dress to offer newly urban dwellers from rural areas and abroad a sense of connection to each other via the branded product.²¹⁷ Recently, that message has been inverted, and the brand has become a way to connect isolated suburbanites to each other.²¹⁸ In either case, the branded product, including the packaging, did more than offer product information; it offered a "total image" that the company wished to convey via its brand. As Lunney might say, companies' packages had popularity beyond the products.

Furthermore, whenever companies compete over selling essentially the same goods, and therefore must manage excess production capacity,

213. *Id.*

214. See KLEIN, *supra* note 127, at 197; LURY, *supra* note 45, at 18–19; MOOR, *supra* note 57, at 18 (“[I]nnovations in production, printing and packaging made the mass branding of goods possible.”); accord Bone, *supra* note 8, at 577.

215. See MOOR, *supra* note 57, at 18–20; cf. Joachimsthaler & Aaker, *supra* note 77, at 39 (“[M]ass-media advertising has long been the cornerstone of most brand-building efforts.”).

216. See MOOR, *supra* note 57, at 20.

217. See *id.* at 21 (explaining that national goods became “the most familiar and stable features of a strange and new environment and, in some cases, the only bond between people who were otherwise culturally heterogeneous”).

218. See Holt, *supra* note 122, at 82 (explaining that the same stabilizing effect occurred as Americans moved from cities to suburbia where they knew no one and looked to brands as social anchors).

marketing becomes a larger concern.²¹⁹ Product design became a key factor in developing and marketing a good because of the need to distinguish goods that were quite similar but for their packaging.²²⁰ By the 1960s and 1970s this new emphasis on design became connected to the larger aim of creating a brand that projected a singular corporate identity—one that integrated design coordination and a more scientific approach to marketing.²²¹ It is perhaps not coincidental that the two moments legal scholarship identifies as most important in the growth of trade dress protection—1958 when trade dress could be registered on the principal register and the 1970s when trade dress began to be protected as an unregistered mark—map to the business practices of those times.

Recent major trade dress cases can also be understood as addressing the business realities of competing over essentially interchangeable goods and using packing and design to overcome that problem. For example, the Supreme Court's decision in *Two Pesos, Inc. v. Taco Cabana, Inc.*²²² involved a dispute between two Mexican restaurants and their respective presentation of the indoor and outdoor dining areas.²²³ The Court's decision in *Qualitex Co. v. Jacobson Products Co.*²²⁴ involved a dispute over the use of a specific shade of green on dry cleaning presses.²²⁵ In *Wal-Mart Stores, Inc. v. Samara Bros.*,²²⁶ the Court addressed a conflict between clothing manufacturers about the design of seersucker infant clothing with appliqués.²²⁷

Although these cases are mainly understood as delineating the requirements for protection of specific types of trade dress,²²⁸ the underlying question is not whether trade dress—be it product packaging or product design—can be protected, but rather under what

219. See HOLT, *supra* note 56, at 225 (explaining that the basics of competition are a given); KLEIN, *supra* note 127, at 197; MOOR, *supra* note 57, at 26–27.

220. DANESI, *supra* note 37, at 60–67 (detailing the importance of product and package design through the examples of the automobile, perfume, and tobacco industries); MOOR, *supra* note 57, at 26–27.

221. See LURY, *supra* note 45, at 20–22; MOOR, *supra* note 57, at 30–31; *cf.* Moore & Reid, *supra* note 24, at 3 (noting that branding has been a topic in marketing studies prior to the 1970s but was only “a major topic of study” from 1970 forward).

222. 505 U.S. 763 (1992).

223. *Id.* at 765.

224. 514 U.S. 159 (1995).

225. *Id.* at 161.

226. 529 U.S. 205 (2000).

227. *Id.* at 207.

228. See, e.g., Smith, *supra* note 147, at 265–75 (analyzing the three cases and the Supreme Court's different approaches to the question of which trade dress type can be inherently distinctive and which type requires proof of secondary meaning).

circumstances it should be protected.²²⁹ From a brand perspective, the common thread in these cases is that companies compete in markets where each company offers essentially the same goods and seeks to use trade dress to maintain its position in that type of market. As brand scholarship puts it, “the lack of obvious differences between products made good appearance a ‘necessity.’”²³⁰ Trademark law has been more than happy to protect this brand interest.

E. *Initial Interest and Post-Sale Confusion as Control of Brand Identity*

As source or information issues, initial interest confusion and post-sale confusion lack justification. But once one takes a corporate brand perspective they make sense.²³¹ The initial interest confusion doctrine tries to prevent the following situation: A consumer is drawn to a provider of goods or services because of a name or logo; the consumer arrives at the provider’s place of business and quickly realizes that this provider is not the one the consumer was seeking; the provider, however, offers the same or almost the same goods, and the consumer decides that it is best to close the deal with the provider. In such a scenario, the consumer is not confused by the time she purchases the good, and the doctrine has little to do with rational choice problems that traditionally animate trademark law.²³²

Instead, the doctrine prevents one from diverting potential customers’ attention and protects the inchoate idea of goodwill.²³³ By

229. See generally Dinwoodie, *supra* note 203, at 475 (“The expansion of Lanham Act coverage to include product design has severely stretched the capacity of the existing concept of distinctiveness to determine the appropriate boundaries of protectable subject matter.”).

230. DANESI, *supra* note 37, at 60–67 (detailing the importance of product and package design through the examples of the automobile, perfume, and tobacco industries); MOOR, *supra* note 57, at 26–27 (citing HAROLD LIVINGSTON VAN DOREN, *INDUSTRIAL DESIGN: A PRACTICAL GUIDE* 13 (1940)). Beebe explains that we may be living in a “Diamond Age” where the

increasing ability persuasively to imitate relative goods (though without necessarily imitating their absolute utility) anticipates what *social* role intellectual property law might play in such an environment. For what the mimetic technologies discussed above ultimately predict is a kind of post-rarity world, perhaps one in which certain material forms of absolute utility remain scarce, but persuasive copies of material forms of relative utility become superabundant.

Beebe, *supra* note 31, at 834–36.

231. See Austin, *supra* note 33, at 853, 896–98, 902–04.

232. See generally Jennifer E. Rothman, *Initial Interest Confusion: Standing at the Crossroads of Trademark Law*, 27 *CARDOZO L. REV.* 105 (2005).

233. See, e.g., *Brookfield Commc’ns, Inc. v. W. Coast Entm’t Corp.*, 174 F.3d 1036, 1062 (9th Cir. 1999) (“[B]y using ‘moviebuff.com’ or ‘MovieBuff’ to divert people looking for

protecting the reputation and drawing power of a mark, courts enhance a company's ability to pursue a brand strategy that seeks to move beyond single-sale, utilitarian relationships to an ongoing one where the consumer seeks out the company brand repeatedly regardless of product, place, price, or promotion. As one commentator points out, this doctrine disfavors comparative advertising, reduces competition, and impinges on speech even by a noncompetitor,²³⁴ all of which aid corporate brand goals while diminishing the noncorporate brand interests.

