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# Intent and Trademark Infringement

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# INTENT AND TRADEMARK INFRINGEMENT

Alfred C. Yen\*

*This Article describes how and why the use of intent in trademark infringement cases has become unintelligible. It does so by first identifying the supposed relevance of intent to trademark infringement. Leading cases state that a defendant's intent matters because defendants who deliberately try to confuse consumers must believe that consumers are susceptible to confusion. Accordingly, a defendant's intent to infringe functions like an implied assertion that the defendant's behavior is likely to cause the desired confusion. This Article then explains how problems have arisen because courts do not use intent in this specific manner. Instead, courts use intent to portray innocent defendants as faulty actors who deserve liability for infringement. Such use of intent may make intuitive sense, but it is inconsistent with the reasons given for intent's relevance in the first place. This Article describes how such improper use of intent makes the law unintelligible, and it argues that the law can be improved by paying proper attention to the given reasons for intent's importance to trademark infringement cases.*

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### INTRODUCTION

In this Article, I explain why the use of intent in trademark infringement cases has become unintelligible. In so doing, I place responsibility for the law's problems on an undisciplined use of intent that portrays innocent defendants as faulty actors who deserve liability for infringement. I show that such use of intent is fundamentally inconsistent with the existing justification for intent's use, and I argue that the law can be improved by paying proper attention to the given reasons for intent's importance to trademark infringement cases.

At first blush, this Article's inquiry makes no sense, for trademark infringement is a strict liability offense.<sup>1</sup> A defendant becomes liable when its use of a mark creates "a likelihood of confusion" about whether the plaintiff is affiliated or associated with the defendant, or whether the plaintiff originated, sponsored, or approved of the defendant's goods.<sup>2</sup> It matters not whether the defendant created confusion intentionally or accidentally.<sup>3</sup>

Despite this, intent has assumed great importance in the law of trademark infringement. Courts presently determine whether infringement exists by evaluating a number of nonexclusive factors.<sup>4</sup> While the precise factors vary from

1. See *Taubman Co. v. Webfeats*, 319 F.3d 770, 775 (6th Cir. 2003) (recognizing that the Lanham Act is a "strict liability statute"); see also Rebecca Tushnet, *Running the Gamut From A to B: Federal Trademark and Federal False Advertising Law*, 159 U. PA. L. REV. 1305, 1310 (2011) (noting that federal courts have interpreted trademark as a strict liability offense); Robert G. Bone, *Enforcement Costs and Trademark Puzzles*, 90 VA. L. REV. 2099, 2109 (2004) (referring to trademark infringement as a form of strict liability).

2. See 15 U.S.C. § 1114(1)(a) (imposing trademark liability when defendant uses a mark "likely to cause confusion"); 15 U.S.C. § 1125(a) (stating that trademark liability exists when defendant's behavior "is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person"); *KP Permanent Make-up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 122 (2004) (plaintiff in trademark case must establish a "likelihood of confusion"); RESTATEMENT (THIRD) OF UNFAIR COMPETITION Ch. 3 § 20(1) (same); J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS § 23:1 (4th ed. 2005) (recognizing that a "likelihood of confusion" is a fundamental test of trademark infringement).

3. See *supra* notes 1–2; see also *Chrysler Corp. v. Silva*, 118 F.3d 56, 59 n.3 (1st Cir. 1997) ("Strictly, intent, or lack thereof, does not affect the eyes of the viewer."); MCCARTHY, *supra* note 2, at § 23:106 ("The modern rule at common law is that the issue of infringement of any kind of trade symbol . . . is determined solely by the likelihood of confusion test."); *id.* at § 23:107 (noting that intent to deceive is not an element of the federal cause of action for trademark; trademark is a "no-fault" tort).

4. See *Sally Beauty Co. v. Beautyco, Inc.*, 304 F.3d 964 (10th Cir. 2002); *AmBrit, Inc. v. Kraft, Inc.*, 812 F.2d 1531 (11th Cir. 1986); *Interpace Corp. v. Lapp, Inc.*,

court to court,<sup>5</sup> almost every court considers the intent of the defendant along with the similarity of the parties' marks, the strength of the plaintiff's mark, the nature and marketing of the parties' goods, and the evidence of actual confusion.<sup>6</sup> More importantly, intent heavily influences the outcome of trademark infringement actions. Important empirical scholarship concludes that intent is one of three factors most clearly correlated to the outcome of trademark infringement cases,<sup>7</sup> and findings of intent are almost always associated with the imposition of liability.<sup>8</sup>

So what accounts for intent's influence when it is supposedly irrelevant to the existence of consumer confusion?<sup>9</sup> The explanation given by courts states that

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721 F.2d 460 (3d Cir. 1983); *Frisch's Rests. v. Elby's Big Boy*, 670 F.2d 642 (6th Cir. 1982); *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341 (9th Cir. 1979); *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492 (2d Cir. 1961); *In re E. I. Du Pont DeNemours & Co.*, 476 F.2d 1357 (C.C.P.A. 1973); *see also* MCCARTHY, *supra* note 2, at § 23:19 (setting forth various multi-factor tests for trademark infringement).

5. *See* GRAEME DINWOODIE & MARK JANIS, *TRADEMARKS AND UNFAIR COMPETITION* 479–82 (2d ed. 2007) (listing variations of multi-factor tests).

6. *Id.* (showing that every circuit court except the Federal Circuit Court of Appeals includes intent or good faith among the factors for consideration in trademark infringement). Even though Federal Circuit opinions omit intent from the list of factors used to determine a likelihood of confusion, it should be noted that there are Federal Circuit opinions acknowledging the relevance of intent in determining whether a likelihood of confusion exists in the essentially identical context of registration proceedings. *See* *M2 Software, Inc. v. M2 Commc'ns, Inc.*, 450 F.3d 1378, 1385 (Fed. Cir. 2006) (stating that a finding of bad intent would affect a likelihood of confusion analysis); *J & J Snack Foods Corp. v. McDonald's Corp.*, 932 F.2d 1460, 1462 (Fed. Cir. 1991) (recognizing that an intent to trade on the goodwill of another is a factor for consideration in likelihood of confusion analysis).

7. *Barton Beebe, An Empirical Study of the Multifactor Tests for Trademark Infringement*, 94 CALIF. L. REV. 1581, 1600 (2006) (recognizing intent as one of three factors heavily influencing the outcome of trademark litigation, especially when it favors infringement, and that intent exerts “an inordinate degree of influence” on the outcome of other factors). Professor Beebe's study and its results were largely replicated in a second study by Kevin Blum, Ariel Fox, Christina J. Hayes, and James (Hanjun) Xu. *See* Kevin Blum et al., *Consistency of Confusion? A Fifteen-Year Revisiting of Barton Beebe's Empirical Analysis of Multifactor Tests for Trademark Infringement*, 2010 STAN. TECH. L. REV. 3. Blum et al. conclude, among other things, that intent is “highly relevant” to the outcome of trademark infringement cases. *Id.* at 70–72.

8. *Beebe, supra* note 7, at 1628 (“[A] finding of bad faith intent creates, if not in doctrine, then at least in practice, a nearly un-rebuttable presumption of likelihood of confusion.”).