Post-sale confusion protects brands more openly and provides another example in which the consumer is not confused and search costs are not at stake. In post-sale confusion cases, the consumer knows that she bought a knock-off Gucci bag or Rolex watch. The doctrine in part holds that the harm lies in others aside from the consumer possibly being fooled into thinking that the item was genuine; thus, the doctrine attempts to protect the prestige of the mark.²³⁵ This aspect of the doctrine explicitly looks to protecting the status dimensions of a mark. In a touchstone case regarding the issue of allowing individuals to make and sell facsimiles of an original work, the U.S. Court of Appeals for the Second Circuit explained that the problem lay in allowing someone to make the facsimile of the original and sell it so that the consumer could "acquir[e] the prestige gained by displaying what many visitors at the customers' homes would regard as a prestigious article."²³⁶ Other iterations of the doctrine reveal deeper brand protections. When courts hold that the doctrine seeks to prevent the impression that an item is no longer scarce, they are protecting a business world that turned to branding precisely because of a marketplace where the goods themselves were not distinct but instead overabundant.²³⁷ Companies use brands as levers to allow the creation of distinction and scarcity where none was present. Post-sale confusion goes directly to that interest, as well.²³⁸

'MovieBuff' to its web site, West Coast improperly benefits from the goodwill that Brookfield developed in its mark."); accord Rothman, *supra* note 232, at 121 (discussing *Brookfield*).

234. See Rothman, *supra* note 232, at 130–59.

235. See Lunney, *supra* note 144, at 404–08.

236. *Mastercrafters Clock & Radio Co. v. Vacheron & Constantin-Le Coultre Watches, Inc.*, 221 F.2d 464, 466 (2d Cir. 1955).

237. See Beebe, *supra* note 31, at 851–55 (tracing various forms of the doctrine as protecting status and consumption behaviors rather than confusion over source).

238. See Austin, *supra* note 33, at 902 ("The value that consumers accord to prestige brands is enormously important to firms, as it enables them to charge premium prices for goods well above their marginal cost. The post-sale impression of goods may be critical to a brand's success." (footnote omitted)).

F. *Dilution: Open Protection for Brands*

The dilution doctrine may be the clearest example of how trademark law is well-explained from a corporate brand perspective. The essence of a dilution claim is that holders of famous marks can sue junior users “regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.”²³⁹ Dilution law is thus not concerned with consumers’ search costs. Instead, it is rooted in Schechter’s argument that trademark law should protect “the creation and retention of custom, rather than the designation of source . . . and . . . the preservation of the uniqueness or individuality of the trademark [because that] is of paramount importance to its owner.”²⁴⁰ Furthermore, “dilution law is producer-focused rather than consumer-focused: It seeks to prevent diminution in the value of a famous mark stemming from the use of the mark by someone other than the trademark [h]older.”²⁴¹

From its inception, the doctrine has been subject to intense scrutiny in legal academia.²⁴² Professor Clarissa Long captures the range of criticisms by legal scholars:

Ever since the creation of federal dilution law, legal commentators have expressed consternation about this variation of the trademark entitlement. Dilution law has been called “absolute and unlimitable,” “powerful,” and “immensely popular.” Commentators have labeled dilution law “a fundamental shift in the nature of trademark protection,” concluded that “plaintiffs frequently win” their dilution claims, and wondered whether the statute will prove to be a “disaster.” Some commentators are concerned that dilution law represents an expansion in property rights at the expense of the public domain. Others worry that it stifles expression, hampers commercial communication, or

239. 15 U.S.C. § 1125(c) (2006). Federal dilution law has been revised since its initial passage in 1995. The original federal statute for dilution simply stated that the holder of a famous mark may bring a claim for dilution, but could only obtain an injunction against the junior user of the mark if that use “causes dilution of the distinctive quality of the mark.” 15 U.S.C. § 1125(c)(1) (1995). Under the revised federal statute a claim may still only be brought by the holder of a famous mark, but now the junior user’s use must be “likely to cause dilution by blurring or dilution by tarnishment of the famous mark” for there to be a remedy under the cause of action. 15 U.S.C. § 1125(c) (2006).

240. SCHECHTER, *supra* note 23, at 822 (emphasis omitted).

241. Clarissa Long, *Dilution*, 106 COLUM. L. REV. 1029, 1034 (2006); *accord* Moseley v. V Secret Catalogue, Inc., 537 U.S. 418, 429 (2003) (noting that dilution law is aimed at protecting producers not consumers).

242. *See, e.g.*, Long, *supra* note 241, at 1029–30; Nelson, *supra* note 52, at 732.

reduces competition. Richard Posner frets about dilution's "seductive appeal."²⁴³

From a traditional search cost and information view, these criticisms have much force.²⁴⁴ They also assume that trademark law is in fact driven by these normative lodestars.

The reality is that dilution law abandons these foundations, and trademark law in general has been engaged with concerns well beyond search costs and information for decades. When Congress explained the Federal Trademark Dilution Act as protecting "the substantial investment the owner has made in the mark and the commercial value and aura of the mark itself,"²⁴⁵ it implicitly took a corporate brand view of trademarks.²⁴⁶ Providing legal recourse based on a company's "investment in the mark" and its construction of a mark's "aura" fits directly into the way the corporate dimension of brands operates.

Such perspectives acknowledge that companies seek to construct a mark with an identity and personality—traits that offer much more than information to the consumer. Criticisms that dilution is far removed from trademark law's search cost and consumer-focused foundations are accurate, but they miss the point that trademark law has already imported a corporate brand perspective into its doctrine. Dilution can be seen as merely the most obvious iteration of that view.

243. Long, *supra* note 241, at 1030 (footnotes omitted) (quoting Beebe, *supra* note 11, at 684; Gerard N. Magliocca, *From Ashes to Fire: Trademark and Copyright in Transition*, 82 N.C. L. REV. 1009, 1033 (2004); David S. Welkowitz, *The Supreme Court and Trademark Law in the New Millennium*, 30 WM. MITCHELL L. REV. 1659, 1681 (2004); Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 YALE L.J. 1687, 1698 (1999); David J. Franklyn, *Debunking Dilution Doctrine: Toward a Coherent Theory of the Anti-Free-Rider Principle in American Trademark Law*, 56 HASTINGS L.J. 117, 118 (2004); Wendy J. Gordon, Introduction, Symposium, *Ralph Sharp Brown, Intellectual Property, and the Public Interest*, 108 YALE L.J. 1611, 1614–15 (1999); Richard A. Posner, *Misappropriation: A Dirge*, 40 HOUS. L. REV. 621, 623 (2003)).