9. As a historical matter, certain unfair competition actions did, at one time, require intent on the defendant's part. *See* MCCARTHY, *supra* note 2, at § 23:105; Mark McKenna, *The Normative Foundations of Trademark Law*, 82 NOTRE DAME L. REV. 1839, 1862 (2007) (noting that unfair competition claimants had to prove that the defendant intended to pass her goods off as those of the plaintiff). Although it is perfectly understandable that old intellectual habits die hard, the use of intent in this fashion is inconsistent with the modern strict liability formulation of trademark. Indeed, modern trademark cases have turned the use of a defendant's intent from a prerequisite that limits

a defendant who deliberately acts to confuse consumers does so in the belief that there is a reasonable chance consumers will be confused.<sup>10</sup> Indeed, if her chances of success were poor, she would probably not attempt to create the confusion for fear of wasting resources. A defendant's intent to confuse is therefore circumstantial evidence of her belief that consumers are susceptible to confusion. A fact-finder can adopt the defendant's belief as accurate and then infer that the defendant's behavior would create confusion.<sup>11</sup>

This standard explanation for intent's importance implies that courts must apply intent very carefully in order to remain faithful to the justification given for its use. First, intent should affect the outcome of a trademark infringement case only when the defendant's state of mind sheds light on the defendant's belief that consumers are susceptible to confusion, which occurs only when the defendant specifically hopes her behavior will cause consumer confusion.<sup>12</sup> Second, intent should generally be considered along with other evidence that sheds light on the likelihood of consumer confusion.<sup>13</sup> Because intent is circumstantial evidence, it rarely (if ever) can conclusively establish a likelihood of confusion on its own. A defendant's intent to cause confusion does not necessarily mean that the defendant was certain, confident, or correct that her behavior would cause confusion. People act on low probabilities of success quite frequently, even when serious money is at stake. For example, angel investors put money into businesses with low chances of success, individuals buy huge numbers of lottery tickets, and speculators buy mineral rights. In all of these cases, people act with the fervent hope of causing a

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the existence of infringement to an excuse to impose infringement where confusion does not exist. *See infra* Parts III, IV.

10. *See Kemp v. Bumble Bee Seafoods, Inc.*, 398 F.3d 1049, 1057 (8th Cir. 2005) (recognizing that intent "demonstrates the junior user's true opinion as to . . . whether confusion is likely") (emphasis in original); *Pac. Telesis Grp. v. Int'l Telesis Comm'ns*, 994 F.2d 1364, 1369 (9th Cir. 1993) (quoting RESTATEMENT (FIRST) OF TORTS § 729 CMT. F (AM. LAW. INST. 1938)) (recognizing that an infringer's "judgment manifested prior to the controversy is highly persuasive"); *Little Caesar Enters. v. Pizza Caesar, Inc.*, 834 F.2d 568, 572 (6th Cir. 1987) ("Proof of intent to appropriate another's property may be comparable to an expression of opinion by an expert witness; a defendant who purposely chooses a particular mark because it is similar to that of a senior user is saying, in effect, that he thinks there is at least a possibility that he can divert some business from the senior user—and the defendant ought to know at least as much about the likelihood of confusion as the trier of fact."); *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341, 354 (9th Cir. 1979) (noting that a court assumes that an intentional infringer "can accomplish his purpose: that is, that the public will be deceived"); *Fleischmann Distilling Corp. v. Maier Brewing Co.*, 314 F.2d 149, 158 (9th Cir. 1963) ("[T]he very act of the adopter has indicated that he expects confusion and resultant profit."); *Am. Chicle Co. v. Topps Chewing Gum, Inc.*, 208 F.2d 560, 562–63 (2d Cir. 1953) ("[W]e are content to accept [the defendant's] forecast that he is 'likely' to succeed."); *My-T Fine Corp. v. Samuels*, 69 F.2d 76, 77 (2d Cir. 1934) ("Prima facie the court will treat [defendant's] opinion . . . as expert."); *see also* Richard L. Kirkpatrick, *Actual Confusion and the Junior User's Intent*, § 8.1, Likelihood of Confusion in Trademark Law (PLI 5/09 Release #21).

11. *See supra* note 10.

12. *See infra* text accompanying notes 57–58.

13. *See infra* text accompanying note 58.

particular result, but their intent alone does not support the conclusion that success is likely. Accordingly, there is a significant risk of error if courts rely only on intent to establish infringement, and courts would be well advised to consider all available evidence in a case before reaching conclusions about confusion.

The law governing the use of intent in trademark infringement cases has become unintelligible because courts frequently apply intent far too broadly. As an initial matter, too many courts have become undisciplined and careless about the states of mind that establish intentional infringement and the inferences that logically follow. In particular, judges err by equating deliberate risky behavior with intentional behavior.<sup>14</sup> This is problematic because defendants, who do not want to infringe, often act while knowing that their behavior creates the risk of infringement. For example, a grocery chain may offer its own store brand in clearly labeled packaging that uses the same color scheme as a name brand competitor,<sup>15</sup> an existing business may continue to use its mark when expanding into geographic areas already served by a competitor using a similar mark,<sup>16</sup> or a defendant may use a plaintiff's mark in a parody,<sup>17</sup> magazine,<sup>18</sup> or comparative advertising.<sup>19</sup> In each of these situations, the potential defendant does not want consumers to think that her product is actually made or endorsed by the plaintiff.<sup>20</sup> At most, she has acted with knowledge that her behavior risks such confusion, but she thinks that consumers are not likely to be confused.<sup>21</sup> It would therefore be wrong to call such a defendant an intentional infringer, and not just because she does not believe she is committing infringement. More importantly, the behavior of a defendant who does not believe she infringes cannot support an inference that consumers are susceptible to infringement, for such a defendant does not act in hopes of capitalizing on consumer error. To the contrary, she believes that consumers will successfully avoid confusion. Equating deliberate risk with intent is therefore clearly wrong because it gives weight to evidence that has effectively no probative value for the issue at hand.

Additionally, courts have further erred by applying effectively conclusive intent-based presumptions of infringement. Although perhaps occasionally harmless, these shortcuts to liability frequently become troubling because they magnify errors created by equating knowingly risky behavior with intentional behavior. Remember, finding intent on the basis of knowingly created risk gives

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14. See *infra* Part III.

15. See *McNeil Nutritionals, LLC v. Heartland Sweeteners, LLC*, 511 F.3d 350, 353–54 (3d Cir. 2007); *Conopco, Inc. v. May Dep't Stores Co.* 46 F.3d 1556 (Fed. Cir. 1994).

16. See *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90 (1918); *Dawn Donut Co. v. Hart's Food Stores*, 267 F.2d 358 (2d Cir. 1959).

17. See *Anheuser-Busch, Inc. v. Balducci Publ'ns*, 28 F.3d 769 (8th Cir. 1994).

18. See *New Kids on the Block v. News Am. Publ'g, Inc.*, 971 F.2d 302 (9th Cir. 1992).

19. See *Mut. of Omaha Ins. v. Novak*, 836 F.2d 397 (8th Cir. 1987); *R.G. Smith v. Chanel, Inc.*, 402 F.2d 562 (9th Cir. 1968).

20. See *infra* Part III.

21. *Id.*

weight to evidence that sheds almost no light on the defendant's beliefs about consumer susceptibility to confusion. Using intent to establish a shortcut to liability, therefore, means that essentially irrelevant evidence sometimes controls the outcome of trademark cases, and it converts innocent defendants who sincerely believed they did not infringe into intentional infringers.<sup>22</sup>

The gulf between the relevant and irrelevant uses of intent raises the question of why the law has strayed so far from the blueprint that supposedly governs intent's use. Obviously, courts have failed to comprehend or faithfully implement the blueprint given for intent's use. However, a full understanding of this failure requires more than appreciation of its logical shortcomings. As this Article will show, these shortcomings arise because courts have used intent to bolster the controversial expansion of trademark liability.<sup>23</sup> In so doing, courts stopped using intent as circumstantial evidence of confusion and instead used intent to show that a defendant is morally culpable and deserving of liability, even when the facts indicate that confusion is rather unlikely.<sup>24</sup> This supported the expansion of trademark liability, but at the price of making the law incoherent.