244. *But see* Barton Beebe, *The Continuing Debacle of U.S. Antidilution Law: Evidence from the First Year of Trademark Dilution Revision Act Case Law*, 24 SANTA CLARA COMPUTER & HIGH TECH. L.J. 449 (2008) (showing that the revised law also seems to add little power to trademark enforcement); Long, *supra* note 241, at 1031 (arguing that doctrine has added little to enforcement power of trademark holders); Lunney, *supra* note 144, at 408–10 ("[Dilution] was often tacked onto the court's opinion as little more than an afterthought."); *see also* LURY, *supra* note 45, at 109 (noting the growth of dilution doctrine in the United Kingdom and the shift from confusion to more expansive protection against all uses of a mark).

245. H.R. REP. NO. 104-374, at 3 (1995), *reprinted in* 1996 U.S.C.C.A.N. 1029, 1030.

246. *But see* Lunney, *supra* note 144, at 475–76 (arguing that the Federal Trademark Dilution Act of 1995 imported source confusion and "does not reflect a purely property-based view of trademarks").

III. BRAND FAILURES IN TRADEMARK LAW

At its core, trademark law only has room for source confusion. Although trademark law purports to be consumer-focused and protecting, the concept of the consumer in trademark law is inconsistent and incomplete. Questions about whether someone uses a mark in ways beyond source confusion are quickly forced back into analyses that do not capture how the mark functions *for the consumer*. In other words, trademark law fails to accommodate the consumer dimension of a brand. The way the law addresses the possibility of community marks further illustrates these problems and provides an opportunity to see the shortcomings of the likelihood of confusion test, which is the touchstone test for determining trademark infringement.

A. *Trademark Law's Erroneous View of Consumers and Communities*

Trademark law's view of the consumer is paradoxical if not disingenuous. Mired in the world of the fully rational consumer, trademark law claims that trademarks are information resources for the consumer to use as part of the purchasing process. Whether this rational creature exists is questionable, and empirical work to support the view is missing.²⁴⁷ Regardless, when it comes to issues of infringement and protecting the consumer, this highly rational consumer morphs into a dullard who must not be asked to use any extra thought to discern what a mark may signify.²⁴⁸

As Professor Graeme W. Austin offers, “[T]rademark law often seems to be premised on the idea that consumers are mesmerized by brands and are incapable of very much independent thought. . . . The law assumes that the ordinarily prudent consumer unthinkingly accepts the messages trademark proprietors seek to enforce through their branding strategies.”²⁴⁹ In other words, when the law abandons the rational consumer model, it inserts a view that is not only suspect but rejects what brand literature acknowledges: consumers are rather savvy

247. Austin, *supra* note 33, at 866–71 (examining trademark law’s “inchoate empiricism”); Barton Beebe, *Search and Persuasion in Trademark Law*, 103 MICH. L. REV. 2020, 2022–25 (2005) (identifying the law’s idealized view of the consumer as “impossibly utilitarian” and the debate around the capacities of consumers to think for themselves).

248. Austin, *supra* note 33, at 887–88 (“Some strands of case law, particularly from the early decades of the twentieth century, emphasized that ‘the public must be credited with a minimum capacity for discrimination.’ More recently, however, ordinarily prudent consumers have also been characterized as ‘credulous,’ ‘inexperienced,’ and ‘gullible.’” (footnote omitted) (quoting *Hiram Walker & Sons, Inc. v. Penn-Maryland Corp.*, 79 F.2d 836, 839 (2d Cir. 1935), J. THOMAS MCCARTHY, 4 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 23:93 (4th ed. 1996), and *Stork Rest., Inc. v. Sahati*, 166 F.2d 348, 359 (9th Cir. 1948))); Beebe, *supra* note 247, at 2023–24.

249. Austin, *supra* note 33, at 829 (footnote omitted).

about brands, to the point where they take brands and imbue them with personal meanings. Insofar as the law adheres to a behavioral model, in which the company pushes the psychological buttons of the consumer who is shaped by the message and helpless to resist that message, the law adheres to a view that business practice has questioned and in some cases rejected this model, as the full ownership of the consumer is discredited in consumer brand theory.²⁵⁰ This view still suggests, however, that trademark law sees its role as understanding and protecting consumers.

Ironically, trademark law's role has been to use consumers as a lever in prying trademark law away from consumer protection towards brand protection. Professor Barton Beebe's work provides insight about how two such contradictory views of the consumer—highly rational or inane—fed this shift and points to brands as I have described them. In a trademark lawsuit, one will characterize consumers depending on whether one wants a broad or narrow scope of trademark protection. On the one hand, a sophisticated, informed consumer is less likely to be confused and so the scope of protection for the trademark would be commensurately less. One is not confused when one can discern between two marks. On the other hand, an unsophisticated, less informed consumer militates in favor of greater trademark protection.²⁵¹ But as Beebe explains, these extremes miss an important aspect of trademarks: their power to persuade. When one follows Beebe's lead and parses trademarks as having the capacity for raising or lowering search or information costs as well as the capacity for persuading consumers to buy a good, one enters a world of brands.

According to Beebe, mark holders choose to “assume the costs of search in order to gain the benefits of persuasion.”²⁵² That is, producers will invest in reducing consumers' search costs by increasing the distinctiveness of their marks as compared to others by “bring[ing] ever more information to the marketplace, inside of which is persuasion.”²⁵³ Persuasion is not, however, about utility information such as price or function; rather it is about creating a mark that offers differentiation and distinction such that a consumer will buy the marked good for the sake of the mark.²⁵⁴

This shift to protecting producer's persuasion interest explains why Austin can assert that “important aspects of trademark doctrine render consumer thought largely irrelevant to liability theories” and that “[i]n

250. *See supra* Part I.B.1.

251. Beebe, *supra* note 247, at 2035, 2038.

252. *Id.* at 2066.

253. *Id.* at 2068.

254. *Id.* at 2044.

much trademark law, legally cognizable harm equates with damage that rival traders might do to the ‘branded’ consumer worldview.”²⁵⁵ Trademark law feeds brand protection, not consumer protection. As Beebe explains, “The consumer, once sovereign, has been deposed, deprived, decentered.”²⁵⁶ In the consumer’s place is a system that looks to marks as marks, and its “goal . . . is to enhance the power of the [brand] system.”²⁵⁷

The fair use doctrine in trademark law provides another perspective on trademark law’s inability to handle the consumer dimension of brands. In the abstract, expressive use of a trademark is not actionable by the trademark holder. Yet what is an expressive use of a mark and what constitutes fair use is an unclear and unstable area of trademark law.²⁵⁸ Furthermore, although some trademark theory has tried to explain that marks serve multiple roles and are rarely purely source-identifying,²⁵⁹ the dominant view of trademark law as being a private good²⁶⁰ fully under the control of the mark holder has led to dubious litigation tactics by mark holders.²⁶¹ Individual uses of marks—such as Barbie in artistic contexts,²⁶² Lego on fan sites,²⁶³ and in almost any

255. Austin, *supra* note 33, at 829.

256. Beebe, *supra* note 247, at 2072.

257. *Id.*

258. See generally William McGeeveran, *Rethinking Trademark Fair Use*, 94 IOWA L. REV. 49 (2008) (arguing that should a case reach a court free speech concerns usually prevent the plaintiff from recovery but that ambiguous trademark “fair use” doctrines generate litigation and chill speech).

259. See, e.g., Beebe, *supra* note 11, at 625; Desai & Rierson, *supra* note 134, at 1802–03; Ralph H. Folsom & Larry L. Teply, *Trademarked Generic Words*, 89 YALE L.J. 1323, 1340 (1980); Sonia K. Katyal, *Trademark Intersectionality*, 57 UCLA L. REV. 1601, 1605–06 (2010).

260. See David W. Barnes, *A New Economics of Trademarks*, 5 NW. J. TECH. & INTELL. PROP. 22, 23–24, 50–57 (2006), <http://scholarlycommons.law.northwestern.edu/njtip/vol5/iss1/2> (exploring the tension between private and public goods conceptions of trademark).

261. K.J. Greene, *Abusive Trademark Litigation and the Incredible Shrinking Confusion Doctrine—Trademark Abuse in the Context of Entertainment Media and Cyberspace*, 27 HARV. J.L. & PUB. POL’Y 609, 612–14 (2004); Mark A. Lemley, *Property, Intellectual Property, and Free Riding*, 83 TEX. L. REV. 1031, 1064 (2005).

262. In artistic contexts, expressive uses entail incorporating a trademark into a painting, sculpture, etc. These uses fall under a different yet related issue of the incorporation of a trademark into art, and focus on whether a given use is protected under First Amendment principles. See, e.g., *Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792, 807 (9th Cir. 2003) (artistic works incorporating and transforming Mattel’s Barbie doll constituted parodic speech protected by the First Amendment).

263. See, e.g., Desai & Rierson, *supra* note 134, at 1840–41 (describing the Lego Corporation’s response to the www.ratemylego.com fan site).

non-commercial context—are supposed to be permitted but have been suppressed by aggressive mark enforcement.²⁶⁴

As a result, those who wish to use a mark with a good degree of certainty face great *uncertainty* regarding whether a given use is permitted.²⁶⁵ And if one is sued, the precise nature of which uses are at issue and actionable varies from case to case, circuit to circuit, and one part of trademark law to another.²⁶⁶ Furthermore, by focusing on free speech and expressive uses, the law becomes entangled in questions of what qualifies as speech and what speech is protected. This approach also lacks space for what brand management literature acknowledges and exploits: people use brands in ways that are beyond source identification and beyond legal conceptions of speech. At the individual level, brands become part of how someone creates who they are and represents that self to the world.

Community dimensions of brands fare no better under trademark law than consumer dimensions and are possibly in worse shape.²⁶⁷ By their nature, community brand situations involve a group of consumer enthusiasts who take it upon themselves to define the brand.²⁶⁸ This group may engage in one or more activities, including building Web sites, holding meetings, writing polemics, creating artwork, and producing branded merchandise.²⁶⁹ The mark in question will be prominently displayed, discussed, and distributed. In many cases the mark will appear as or near how it was originally displayed precisely because of the power of that context. Trademark law, however, asks whether these acts are likely to cause confusion, and the nature of the test for that question does not provide room for this sort of community action.²⁷⁰

264. See, e.g., DAVID BOLLIER, BRAND NAME BULLIES: THE QUEST TO OWN AND CONTROL CULTURE (2005) (detailing numerous over-enforcement actions by trademark holders who seek to trademark and control “public life”).

265. See McGeveran, *supra* note 258, at 61–64, 66–68; cf. Brett M. Frischmann & Mark A. Lemley, *Spillovers*, 107 COLUM. L. REV. 257, 285–87 (2007) (noting that even the structure of copyright law, which allows for non-rightholder uses, poses difficulties in determining what uses are permitted).

266. For an excellent analysis of the ways in which expressive use is supposed to work compared to how it operates in practice, see generally McGeveran, *supra* note 258.

267. The term “community” as used in this Article should not be taken as an interpretation or application of the European Community Trade Mark, which allows one to secure “trademark rights throughout the European Union.” Graeme B. Dinwoodie, *Trademarks and Territory: Detaching Trademark Law from the Nation-State*, 41 HOUS. L. REV. 885, 946 (2004) (citing Council Regulation No. 40/94, 1994 O.J. (L 11) 3 (EC)).

268. See *supra* Part I.B.2.

269. See *supra* Part I.B.2.

270. See McGeveran, *supra* note 258, at 66, 69 (noting the structural problems inherent in the test).

Likelihood of confusion is a multifactor test. Courts examine a set of factors that vary from circuit to circuit to determine whether a particular way a non-mark holder offers the mark is likely to cause confusion.²⁷¹ The test seems simple enough, but a short analysis of how each factor would be read for community brands shows the test's inadequacy for community brands.²⁷²

Assume that a community brand group has formed for NIKE. The group has a Web site, holds meetings, attends Nike-sponsored events, and produces T-shirts for members of the group. The community's use of NIKE involves a strong mark—a mark that consumers know and identify with Nike, the company.²⁷³ That fact weighs against allowing the community mark's continued use. Given that communities engage with a brand by copying them exactly or by offering a close interpretation of a brand, courts will easily find that a community mark's version of the mark is similar to the corporation's mark. That similarity is often the point of the community brand. Another factor is proximity of goods. The community group offers merchandise to celebrate the community's connection to the brand. The merchandise will likely have the NIKE SWOOSH on the shirt. It may or may not

271. Cf. Barton Beebe, *An Empirical Study of the Multifactor Tests for Trademark Infringement*, 94 CAL. L. REV. 1581, 1600 (2006) (demonstrating that the variances across circuits is broad and that courts often rely on a few, select factors and then “stampede” the other factors to reach desired results). See generally 4 MCCARTHY, *supra* note 36, §§ 24:29–43 (listing the multifactor test across all circuit courts).

272. Despite the differences across circuits, for simplicity's sake and to emulate analysis from a circuit that has a large number of trademark cases, I use the Ninth Circuit's formulation of the test here. The factors examined include (1) the “strength of the mark;” (2) “proximity [or relatedness] of the goods;” (3) the “similarity of the marks;” (4) “evidence of actual confusion;” (5) the “marketing channels used;” (6) the degree of care customers are likely to exercise in purchasing the goods; (7) the “defendant's intent in selecting the mark;” and (8) “the likelihood of expansion” into other markets. *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348–49 (9th Cir. 1979). Note that Beebe's study shows that “the similarity of the marks, the proximity of the goods, evidence of actual confusion, and the strength of the plaintiff's mark” are common to all the circuits and that intent is common to all except the U.S. Court of Appeals for the Federal Circuit. See Beebe, *supra* note 271, at 1589–90.