In the pages that follow, I will examine the source and structure of this incoherence in more detail. My primary purpose in doing so is descriptive. The law governing the use of intent in trademark infringement has become inscrutable, but the literature lacks a thorough explanation of how this has happened and what might be done to correct it. I hope to fill this gap from the perspective of the law that courts presently use to explain it. Of course, it is also possible to address the problems of intent in trademark by making large doctrinal changes that transform the way intent is used. However, I have chosen not to consider such potential reform because doing so raises fundamental normative questions about trademark that cannot be resolved in the space available here. For now, there is plenty to do in simply understanding what has happened, leaving larger questions to be considered at another time.

I will proceed in six parts. Part I sets forth some basic information about trademark law that frames my inquiry. Part II describes the existing justification for intent's relevance to trademark infringement. Part III studies the use of intent in trademark infringement cases. It demonstrates that courts frequently stray from the justifications given for intent's relevance and render the law unintelligible by doing so. Part IV then describes how courts have made intent-related problems

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22. See *infra* Part IV; see also Michael F. Clayton & Robert S. Schlossberg, *Requiem for the Second Comer Doctrine*, 81 TRADEMARK REP. 465, 478 (1991) (criticizing courts for using careless formulations of intent to create presumptions of liability).

23. See *infra* Parts I–IV.

24. See *infra* Part III; see also Mark Bartholomew, *Trademark Morality*, 55 WM. & MARY L. REV. 85, 114–22 (2013) (explaining that the use of intent as an element of trademark infringement includes assessment of defendant's moral blameworthiness); Robert G. Bone, *Taking the Confusion Out of "Likelihood of Confusion": Toward a More Sensible Approach to Trademark Infringement*, 106 NW. U. L. REV. 1307, 1337–47 (2012) (observing that use of intent increases the scope of trademark infringement by putting the defendant's moral culpability into issue).

even worse by presuming liability on the basis of intent. Part V argues that the law can be improved if courts pay much closer attention to the justifications for intent's use. I show how a proper understanding of intent's relevance to trademark infringement law can help courts reach better and more intelligible results. Finally, I end with concluding thoughts about the future of intent in trademark law.

### I. TRADEMARK BASICS: SOURCE CONFUSION, ASSOCIATION CONFUSION, AND TRADEMARKS AS PROPERTY

The first step of our inquiry is the exposition of some trademark basics that frame the use of intent. The black letter doctrine is quite clear: Infringement does not exist unless the defendant creates a likelihood of confusion about whether the plaintiff originated, sponsored, or approved of the defendant's goods.<sup>25</sup> Of course, the precise meaning of "confusion" is open to interpretation, and judges have adopted two different understandings of confusion that reflect fundamentally divergent views about the proper scope of trademark infringement.<sup>26</sup> An appreciation for this difference is vital to a proper understanding of intent's use in trademark infringement cases.

The unquestioned and accepted core of trademark infringement law is the prohibition of source confusion. Source confusion exists when consumers develop misconceptions about the origin or sponsorship of goods and services.<sup>27</sup> For example, consumers presently believe that orange juice sold under the Tropicana trademark comes from a single source, namely PepsiCo.<sup>28</sup> If another company began to sell Tropicana orange juice, consumers would mistakenly believe it was the juice sold by PepsiCo. They would buy the juice, and PepsiCo would lose a sale it would otherwise have enjoyed. Importantly, if source confusion defines the limit of actionable confusion, many unauthorized uses of trademarks become perfectly legal because they do not confuse consumers about the source of goods. Trademark owners must therefore tolerate those uses, even if they believe the uses harmful. This explains why, for example, the sellers of Domino sugar have no trademark infringement claim against Domino's Pizza.<sup>29</sup> The use of "Domino's" to sell pizza may remind consumers of the sugar brand, but it does not fool them into believing that a single company makes both products.<sup>30</sup>

Not surprisingly, trademark owners and their allies wish for more than the relatively narrow protection based on source confusion.<sup>31</sup> For perfectly

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25. See *supra* note 2.

26. See *infra* notes 27–43 and accompanying text.

27. See Bone, *supra* note 1, at 2144–47 (describing source confusion and calling it the "uncontroversial core" of trademark law); Mark McKenna, *Trademark Use and the Problem of Source*, 2009 U. ILL. L. REV. 773, 796–99 (describing source confusion as clearly actionable).

28. See PEPSICO, <http://www.pepsico.com/Brands/BrandExplorer> (last visited Sept. 16, 2015) (identifying Tropicana as a PepsiCo brand).

29. See *Amstar Corp. v. Domino's Pizza, Inc.*, 615 F.2d 252 (5th Cir. 1980).

30. *Id.* at 264–65.

31. For the seminal scholarly article advocating broad trademark protection, see Frank Schecter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813 (1927).



understandable reasons, they would surely prefer total control of their trademarks, making all unauthorized uses actionable. This corresponds to owners' intuition that trademarks are a form of ordinary personal property, and, therefore, they should have exclusive control over their property. If the law actually conceived of trademarks this way, it would make sense to expand trademark infringement to prohibit more than just source confusion. However, trademark doctrine explicitly rejects the notion that trademarks are ordinary property,<sup>32</sup> so any decision prohibiting all unauthorized uses would clearly conflict with well-established law.

Of course, the doctrinal rejection of trademarks as ordinary property does not mean that the idea has lost all of its influence. Indeed, its intuitive appeal has unmistakably influenced courts to broaden the scope of trademark infringement in ways that have given trademark owners progressively greater control over their marks.<sup>33</sup> Judges have accomplished this broadening of trademark infringement law by interpreting confusion to include not only source confusion, but also what may be called association confusion.<sup>34</sup>

Association confusion exists whenever consumers associate two products or companies that are, in fact, not associated with each other. As used here, association confusion does not include source confusion. Instead, it identifies situations in which the defendant's use of a mark simply reminds consumers about the plaintiff, causing consumers to mentally connect the two parties or their products.<sup>35</sup> Often, association confusion allows the defendant to take advantage of

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32. See *Int'l Order of Job's Daughters v. Lindeburg & Co.*, 633 F.2d 912, 919 (9th Cir. 1980) ("A trademark owner has a property right only insofar as is necessary to prevent consumer confusion as to who produced the goods and to facilitate differentiation of the trademark owner's goods."); MCCARTHY, *supra* note 2, at § 2:10 ("[T]he scope of exclusivity of a trademark is coextensive with the prevention of confusion of customers."); see also 15 U.S.C. §§ 1114, 1125 (2012) (establishing actions for infringement only when defendant's behavior is likely to cause confusion, mistake, or deceit).

33. See James Gibson, *Risk Aversion and Rights Accretion in Intellectual Property Law*, 116 YALE L.J. 882, 907 (2007) (recognizing that courts' broad interpretation of confusion causes trademark users to become progressively more risk-averse, influencing the very consumer norms courts incorporate into an infringement analysis); Ariel Katz, *Beyond Search Costs: The Linguistic and Trust Functions of Trademarks*, 2010 BYU L. REV. 1555, 1587 (noting influences that lead to "the conclusion that the first adopter of any trademark should be given an exclusive right to it regardless of context"); Mark A. Lemley, *Property, Intellectual Property, and Free Riding*, 83 TEX. L. REV. 1031, 1042 (2004) (observing that trademark has increasingly taken on characteristics of general property); Mark McKenna, *The Normative Foundations of Trademark Law*, 82 NOTRE DAME L. REV. 1839, 1899 (2007) ("[M]odern trademark law essentially instantiates a one-way ratchet to broader trademark rights."); Michael S. Mireles, Jr., *Towards Recognizing and Reconciling the Multiplicity of Values and Interests in Trademark Law*, 44 IND. L. REV. 427, 428–30 (2011) (describing the "enormous" expansion of trademark law).

34. See McKenna, *supra* note 27, at 76–79 (describing expansion of trademark protection by making confusion about simple association actionable); Mireles, *supra* note 33, at 484–85 (distinguishing association confusion from source confusion and identifying association confusion as concerned about a general undefined relationship between plaintiff and defendant).

35. See *supra* note 34.

the plaintiff's goodwill or reputation. For example, consumers who encounter the McDental dental office probably do not experience source confusion because they do not think that McDonald's actually operates the dental practice.<sup>36</sup> However, the use of "McDental" surely associates the dentistry office with the fast food chain and arguably allows McDental to bask in the positive aura of the McDonald's brand, even though no formal association actually exists.

Association confusion has proven controversial because it is unclear why McDonald's should have the power to prevent the use of "McDental." First, it is hard to say why confusion exists if the supposedly mistaken associations do not affect consumers' purchasing decisions.<sup>37</sup>

Second, it may seem wrong for the dental office to use "McDental" to gain an economic benefit from the unauthorized association with McDonald's, but there are significant problems with using free riding to justify trademark liability.<sup>38</sup> As an initial matter, any wrongfulness about the defendant's use requires some kind of explanation for why the disputed use belongs to the trademark owner in the first place.<sup>39</sup> One might be tempted to claim that ownership of a trademark implies presumptive control of all its uses, but that is, of course, equivalent to the already discredited view of trademarks as property.<sup>40</sup> Additionally, our legal system frequently accepts free riding as socially beneficial.<sup>41</sup> And finally, to the extent that arguments against free riding rest on the preservation of incentives for economic activity, it seems rather unlikely that producers of goods and services will stop creating and promoting trademarks simply because others somehow associate themselves with the goodwill trademarks carry.<sup>42</sup>

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36. See *McDonald's Corp. v. Druck & Gerner*, D.D.S., 814 F. Supp. 1127 (N.D.N.Y. 1993).

37. See Mark A. Lemley & Mark McKenna, *Irrelevant Confusion*, 62 STAN. L. REV. 413 (2010) (arguing that actionable confusion should be limited to only confusion that materially affects purchasing decisions).

38. Mark A. Lemley & Mark A. McKenna, *Owning Mark(et)s*, 109 MICH. L. REV. 137 (2010) (considering arguments that use free riding as a justification for trademark liability and criticizing them as empty and circular); Bone, *supra* note 24, at 1356 (stating that free riding is often morally and economically desirable and trademark law was never meant to prevent free riding per se); Jennifer Rothman, *Initial Interest Confusion: Standing at the Crossroads of Trademark Law*, 27 CARDOZO L. REV. 105, 162–67 (2005) (observing that free riding is not a sufficient justification for trademark infringement); Glynn S. Lunney, *Trademark Monopolies*, 48 EMORY L.J. 367, 440–41 (1999) (describing how free riding is often socially beneficial); see also *Triangle Publ'ns, Inc. v. Rohrlich*, 167 F.2d 969, 978 (2d Cir. 1948) (Frank, J., dissenting) (arguing that free riding alone as a basis for trademark infringement risks anti-competitive outcomes). Of course, some embrace free riding as a basis for trademark protection. See David J. Franklyn, *Debunking Dilution Doctrine: Toward a Coherent Theory of the Anti-Free Principle in American Trademark Law*, 56 HASTINGS L.J. 117 (2004).

39. See Lemley & McKenna, *supra* note 38, at 169–70.

40. See *supra* note 32 and accompanying text.

41. See Bone, *supra* note 24, at 1356.

42. See Lemley & McKenna, *supra* note 38, at 173–78. Brief reflection reveals many situations in which people other than trademark holders take advantage of the

Third, accepting association confusion as a viable basis of trademark infringement opens the door to decisions that come perilously close to establishing trademarks as general property. For example, one court has held that the makers of a movie about Wisconsin beauty pageants committed infringement by titling the film “Dairy Queens” on the ground that consumers who saw the movie would associate the movie with the Dairy Queen restaurant chain.<sup>43</sup> This constituted confusion even though consumers almost certainly figured out that no association between the movie and the restaurant chain existed. Such a holding is controversial because *any* unauthorized use of a mark at least recalls the mark and its associated business. If such recall is considered confusing because the trademark owner objects to being thought of alongside the defendant or her products, then any unauthorized use becomes actionable. As a result, association confusion effectively converts trademarks into a form of general property. Perhaps distinctions remain that keep trademark law from becoming exactly what the courts say it is not, but those distinctions become vanishingly thin if cases like *Dairy Queen* are considered good law.

## II. THE RELEVANCE OF INTENT

The second step of our inquiry is intent’s relevance to trademark infringement law. All courts decide whether trademark infringement exists by using a multi-factor test. Perhaps the best-known statement of the test comes from *Polaroid Corp. v. Polarad Electronics Corp.*<sup>44</sup>:

[Likelihood of confusion] is a function of many variables: the strength of [the] mark, the degree of similarity between the two marks, the proximity of the products, the likelihood that the prior owner will bridge the gap, actual confusion, and the reciprocal of the defendant’s good faith in adopting its own mark, the quality of the defendant’s product, and the sophistication of the buyers. Even

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goodwill embodied in trademarks. Yet it seems rather unlikely that any of these uses materially affects investment in the marks by owners. For example, store-brand goods clearly benefit from deliberate association with name brand goods, yet the proprietors of name-brand goods continue to promote their marks. *See, e.g.*, TYLENOL, <http://www.tylenol.com/> (last visited Sept. 16, 2015); BAND-AID, <http://www.band-aid.com/> (last visited Sept. 16, 2015); ROBITUSSIN, <http://www.robitussin.com/> (last visited Sept. 16, 2015). Similarly, widespread use of “Xerox” as a general term for copy machines and “google” as a term for internet searches has conferred benefits on rival providers of those items. However, the trademark holders show no signs of abandoning those marks. This conclusion is further supported by the behavior of companies who use trademarks identical to those used by nonrival businesses. Delta Airlines, Delta Faucet, and Delta Dental all continue to invest in their marks despite knowing that they can do nothing to stop others from using marks like Delta Financial or Delta Lumber. *See* DELTA LUMBER, <http://www.deltalumber.com/> (last visited Sept. 16, 2015); DELTA FIN. SERVS., <https://deltafinancial.net/> (last visited Sept. 16, 2015).

43. *See Am. Dairy Queen Corp. v. New Line Prods., Inc.*, 35 F. Supp. 2d 727 (D. Minn. 1998).

44. 287 F.2d 492 (2d Cir. 1961).

this extensive catalogue does not exhaust the possibilities—the court may have to take still other variables into account.<sup>45</sup>

Interestingly, this widely quoted passage illustrates the very problem that ultimately afflicts the use of intent in trademark infringement cases. Notice that the test measures the defendant’s “good faith” in adopting its mark. The very use of this term suggests that a defendant who acts with the wrong state of mind becomes a blameworthy actor deserving of liability.<sup>46</sup> This ostensibly aligns trademark law with the common law tort principle that faulty actors deserve to be held liable for the consequences of their behavior.<sup>47</sup>

*Polaroid* could therefore be interpreted to mean that intent affects the existence of trademark infringement because intent establishes the fault that justifies imposing liability. After all, if the law gives trademark owners even limited property rights, it could be considered wrong to intentionally invade those rights. This interpretation may make intuitive sense, but it is doctrinally incorrect because modern law clearly makes trademark infringement a strict liability offense.<sup>48</sup> Defendants face liability simply for creating a likelihood of confusion, even if they did so innocently.<sup>49</sup> Accordingly, leading case law explaining the use

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45. *Id.* at 495.