273. Strength of mark is a nuanced aspect of trademark law. As McCarthy explains,

[T]he more distinctive, unique and well-known the mark, the deeper is the impression it creates upon the public's consciousness and the greater the scope of protection to which it is entitled. The legal strength of a mark is usually the same as its economic and marketing strength. A term which has achieved widespread customer recognition as a symbol of origin is more likely to result in confusion because of a junior user's similar mark on similar goods than a mark that few customers know of or recognize.

2 MCCARTHY, *supra* note 36, § 11:73 (footnotes omitted). Of course, one might argue that if a mark is strong enough, consumers may not be confused at all.

have the group's name on it. A loyal group may imitate a NIKE shirt such as the famous Jordan soaring silhouette but tweak the company version by adding something that indicates the group's interpretation of the brand. Some may go so far as to create Nike zombies or oddball merchandise, such as a pillow in the shape of the Air Jordan shoe.²⁷⁴ If Nike sells merchandise at fairs or fan meetings, and the community does so as well, a court may find that the goods are in close proximity.

Evidence of actual confusion is considered the best evidence of likelihood of confusion,²⁷⁵ but that assumption leaves little room for community uses of the mark. A few examples of actual confusion, such as less than ten emails or shoppers claiming actual confusion, will suffice.²⁷⁶ Courts have found evidence of actual confusion to be highly persuasive and tend to prevent such further use.²⁷⁷ In our example, the community group tries to stay true to its view of the core NIKE image. In theory, a mainstream user could encounter the community group brand and think that it was really from Nike. The very nature of the community group's approach and the low threshold for what constitutes the best evidence of the likelihood of confusion combine so that in almost all cases, the community brand will be deemed to cause actual confusion. But that conclusion misapprehends the point of the community brand. Community brands take the view that the community, rather than the corporation, may be or is the true custodian of the brand's reputation. Community brand groups often claim to be official purveyors of the brand's history and meaning.²⁷⁸ As such, a community group can often be quite precise about how the company presents its brand imagery and message while still questioning and deviating from a company's latest idea of what the brand is.²⁷⁹

Asking whether marketing channels are likely to converge is also the wrong question. Insofar as the community group is selling some merchandise at NIKE-themed events or online, a court could find this factor increases the likelihood of confusion. But the community group is not really marketing its goods to compete with the corporation. As noted under the actual confusion factor, the community group is a bit different than other consumers. Courts tend to assume that relatively

274. See *Nike Air Jordan 1 Sneaker Pillow*, ETSY, <http://www.etsy.com/listing/88144144/nike-air-jordan-1-sneaker-pillow>. I thank Professor Justin Hughes for asking about brand practices that are closer to practices found in fan-fiction.

275. 4 MCCARTHY, *supra* note 36, § 23:13.

276. *Id.*

277. *Id.*

278. See, e.g., HOLT, *supra* note 56, at 155–56, 184–87 (describing Harley-Davidson community activists); Muniz & O'Guinn, *supra* note 100, at 427 (detailing SAAB community behaviors).

279. See HOLT, *supra* note 56, at 155–56, 184–87.

common goods are bought without much care.²⁸⁰ A court could find that most consumers will not exercise much care as they purchase workout shirts or posters or visit Web sites about a company.²⁸¹ The brand community, however, is not confused about the nature of the merchandise. Given the devotion of a brand community, the community would instead be quite aware of the differences among the offerings.

Examining a defendant's intent is another misplaced inquiry when considering community marks. Discerning intent is difficult and requires a fact inquiry.²⁸² Nonetheless, courts often infer intent to infringe from the mere presence of a brand or ask whether the defendant took steps to dispel confusion.²⁸³ This distinction presents an ambiguity that would cut against community groups, as they might indicate they are not part of Nike the company, but proclaim they are the true keeper of the NIKE brand. A Nike community group would intend that it has an "affiliation, connection, or association" with NIKE the brand, but the group would not necessarily intend that Nike was "the origin, sponsorship, or approval of [the group's] goods, services, or commercial activities."²⁸⁴

Finally, although a community group may sell merchandise, it is not really in the market that the corporation is in. Nonetheless, the group may be seen to be in a market which the company may enter, and the market entry factor would weigh against the community group. In our example, Nike may want to expand into the fan sector. Indeed, given the company's brand goal of creating a loyal, fan-based brand, such a move may be likely. The community group's presence could be seen as either

280. *Cf.* *Virgin Enters. v. Nawab*, 335 F.3d 141, 151 (2d Cir. 2003) (explaining that professional buyers have a higher standard of care than common retail consumers).

281. 4 MCCARTHY, *supra* note 36, § 23:93 ("The law is not made for the protection of experts, but for the public—that vast multitude which includes the ignorant, the unthinking and the credulous, who, in making purchases, do not stop to analyze, but are governed by appearance and general impressions." (quoting *Florence Mfg. Co. v. J. C. Dowd & Co.*, 178 F. 73, 75 (2d Cir. 1910)) (internal quotation marks omitted)).

282. McGeveran, *supra* note 258, at 96–97. In theory, one could intend to confuse, fail to do so, and arguably not be liable for infringement. *See* RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 22 cmt. b (1995) ("[P]roof of an intent to deceive is not required . . ."). *But cf.* Rebecca Tushnet, *Trademark Law as Commercial Speech Regulation*, 58 S.C. L. REV. 737, 754–55 (2007) (suggesting that trademark law departs from other legal speech restrictions in its lack-of-intent-requirements).

283. McGeveran, *supra* note 258, at 96 ("Not surprisingly, courts often deny summary judgment for defendants because questions of fact remain concerning this vague and possibly intent-based third factor. For example, the Ninth Circuit has found the mere presence of a celebrity's likeness or trademark created enough possibility of implied endorsement to foreclose summary judgment." (footnote omitted) (citing *Downing v. Abercrombie & Fitch*, 265 F.3d 994, 1009 (9th Cir. 2001), and *Abdul-Jabbar v. Gen. Motors Corp.*, 85 F.3d 407, 412–13 (9th Cir. 1996))).

284. 15 U.S.C. § 1125(a)(1)(A) (2006).

impeding the company's ability to do so or somehow as competing with the company for the fan support market. Neither of these views reflects what a community group does with merchandise.

Perhaps most damning is that the above analysis affords courts the presumption that they weight each factor equally in applying the test. Empirical work by Beebe shows, however, that is not the case.²⁸⁵ Instead, it appears that if courts find intent and actual confusion, they are likely to "stampede" the rest of the analysis to conform to the outcome, especially when that outcome favors finding confusion.²⁸⁶ Given the way in which communities use marks, the chance is high that a court would find that such uses cause actual confusion and were animated by an intent to infringe the mark. These two conclusions would lead to a finding of infringement regardless of the propriety of such a ruling. Even if one dismisses Beebe's findings, for almost any brand, the design of the likelihood of confusion test does not accommodate the community brand perspective.²⁸⁷ Instead, each factor champions a one-way, corporate control model of trademarks. Any slightly ambiguous aspect of the analysis tilts in favor of the mark holder. Much like individuals and consumer marks, groups who use community brands do not fit well into trademarks law's view of how trademarks function.

B. Brands as Information Resources that Enable the Co-Creation of Value

The search cost theory of trademarks not only has run amok, it no longer maps to the way in which information and value creation interact. As a normative matter, a brand theory of trademark embraces the shift to a co-creation of value model. In addition, it reorients and revives the role of trademarks as true information resources, not simply one-way tools controlled by corporations.

Trademark law in essence invokes consumers as it vaunts producer interests. Even if one concedes that trademark law's formula for protecting consumer interests is viable as an abstract matter, one must address a problem. As Professor Douglas A. Kysar explains, because consumers are "express[ing] public values through a market medium that is being endorsed simultaneously as a primary locus of choice, opportunity, and responsibility, individuals may well come to view such preferences as their most appropriate mechanism for influencing the

285. See Beebe, *supra* note 271, at 1620.

286. *Id.* at 1614–15.

287. Cf. McGeveran, *supra* note 258, at 76 ("[M]arching one-by-one through the ill-fitting factors of the likelihood of confusion test is a terrible methodology for resolving expressive use cases.").

policies and conditions of a globalized world.”²⁸⁸ This dynamic raises a vital issue: “[I]f private market behavior is to serve the expansive evaluative function that proponents of the liberal market vision have proposed for it, then consumers should receive an informational context that is appropriately robust for the role they are being asked to serve.”²⁸⁹

Trademarks arguably provide some of the required information, but they are not “appropriately robust.” Trademark law’s current structure vindicates the corporate control aspects of information flow and often serves as a tool to squash the noncorporate aspects. A brand theoretical approach to trademarks, however, moves beyond tenuous reliance on producers to care for consumers’ interests. It provides a way to ensure that *all* sides of the market, consumers and producers, receive an “appropriately robust” “informational context.”²⁹⁰

Corporations, consumers, and communities all play large roles in providing information about a brand.²⁹¹ Corporations use radio, television, and the Internet to offer brand information. At the same time, using sophisticated, yet practically ubiquitous, information tools, activists have platforms from which they can both question *and* laud a company’s business practices. Brand activists put corporate practices related to brand image and identity—such as labor, sustainability, the environment, health, and more—front and center, and in ways not previously possible.²⁹² This information is obviously useful to consumers and communities who wish to make better-informed purchasing decisions.²⁹³ What is perhaps less obvious is that both

288. Douglas A. Kysar, *Preferences for Processes: The Process/Product Distinction and the Regulation of Consumer Choice*, 118 HARV. L. REV. 525, 535 (2004).

289. *Id.*

290. *See id.*; cf. Litman, *supra* note 9, at 1731–32 (noting how protecting the persuasive aspects of trademarks hinders competition and the differences in information offered as purchasers decide what to buy).

291. One commentator argues that it is precisely the most ardent of consumers to whom a company must pay attention, for so-called super-consumers, who are about 10% of a market, can account for 50% of profits. *See* Eddie Yoon, *Tap into Your Super-Consumers*, HARV. BUS. REV. BLOG (Nov. 25, 2009, 8:39 AM), http://blogs.hbr.org/cs/2009/11/surprising_insights_from_super.html.

292. *See* Kysar, *supra* note 288, at 529, 641 (“Globalization . . . has enhanced the flow of information, not merely goods, and information regarding processes increasingly is finding its way downstream[, and c]onsumers are responding accordingly[.] . . . consumer preferences may be heavily influenced by information regarding the manner in which goods are produced.”); cf. Isabelle Maignan & O.C. Ferrell, *Corporate Social Responsibility and Marketing: An Integrative Framework*, 32 J. ACAD. MARKETING SCI. 3, 6–7 (2004).

293. *See generally* Margaret Chon, *Marks of Rectitude*, 77 FORDHAM L. REV. 2311 (2009) (decoding trademarks and certification marks in order to enable consumers to make sound purchasing decisions); Kysar, *supra* note 288, at 527–29 (distinguishing between product-related information as it applies to potential hazards to users versus actual hazards to workers,

positive and negative information is not only useful, but vital to companies who wish to remain competitive.

Although a company taking the corporate control view of brands and trademarks may not like the way in which consumers and communities interact with and interpret a brand, brand theorists have shown that a company can and should use noncorporate-driven information and images of the brand to inform and shape brand strategy. Holt's study of brands argues that brands—such as COCA-COLA, CORONA, SNAPPLE, MOUNTAIN DEW, VW BEETLE, and BUDWEISER—thrive when they pay attention to the noncorporate dimensions of brands and “co-author” the brand with consumers and communities.²⁹⁴

For example, a case study of the HARLEY-DAVIDSON brand shows how companies can use noncorporate market information to enhance the brand. Despite being the only American motorcycle company after its last domestic rival, Indian, closed in 1953, Harley-Davidson began losing ground in the 1960s as Japanese competitors entered the market.²⁹⁵ At that time, management opposed the way in which consumers viewed the HARLEY-DAVIDSON brand. Harley-Davidson rejected the myth—outlaw freedom—that its brand offered because it saw that image as antithetical to the suburban touring vehicle Harley-Davidson wanted its bikes to be.²⁹⁶ In the 1980s, Harley-Davidson operated from a corporate control perspective and took over the independently organized customer groups, as they seemed like a great marketing tool. That move upset Harley-Davidson's core brand community.²⁹⁷

Despite these missteps, the culture industry and populist views of HARLEY-DAVIDSON generated a brand image that Harley-Davidson, the company, was able to tap into when it changed its attitude toward the outlaw image and those who embraced that view. The initial attempts to ape the way in which the culture saw HARLEY-DAVIDSON rang false. But as Harley-Davidson became more sophisticated in listening to consumers and communities, its marketing people were able to draw on the core image and author additional brand stories and related images that resonated with the views its loyal customers had about Harley-Davidson and the world.²⁹⁸ As Holt argues,

animals, and the environment due to the production of such goods, and how such affect consumer purchasing decisions).

294. HOLT, *supra* note 56, *passim*.

295. *Id.* at 155–56.

296. *Id.* at 186–87.