46. *See* TCPIP Holding Co. v. Haar Commc’ns. Inc., 244 F.3d 88, 102–03 (2d Cir. 2001) (“Bad faith on the part of a party can influence the court in at least two ways. First, where a substantive issue such as irreparable harm or likelihood of confusion is a close question that could reasonably be called either way, a party’s bad faith could cause it to lose the benefit of the doubt. Second, if prospective entitlement to relief has been established, the good or bad faith with which the parties had conducted themselves could influence the court in the fashioning of appropriate equitable relief, or even cause it to deny equitable relief to a party that had conducted itself without clean hands. A preliminary injunction can have drastic consequences—potentially putting a party out of business prior to trial on the merits. A court may be less concerned about imposing such drastic consequences on a party that had conducted itself in bad faith.”).

47. *See* Van Camp v. McAfoos, 156 N.W.2d 878, 881 (Iowa 1968) (requiring that a plaintiff plead fault in order to survive motion to dismiss while rejecting liability simply for causing injury); Brown v. Kendall, 60 Mass. 292, 295–96 (1850) (rejecting strict liability as the norm: “[T]he plaintiff must come prepared with evidence to show either that the *intention* was unlawful, or that the defendant was *in fault*; for if the injury was unavoidable, and the conduct of the defendant was free from blame, he will not be liable.”).

48. *See supra* notes 1–3 and accompanying text.

49. *See* Elvis Presley Enters. v. Capece, 141 F.3d 188, 203 (5th Cir. 1998) (recognizing that the good faith of a defendant makes intent a “nonfactor” in likelihood of confusion analysis but does not preclude a finding of infringement); Champions Golf Club, Inc. v. Champions Golf Club, Inc., 78 F.3d 1111, 1121 (6th Cir. 1996) (noting that intent is not required for infringement but that intent strengthens the case for infringement); SquirtCo. v. Seven-Up Co., 628 F.2d 1086, 1091 (8th Cir. 1980) (“Intent on the part of the alleged infringer to pass off its goods as the product of another raises an inference of likelihood of confusion, but intent is not an element of a claim for trademark infringement.”); Bd. of Regents, Univ. of Tex. *ex rel.* Univ. of Tex. at Austin v. KST Elec. Ltd., 550 F. Supp. 2d 657, 672 (W.D. Tex. 2008) (“Good faith is not a defense to trademark infringement. The reason for this is clear: if potential purchasers are confused, no amount of

of intent does not claim that intent makes the defendant deserving of liability. Instead, it explains that intent is evidence of consumer confusion itself.

For example, in *Maternally Yours v. Your Maternity Shop*,<sup>50</sup> the plaintiff, Maternally Yours, operated a ten-store chain of clothing stores devoted to maternity wear,<sup>51</sup> and the defendant, Your Maternity Shop, operated a rival chain of five stores.<sup>52</sup> In affirming a district court judgment in the plaintiff's favor, the Second Circuit Court of Appeals recognized that the plaintiff could win only if it established that the defendant's behavior was likely to cause confusion, mistake, or deception about the source or origin of its goods.<sup>53</sup> The court went on to acknowledge that the defendant had a reasonable argument against liability because its name was not identical to the plaintiff's. Indeed, the court noted that "the similarity of the names is not so marked as to itself create the probability that reasonably prudent consumers would be confused."<sup>54</sup> Nevertheless, the court found that the plaintiff had demonstrated a likelihood of confusion because the defendant imitated the plaintiff's packaging and lettering "all with the obvious intention of misleading the public and diverting trade from the plaintiff."<sup>55</sup> The intent to mislead consumers raised the probability of consumer confusion because it signaled the defendant's belief that adopting the plaintiff's mark would successfully confuse consumers and divert business from the plaintiff.<sup>56</sup> This belief was the equivalent of an assertion by the defendant about the relatively high susceptibility of consumers to confusion, and it tipped the case toward the plaintiff.<sup>57</sup>

The foregoing implies that courts must be very careful about the meaning given to intent. As an initial matter, judges need to avoid using intent in ways that sound in fault, for doing so will push trademark infringement away from its moorings in strict liability. Additionally, courts must make sure that they find intent only when the defendant acted for the purpose of causing consumer confusion. This is important because there are many kinds of intentional behavior

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good faith can make them less so. Bad faith, however, may, without more, prove infringement.") (citation omitted).

50. 234 F.2d 538 (2d Cir. 1956).

51. *Id.* at 541.

52. *Id.*

53. *Id.* at 542.

54. *Id.* at 543 ("In this case the similarity of the names is not so marked as to itself create the probability that reasonably prudent consumers would be confused.").

55. *Id.* at 542.

56. *Id.* at 543 ("An intent on the part of an alleged infringer to palm off his products as those of another is, of course, a relevant factor in determining the likelihood of consumer confusion."); *see also* *Little Caesar Enters. v. Pizza Caesar, Inc.*, 834 F.2d 568, 572 (6th Cir. 1987) ("[A] defendant who purposely chooses a particular mark because it is similar to that of a senior user is saying, in effect, that he thinks that there is at least a possibility that he can divert some business from the senior user—and the defendant ought to know at least as much about the likelihood of confusion as the trier of fact.").

57. *See Maternally Yours*, 234 F.2d at 543 (stating that the similarity of the two names alone would not confuse reasonably prudent consumers, but listing defendant's intent as one of the factors establishing such confusion anyway).

associated with infringement that do not necessarily imply that the defendant believes consumers will likely suffer confusion. For example, a company may choose a trademark identical to one owned by the plaintiff, a company may persist in using a mark after receiving a cease and desist letter, or it may deliberately copy part of a design in which trademark rights are claimed. Each of these actions is associated with infringement because a defendant who wanted to cause consumer confusion might do any of these very things. However, these actions do not necessarily show that the defendant thought her actions would successfully confuse consumers. A company may choose a mark identical to the plaintiff's but sincerely believe that no confusion will ensue because the companies do not compete economically—e.g., Delta Faucets and Delta Airlines. A company may ignore a cease and desist letter because it thinks that the trademark owner is wrong about any likelihood of confusion. And, a company may copy part of a trademarked design but not think that confusion will arise because the company thinks it has not copied enough of the design to confuse anyone. It would therefore be a mistake for courts to use these intentional behaviors as proxies for intent because doing so would create unwarranted inferences about the defendant's assessment of consumer susceptibility to confusion. Such inferences properly exist only when the defendant acts for the purpose of causing consumer confusion.

Finally, courts must be wary of giving too much evidentiary weight to intent. It is one thing to use a defendant's beliefs about consumers to bolster a finding of infringement that is supported by other evidence. It is something else entirely to use only those beliefs to establish infringement. Evidence like similarity, proximity of the products, and actual confusion influence findings about confusion because they are evidence of things that cause consumer confusion, or are direct evidence of consumer reactions. Accordingly, this evidence has more probative value on the issue of consumer confusion than does a defendant's intent.<sup>58</sup> Ignoring such evidence to impose liability solely on the basis of intent, therefore, runs a high risk of error, and courts should follow the lead of *Maternally Yours* and use intent only to tip a close case in favor of the plaintiff.

### III. IRRELEVANT OBJECTS OF INTENT

The first two parts of our inquiry put us in position to look more closely at how the use of intent has gone awry. Not surprisingly, things begin to go wrong when courts forget that intent is supposed to provide evidence of confusion, and not evidence of the defendant's fault. Once a discourse of fault arises, the inferential link between intent and confusion quickly disappears. Opinions may appear to use intent to establish confusion, but closer inspection reveals that courts actually use intent to impose liability when inferences supporting confusion make little sense. This makes the use of intent hard to follow and inscrutable, especially

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58. See *Virgin Enters. v. Nawab*, 335 F.3d 141, 151 (2d Cir. 2003) (recognizing that intent “does not bear directly on whether consumers are likely to be confused” and is less important than other evidence on the question of trademark infringement).

because intent winds up supporting liability in cases where the reasons for finding liability are rather poor.<sup>59</sup>

To illustrate this, consider *Mobil Oil Corp. v. Pegasus Petroleum Corp.*,<sup>60</sup> a case involving two oil-trading companies. For years, the plaintiff, Mobil, used its well known red-winged horse as a trademark.<sup>61</sup> When the defendant, Pegasus Petroleum, began using its name, Mobil objected and ultimately sued for trademark infringement.<sup>62</sup> The district court decided in Mobil's favor and the Second Circuit Court of Appeals affirmed, holding that the name "Pegasus Petroleum" would confuse consumers by reminding them of Mobil's red-winged horse.<sup>63</sup>

The facts of *Pegasus Petroleum* make confusion extremely unlikely. The oil traders who did business with Mobil and Pegasus Petroleum were sophisticated actors who knew the parties they did business with.<sup>64</sup> Accordingly, a likelihood of confusion, at least in the traditional source confusion sense, probably did not exist. This fact did not, however, deter the court from finding in Mobil's favor. According to the court, Pegasus Petroleum infringed Mobil's trademark rights by merely associating the two companies when there was, in fact, no association. Thus, although no potential customer ever bought oil from the wrong company, a form of actionable confusion still existed. The court wrote:

[A] likelihood of confusion [existed] not in the fact that a third party would do business with Pegasus Petroleum believing it related to Mobil, but rather in the likelihood that Pegasus Petroleum would gain crucial credibility during the initial phases of a deal. For example, an oil trader might listen to a cold phone call from Pegasus Petroleum—an admittedly oft used procedure in the oil trading business—when otherwise he might not, because of the possibility that Pegasus Petroleum is related to Mobil.<sup>65</sup>

Let us take a moment to study the meaning of confusion adopted by the court in this passage. As noted earlier, actionable confusion traditionally exists when the defendant confuses consumers about the source, origin, or sponsorship of goods.<sup>66</sup> Importantly, however, the *Pegasus Petroleum* court went well beyond this

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59. To make matters even worse, the moral reasoning implicit in these cases is rather sloppy. As Professor Robert Bone pointed out, judges frequently use intent to support fault-based liability against defendants who have not behaved culpably. See Bone, *supra* note 24, at 1352. I agree with Professor Bone. However, I should be clear that the analysis presented here does not depend on whether courts correctly perceive defendants as having blameworthy intent. The focus is on whether courts can properly draw the inferences prescribed by law from various forms of intent, and I conclude that, in many cases, courts have no support for inferences they claim to have made.

60. 818 F.2d 254 (2d Cir. 1987).

61. *Id.* at 255.

62. *Id.* at 256.

63. *Id.* at 256–57.

64. *Id.*

65. *Id.* at 259.

66. See *supra* Part I.

traditional understanding of confusion. In particular, the court objected to the use of “Pegasus Petroleum” not because any buyer would make a mistaken or poorly informed purchasing decision, but because Pegasus Petroleum had taken and benefitted from Mobil’s goodwill. If potential customers associated Pegasus Petroleum with Mobil even briefly, some of Mobil’s positive reputation would rub off on Pegasus Petroleum, giving it what the court considered undeserved credibility. In other words, Mobil’s goodwill was a corporate asset—property embodied in the flying horse mark, and, as property, its exclusive use belonged to Mobil.

It is difficult to overstate the controversy embedded in this holding. As noted earlier, trademark doctrine clearly rejects the notion that infringement encompasses all unauthorized uses of a mark.<sup>67</sup> Only those uses creating a likelihood of confusion are actionable. On its surface, *Pegasus Petroleum* suggests that Mobil proved confusion, making it appear as if the case did nothing more than apply well-established understandings of trademark law. However, if confusion exists whenever a defendant’s mark creates a fleeting impression of association, then almost any unauthorized use constitutes infringement because any use of a mark creates an association with the source represented by the mark. This shows that *Pegasus Petroleum* has come very close, if not gone all the way, to defining trademark as a general form of property. Of course, trademarks are clearly not supposed to be property, yet the characterization of trademarks as property sets the stage for using intent to show fault.

Once a trademark becomes general property, the owner ostensibly becomes entitled to exclusive control of the mark, and others must steer clear of using it. The *Pegasus Petroleum* court clearly expressed this obligation by giving the defendant the “duty to so name and dress his product as to avoid all likelihood of consumers confusing it with the product of the first comer.”<sup>68</sup> According to the court, the defendant violated this duty by deliberately adopting the Pegasus Petroleum name while having full knowledge of Mobil’s flying horse mark.<sup>69</sup> This violation gave the defendant the intent to infringe, and it cast him as a faulty actor deserving of liability.

From a colloquial perspective, the *Pegasus Petroleum* use of intent makes sense, for defendants who behave badly deserve liability more than those who do not. Unfortunately, the logic created by emphasizing fault has nothing to do with the logic establishing the relevance of intent in the first place. Indeed, the court appears to have forgotten the proper use of intent in its desire to frame the defendant as a faulty actor. If the defendant’s intent is to shed light on the likely existence of confusion, a court should find intent only when the defendant wants consumers to be confused.<sup>70</sup> However, the *Pegasus Petroleum* court never determined that the defendant wanted to do this. Instead, the court called the defendant an intentional infringer for deliberately taking action that violated a

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67. See *supra* note 32 and accompanying text.

68. 818 F.2d at 259.

69. *Id.* at 258.

70. See *supra* Part II.



supposed duty to avoid the mere risk of confusion.<sup>71</sup> Unfortunately, knowingly creating risk may be a form of fault, but it cannot be used to establish confusion because a person can deliberately create risk without wanting the consequences of such risk to follow.<sup>72</sup> More importantly, deliberately creating risk does not mean that the actor even believes the consequences of the risk are likely to occur, for people often deliberately create risk after making the calculation that the risk is reasonably low. For example, every person who drives a car deliberately creates the risk of personal injury. Of course, those drivers are not intentional tortfeasors if they injure someone in an accident. The drivers do not want anyone to be injured, nor do they act in a belief that personal injury is likely. At best, some of those drivers are negligent if they create unreasonable risk of injury while driving. A person who speeds deliberately creates risk, but she is not an intentional tortfeasor. She is negligent. It is therefore clear that the Second Circuit Court of Appeals did not use intent in a doctrinally appropriate manner because it used intent to prove fault.<sup>73</sup>

Cases like *Pegasus Petroleum* create trouble for trademark infringement law because they establish and perpetuate the clumsy, imprecise use of intent against defendants who did not intend to confuse. There is a world of difference between deliberately *risking* confusion and *wanting* to cause confusion. Accordingly, if courts utilize intent the way the *Pegasus Petroleum* court did, the use of intent will surely become detached from its supposed justification because intent will no longer provide reasonable evidence of confusion. Unfortunately, courts have made the use of intent impossible to understand by doing this very thing in a variety of contexts.