297. *Id.* at 184.

298. *Id.* at 187.

although HARLEY-DAVIDSON addressed some quality issues and spent money on advertising, the consumers, the Harley-Davidson community, and the culture provided the information required to turn Harley-Davidson around and offer a brand that produced long waiting lists for motorcycles, which cost \$20,000 and often led to spending another \$5,000 on Harley-Davidson accessories.²⁹⁹

Mattel's about-face regarding Aqua's song "Barbie Girl" provides another example of how an initial negative reaction among consumers can change to acceptance of an alternative review of the brand. Aqua's song mocked BARBIE and much of the negative stereotypes for which BARBIE seemed to stand, such as leading a plastic life, being a blonde bimbo, and embodying the idea that women are objects to be dressed up and manipulated. Mattel sued the record publisher on several grounds, including a claim that the song violated trademark law. Mattel lost the case in 2002.³⁰⁰ By the end of 2009, however, Mattel licensed "Barbie Girl," altered some of the risqué and more critical lyrics, and created the doll's first music video to go with the song.³⁰¹

One could plausibly argue that Harley-Davidson, and those who follow the lead of consumers and communities, merely co-opt true populist culture. Some antibrand activists argue just that point. Yet asking whether corporate responses to consumer and community views are attempts to co-opt culture is the wrong question. Before understanding why it is the wrong question, it is necessary to appreciate the effects of brand criticism.

As discussed above, antibrand movements use brands as a resource to express displeasure with a brand and its affiliated corporation. Klein documents how Nike, McDonald's, and Shell faced activists who challenged the brands for not living up to standards or failing to meet desired standards.³⁰² The Nike activists used the Internet, the press, protests, and community events to provide high-quality information regarding Nike labor practices and the way in which inner city markets—a key culture center used in marketing Nike products—were driven to pay extremely marked-up prices (in some cases, teens even killed one another) to acquire the products.³⁰³

299. *Id.* at 156.

300. *See generally* Mattel, Inc. v. MCA Records, Inc, 296 F.3d 894, 899, 908 (9th Cir. 2002).

301. *See* Stuart Elliot, *Years Later, Mattel Embraces 'Barbie Girl,'* N.Y. TIMES MEDIA DECODER (Aug. 26, 2009, 4:30 PM), <http://mediadecoder.blogs.nytimes.com/2009/08/26/years-later-mattel-embraces-barbie-girl/>; Elva Ramirez, *Barbie's First Music Video Turns the Aqua Original on Its Head,* WALL ST. J. SPEAKEASY (Aug. 28, 2009, 12:16 PM), <http://blogs.wsj.com/speakeasy/2009/08/28/barbie-model-astronaut-rock-star-marxist-theorist/>.

302. *See* KLEIN, *supra* note 127, at 365, 379, 387.

303. *Id.* at 366–79.

Brand activism highlighted Shell's operations in Nigeria and how the company and some powerful government leaders made large sums of money while those residing near the oil drilling sites lived in squalor, faced environmental harms from the drilling process, and in some cases were killed for protesting the exploitation.³⁰⁴ Other Shell brand activism stopped the company from sinking a rusty old oil platform in the Atlantic Ocean. By sharing information about the cost to a \$128 billion company of sinking the platform (\$16 million) compared to disposing of it on land (\$70 million), activists managed to generate protests and boycotts of Shell stations, which saw drops in business ranging between "20 and 50 percent."³⁰⁵

In the so-called McLibel case, two environmental activists made claims about McDonald's role in deforestation, developing countries' poverty, animal cruelty practices, harming public health, poor labor practices, and advertising that improperly targeted children. McDonald's initially responded with legal action but tried to settle once the case started generating negative publicity. The defendants chose not to settle, and the 313-day trial continually placed McDonald's business practices in the spotlight.³⁰⁶

These activities do not always lead to results that brand activists appear to desire. In some specific cases, such as with Shell and the oil platform, behaviors change. Nike's stock dropped and some thought the human rights and labor issues were part of that market trouble.³⁰⁷ McDonald's and Shell faced continued scrutiny of their business practices. Nonetheless, as Klein admits, in other cases problems persist: Shell still operates in Nigeria with violence and other harms surrounding the operations; Nike has not faced a total boycott and still uses low-cost, international labor to make its products; and McDonald's won its case.³⁰⁸

The lesson is not that brand activists will always be able to alter corporate behaviors in fundamental ways. Instead, corporations should appreciate that the brand is an information vehicle that can signal market conditions and interests. Brands are not just important, useful information resources for the noncorporate side of brands, but for the corporate side, as well.

304. *Id.* at 383–84.

305. *Id.* at 379–80.

306. *Id.* at 387–89.

307. *Id.* at 377–78.

308. See *McDonald's Corp. v. Steel & Morris*, [1997] EWHC (QB) 366 (Eng.), available at http://www.mcspotlight.org/case/trial/verdict/verdict_jud.html; see also *McDonald's Corp. v. Steel*, [1995] 3 All E.R. 615 (Eng.); *Steel & Morris v. United Kingdom*, [2005] ECHR 68416/01; accord *KLEIN*, *supra* note 127, at 376–77, 387, 390.

Evolving conceptions of the market and how value is created challenge core assumptions in trademark theory. Trademark theory and doctrine ostensibly rely on a product focus and see all market action as firm-driven and controlled. The firm pushes information to the consumer and the market. In this view, “[Trademark] law’s core mission, as it is understood today, is to facilitate the transmission of accurate information *to* the market.”³⁰⁹

In contrast, economic theory that looks to the co-creation of value posits that instead of a “[o]ne-way,” “[f]irm to consumer,” “[c]ontrolled by [the] firm” “[c]onsumer [as] ‘prey’” perspective of markets, a “[t]wo-way,” “[c]onsumer to firm,” “[c]onsumer to consumer,” “[c]onsumer [who] can ‘hunt’” perspective is the reality of a co-creation market.³¹⁰ As Prahalad and Ramaswamy argue:

Unless we make a shift from a firm-centric to a co-creation perspective on value creation, co-extraction of economic value by informed, connected, empowered, and active communities of consumers on the one hand and cost pressures wrought by increased competition, competitive discontinuities, and commoditization on the other will only make it harder for companies to develop a sustainable competitive advantage. The future belongs to those that can successfully co-create unique experiences with customers.³¹¹

Under this view, “Co-creation converts the market into a forum where dialogue among the consumer, the firm, consumer communities, and networks of firms can take place.”³¹² In other words, decentralized, two-way information flow is a key part of co-creation of value.