#### A. The Misuse of Deliberate Imitation

Many cases indicate that a defendant who deliberately copies or imitates the plaintiff's trademark becomes an intentional infringer.<sup>74</sup> This is perfectly understandable. A defendant introducing a new product to the market has an effectively infinite range of names and marks to choose from. Because any

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71. 818 F.2d at 258–59 (recognizing that a defendant “has a duty to so name and dress his product as to avoid all likelihood of consumers confusing it with the product of the first comer”).

72. See *supra* text accompanying note 13.

73. Cf. *AutoZone, Inc. v. Tandy Corp.*, 373 F.3d 786, 799 (6th Cir. 2004) (refusing to recognize deliberate risky behavior as intent to infringe).

74. See *Utah Lighthouse Ministry v. Found. for Apologetic Info. & Research*, 527 F.3d 1045, 1055 (10th Cir. 2008) (“Evidence that the alleged infringer chose a mark with the intent to copy, rather than randomly or by accident, typically supports an inference of likelihood of confusion.”); *Daddy’s Junky Music Stores, Inc. v. Big Daddy’s Family Music Ctr.*, 109 F.3d 275, 286 (6th Cir. 1997) (copying by a defendant is evidence of intent to infringe); *Osem Food Indus. Ltd. v. Sherwood Foods, Inc.*, 917 F.2d 161, 165 (4th Cir. 1990) (copying gives rise to presumption of confusion); *Charles of the Ritz Grp. Ltd. v. Quality King Distribs., Inc.*, 832 F.2d 1317, 1322 (2d Cir. 1987) (“[E]vidence of intentional copying raises a presumption that the second comer intended to create a confusing similarity.”); *Mobil Oil Corp.*, 818 F.2d at 258.

defendant who truly wanted a separate commercial identity would choose a mark bearing no resemblance to the plaintiff's mark, deliberate copying or imitation can imply a desire to confuse consumers.<sup>75</sup>

While this reasoning may sometimes be justified,<sup>76</sup> courts display a disappointing tendency to employ it blindly, using deliberate copying or imitation to establish intentional infringement in situations where the inference is unwarranted. This happens because, as in *Pegasus Petroleum*, courts bolster questionable cases for infringement by equating the risk of confusion to actual confusion. The result is a series of decisions that use intent to support the existence of confusion when the inference is unwarranted.<sup>77</sup>

For example, in *Kroger Co. v. Johnson & Johnson*,<sup>78</sup> the defendants, McNeil Lab, Inc. and Johnson & Johnson, sold the pain reliever acetaminophen under the name "Tylenol."<sup>79</sup> The plaintiffs, Kroger, SuperX, and Malone and Hyde, sold the same product under the names "Actenol," "Supernol," and "Hydenol," respectively.<sup>80</sup> They sued the defendants, seeking a declaration that use of those names did not infringe the Tylenol mark.<sup>81</sup> The defendants counterclaimed, alleging trademark infringement,<sup>82</sup> and the court decided in their favor.<sup>83</sup>

As a matter of source confusion, the strength of the trademark owners' claim was debatable because "Actenol," "Supernol," and "Hydenol" differ considerably from "Tylenol." Consumers could probably distinguish the names, which made the court's finding of infringement somewhat flimsy.<sup>84</sup> The court

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75. See *Mobil Oil Corp.*, 818 F.2d at 259 (quoting *Harold F. Ritchie, Inc. v. Chesebrough-Pond's, Inc.*, 281 F.2d 755, 758 (2d Cir. 1960)) ("In this circuit and others, numerous decisions have recognized that the second comer has a duty to so name and dress his product as to avoid all likelihood of consumers confusing it with the product of the first comer.").

76. See MCCARTHY, *supra* note 2, at § 23:115–16; Ann Bartow, *Likelihood of Confusion*, 41 SAN DIEGO L. REV. 721, 764–65 (2004) (observing that deliberate copying occurs for many reasons, not all of which support trademark liability).

77. This criticism clearly exists in case law, but it generally goes unheeded. See *A & H Sportswear, Inc. v. Victoria's Secret Stores*, 237 F.3d 198, 225–26 (3d Cir. 2000) ("[A] defendant's mere intent to copy, without more, is not sufficiently probative of the defendant's success in causing confusion to weigh such a finding in the plaintiff's favor; rather, defendant's intent will indicate a likelihood of confusion only if an intent to confuse consumers is demonstrated via purposeful manipulation of the junior mark to resemble the senior's.").

78. 570 F. Supp. 1055 (S.D. Ohio 1983).

79. *Id.* at 1056.

80. *Id.* at 1056–57.

81. *Id.* at 1056.

82. *Id.*

83. *Id.* at 1060.

84. The controversial nature of the court's decision is reflected in other decisions that hold store brand names and packaging do not constitute trademark infringement. See *McNeil Nutritionals, LLC v. Heartland Sweeteners, LLC*, 511 F.3d 350, 353–54 (3d Cir. 2007) (stating that customers were aware of private label packaging and affirming denial of

overcame this lack of confusion by finding that Kroger and its allies intended to infringe, but it did so in a sloppy way. Judge Rubin stated that “there was no serious argument” against an intent to infringe because Kroger and its allies deliberately chose names resembling “Tylenol” to create an association with the name brand product.<sup>85</sup> Judge Rubin’s reasoning may appear convincing at first inspection because Kroger and its allies surely wanted consumers to think of Tylenol upon encountering Actenol, Supernol, or Hydenol. This did not mean, however, that there was any intent to confuse. As an initial matter, Kroger (and, by extension, its allies) surely did not want to fool its customers into thinking they were buying something made by McNeil or Johnson & Johnson. To the contrary, Kroger wanted customers to realize that Actenol was a less expensive medical equivalent to Tylenol made by Kroger. Furthermore, while the use of “Actenol” betrayed the defendants’ intention to associate the two products, the desired association was accurate and, therefore, not confusing. After all, Actenol (no matter what name it was given) was the same drug as Tylenol, so consumers should—if properly informed—associate the two products as equivalent.<sup>86</sup>

The foregoing shows that the *Kroger* court committed the same error found in *Pegasus Petroleum*, namely equating the creation of risk with deliberate causation. Kroger and its allies may have knowingly taken action that risked confusing consumers, for consumers might have thought that Actenol was a pain reliever made by Johnson & Johnson. However, the plaintiffs clearly did not want that confusion to occur.<sup>87</sup> Because Kroger’s state of mind did not include a belief that consumer confusion was likely to occur,<sup>88</sup> the *Kroger* court could not properly infer an increased probability of confusion from Kroger’s supposed intent. Perhaps Kroger was negligent or even reckless about the likelihood of confusion its action created, but such a finding could support only the conclusion that Kroger was a faulty actor who deserved liability. However, Kroger’s supposed fault should not affect the outcome of a trademark case because trademark infringement is a strict liability offense. This realization exposes the court’s use of intent as illogical and confusing because it amounted to the deployment of irrelevant evidence to affect the outcome of the case.

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preliminary injunction in favor of all but one defendant); *Conopco, Inc. v. May Dep’t Stores Co.*, 46 F.3d 1556, 1565 (Fed. Cir. 1994) (stating that consumers understand and are not confused by store brand names and packaging).

85. *Kroger Co.*, 570 F. Supp. at 1059.