A brand theory of trademark incorporates the way in which consumers and communities interact with a brand and explicitly takes a co-creation view of brands. In this view, brands are two-way, rather than one-way, information conduits. This approach abandons the idea that a brand or trademark is static. No matter what a company wishes to be the meaning of a brand, consumers and communities will interact

309. Bone, *supra* note 8, at 548 (emphasis added).

310. Prahalad & Ramaswamy, *supra* note 118, at 12 tbl.2; *cf.* Michael Porter & Mark R. Kramer, *Strategy and Society: The Link Between Competitive Advantage and Corporate Social Responsibility*, HARV. BUS. REV., Dec. 2006, at 78, 91 (arguing that managers must abandon their “ingrained us-versus-them mind-set” so they can generate shared value as part of a corporate social responsibility strategy).

311. Prahalad & Ramaswamy, *supra* note 118, at 12.

312. *Id.* at 11–12; *cf.* Porter & Kramer, *supra* note 310, at 91 (arguing that because “exposure to criticism and liability, and consumers’ attention to social issues are all persistently increasing” the opportunities to increase value based on social matters are increasing, as well).

with and decide what the brand means to them.³¹³ These interactions can be either positive or negative. Trying to hem in the noncorporate dimensions of brands is futile and in fact has the potential to harm the brand, for those dimensions provide valuable information regarding the brand.³¹⁴

Put differently, brands are part of markets. Of great importance to a theory addressing trademarks is the way in which brands have become agents for social change and ways they affect market behaviors. In some cases, noncorporate practices can provide useful information to companies, as well as other consumers, about the brand and its related product and company. In other cases, noncorporate practices can help a company understand whether its view of the brand's meaning fits its audience's perception.

A strategy that either responds to and incorporates consumers' and communities' views or that engages in social responsibility could be a way to co-opt critics, a sham, or a public relations move. That perspective, however, misses the competitive strategy point:

The mutual dependence of corporations and society implies that both business decisions and social policies must follow the principle of *shared value*. That is, choices must benefit both sides. If either a business or a society pursues policies that benefit its interests at the expense of the other, it will find itself on a dangerous path. A temporary gain to one will undermine the long-term prosperity of both.³¹⁵

A brand's viability also operates under this type of mutual dependence. A healthy, open view of brands with attentive and engaged consumers and communities can contribute to a company's value. Furthermore, as the Harley-Davidson and other examples show, it is precisely this symbiotic relationship that mitigates the ability of a company to take on unauthentic postures; false or thin commitments to a cause or attempts to jump on the latest trend are quickly identified and denounced.

In short, a brand theory of trademark rejects purely centralized control as a losing strategy and shows that companies are more likely to enhance brand value by paying attention to both positive and negative

313. See generally Beebe, *supra* note 31, at 812; Desai & Rierson, *supra* note 134, at 1789 (discussing the dynamic nature of language and the flaws in trying to control a trademark's meaning).

314. For example, brands can provide information that helps companies plan which strategy to pursue. Cf. Porter & Kramer, *supra* note 310, at 91–92 (arguing that companies must “identify the particular set of societal problems that it is best equipped to help resolve and from which it can gain the greatest competitive benefit”).

315. Porter & Kramer, *supra* note 310, at 84.

consumer and community interactions with a brand rather than trying to snuff them out.³¹⁶ Furthermore, a brand theory of trademarks indicates that the core mission of trademarks can and ought to be understood as facilitating the transmission of accurate information *within and across* the market, not simply from one side of the market to the other.

CONCLUSION: A POTENTIAL NEW ORDER FOR TRADEMARK LAW

Trademark law struggles to remain coherent. It simply is not sure how to manage all the interests at stake in the modern business environment. This failure flows from a core misunderstanding: trademark law has not grasped that legal disputes over trademarks are in fact disputes over brands.

This Article lays the foundation for future work on brands in the law. It is not designed to rewrite all of trademark law. Instead, by synthesizing brand scholarship, this Article offers a brand theory of trademarks. This theory provides clear foundational insights and a normative lodestar for future trademark policy and scholarship.

Law and economics has laid claim as an overarching and coherent way to understand trademark law. That claim must be limited to a narrow conception of what trademarks, as a subset of brands, do. Furthermore, under the law and economics search cost theory of trademark law, trademarks play a vital role in providing information to the marketplace. Yet, as this Article has shown, trademark law vaunts corporate and producer interests in pushing information to consumers while undermining the ability for others to participate in the information marketplace.

A brand theoretical approach to trademarks presents a better, more functional understanding of what trademark law protects. This approach clarifies how trademark law has expanded over the years so that doctrines such as anonymous source, confusion, trade dress, family or house marks, merchandising rights, assignment in gross, initial interest and post-sale confusion, and dilution vindicate business interests in controlling brands while shirking the responsibility to manage the full range of consumer and community interests.

As a diagnostic matter, a brand theory of trademarks allows for clear identification of what interests are at stake. Each dimension of a brand—product, corporate, consumer, and community—is important to a well-functioning brand. By parsing corporate and noncorporate dimensions of a brand, courts and policymakers can identify what rules and metrics ought to apply. In some cases, economic and competition rules will be best suited to a problem. Even so, understanding brands

316. *See supra* Part I.C.

helps assess the nature of competition and pricing in such contexts.³¹⁷ In other cases, individual and community interests may be the concern. In those situations, a brand perspective offers a fuller way to understand what those interests are and whether they are harmful to a corporate mark holder.³¹⁸ A brand theory of trademarks permits one to see the true interests at stake in a claim and then decide whether to expand or limit trademark law's reach.

Moreover, a brand theory of trademark shows that if trademark law is to continue to rely on information transmission as its normative foundation, trademark law must acknowledge and incorporate the fact that in today's information-driven economy, brands are two-way information channels. Modern business theory sees that value as a co-creative process. In many areas, the corporation provides resources to consumers and communities who then interact with the resources to create something new.³¹⁹ The open source movement is but one example of the insight that "[t]he interaction between the firm and the consumer is becoming the locus of value creation and value extraction."³²⁰

In short, the brand understanding of trademarks offered in this Article identifies the true nature of a brand: a dynamic information device subject to interpretation and reworking by all connected to it. As information plays an ever-larger role in our economy, a brand theory of trademarks offers the opportunity to bring trademark law into the information age. Rather than relying on a limited view of trademarks where corporations expend vast resources as they try to control the meaning of a mark, corporations would focus on developing and protecting brands in competitive contexts while also using the brand to help develop future strategies based on market information provided by consumers and communities. In addition, this approach would open the door to trademark living up to a vision where all sides of the market have "an informational context that is appropriately robust"³²¹ for their decisions and can truly signal market preferences.

317. See generally Desai & Waller, *supra* note 23.

318. Cf. McKenna, *supra* note 53, at 117 (discussing possible brand-informed views of harm within trademark law).

319. See *supra* notes 311–12 and accompanying text.

320. Prahalad & Ramaswamy, *supra* note 118, at 5.

321. See Kysar, *supra* note 288, at 535.