86. Those sympathetic to the defendants’ position may argue that Kroger intended to infringe because it wanted to capitalize on the commercial appeal of “Tylenol” as a mark. While initially logical, this argument fails to hold up under closer scrutiny because Tylenol functions as the name of the medication, not merely as an indication of its source. Accordingly, a considerable amount of Tylenol’s commercial appeal comes from its medical value and not the commercial reputation associated with Johnson & Johnson.

87. *See supra* text accompanying note 86.

88. *See Kroger Co.*, 570 F. Supp. at 1059–60. At most, Kroger understood that consumers might be confused, but it did not want that to happen because Kroger’s business strategy depended on being recognized as the provider of a medically-equivalent, cheaper product.

### *B. The Misuse of Trademark Holders' Complaints*

Similar errors exist in the treatment of defendants who use a mark after receiving a cease and desist letter or other form of complaint from the plaintiff.<sup>89</sup> Again, it is perfectly understandable that a defendant's disregard for a plaintiff's cease and desist letter might show an intent to infringe because the plaintiff's objection to the defendant's use of the mark informs the defendant of the possible consequences of her behavior. If the defendant continues that behavior, it is arguably with the intent to confuse. When a defendant acts for this purpose, it is appropriate to use that intent to support a likelihood of confusion.

It is important to understand, however, that a defendant's persistent use of a mark over the objection of a trademark holder does not necessarily establish intent. Trademark holders often take unjustifiably aggressive positions with cease and desist letters,<sup>90</sup> and even objections raised in good faith can be mistaken. Accordingly, defendants who persist under these circumstances do not intend to infringe. Indeed, they may well have come to the conclusion that their behavior does not raise any significant likelihood of confusion at all.

Unfortunately, as with copying and imitation, courts lose sight of this reality all too easily in the effort to bolster marginal cases of infringement. Once again, the culprit is the careless substitution of risky behavior for intentional behavior. For example, in *E. & J. Gallo Winery v. Consorzio del Gallo Nero*,<sup>91</sup> the Northern District of California used intent to support a finding of trademark infringement even though the defendant clearly did not want to confuse consumers about source or sponsorship, nor did it want to avail itself of the plaintiff's goodwill. The case involved a dispute between a well-known American wine producer that sold wines under the Gallo name and the Consorzio del Gallo Nero, a trade association that promoted the sale of Italian Chianti Classico wine.<sup>92</sup> The

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89. See *TCPIP Holding Co. v. Haar Commc'ns, Inc.*, 244 F.3d 88, 103 (2d Cir. 2001) (recognizing that a defendant had bad intent because it continued to register domain names after receiving objection from the plaintiff); *Stern's Miracle-Gro Prods., Inc. v. Shark Prods., Inc.*, 823 F. Supp. 1077, 1088 (S.D.N.Y. 1993) (concluding that continued use after an objection "tends to indicate a measure of bad faith on defendant's part"); *Dominion Bankshares Corp. v. Devon Holding Co.*, 690 F. Supp. 338, 347 (E.D. Pa. 1988) (holding that bad intent existed because defendant continued to use name after receiving objections from plaintiff); *Max Factor & Co. v. Factor*, 226 F. Supp. 120, 126 (S.D. Cal. 1963) (recognizing that an intent to deceive may be presumed from defendant's continued use of name after receipt of plaintiff's objection).

90. See Leah Chan Grinvald, *Shaming Trademark Bullies*, 2011 WIS. L. REV. 625, 642–53 (2011) (describing the unreasonable assertion of trademark rights as "trademark bullying").

91. 782 F. Supp. 457 (N.D. Cal. 1991).

92. "Chianti Classico" refers to red wine made in a specific region of Italy under specific regulations. See *THE OXFORD COMPANION TO WINE* 162–63 (Jancis Robinson ed., 2d ed. 1999). Chianti Classico has a particular taste, generally a hint of cherry, responsible in part for its commercial appeal. See ED MCCARTHY & MARY EWING-MULLIGAN, *RED WINE FOR DUMMIES* 194 (1996) ("Chianti is a very dry red wine with aromas of cherries, and violets, flavors of tart cherries, and very high acidity."); Eric Asimov, *Chianti*

trade association used the term “Gallo Nero” in its name because it had traditionally used a black rooster (“gallo nero” in Italian) as its symbol.<sup>93</sup> The controversy arose when the defendant decided in 1986 to market Chianti Classico wines in the United States under the name “Gallo Nero.” The plaintiff objected and sent a cease and desist letter to the defendant in 1987,<sup>94</sup> and while the defendant temporarily halted its use of “Gallo Nero,” it eventually proceeded with its marketing campaign in 1989.<sup>95</sup> The plaintiff sued, claiming that customers would buy Chianti Classico wines under the mistaken impression that they were Gallo wines.<sup>96</sup> The court agreed, deciding in Gallo’s favor at summary judgment.<sup>97</sup>

The facts of *Gallo Nero* present a debatable case for finding trademark infringement. Perhaps consumers would think that Gallo had launched a new Gallo Nero line of wines, but it is also plausible that consumers would successfully differentiate “Gallo” from “Gallo Nero.”<sup>98</sup> This implies that the court had no basis

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*Classico’s Emotional Tug*, N.Y. TIMES, Oct. 8, 2014, at D4 (“At its best, good Chianti Classico is joyous, with bright flavors of cherries and flowers tempered by a welcome earthy, dusty bitterness.”).

93. *E. & J. Gallo Winery*, 782 F. Supp. at 460.

94. *Id.*

95. *Id.*

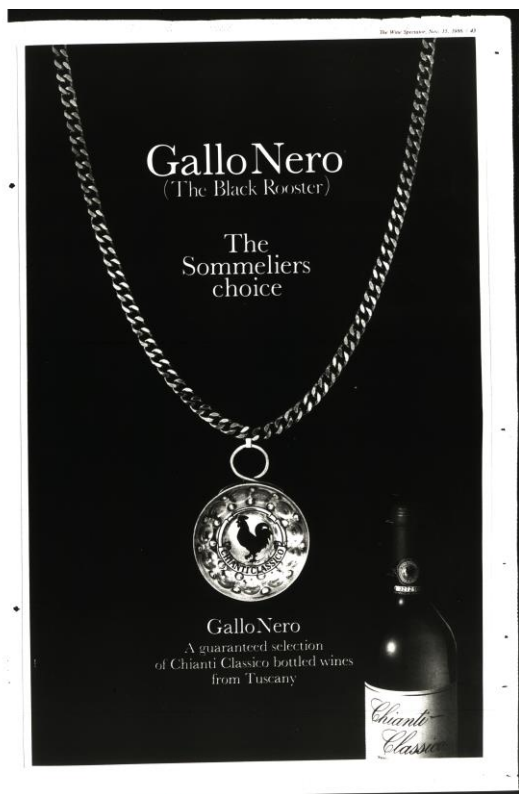
96. *Id.*

97. *Id.* at 459.

98. The advertisement originally used by Consorzio del Gallo Nero bolsters its contention that consumers would successfully differentiate the two wines. Among other things, the advertisement clearly states that Gallo Nero wines are from Tuscany.

for granting summary judgment to Gallo because a jury could reasonably have found in the defendant's favor. The court addressed this problem by using the defendant's intent to support its decision.<sup>99</sup> Unfortunately, it equated the risk of confusion with actual confusion and compounded the error by suggesting that the defendant deserved liability for behaving negligently.

As an initial matter, it is hard to imagine how Consorzio del Gallo Nero had any sort of intent to confuse consumers. The defendant clearly did not want consumers to think that Gallo, a California producer, actually made Italian Chianti Classico wines. To the contrary, the defendant's marketing campaign depended on consumers understanding that its wines were made in a specific part of Italy.<sup>100</sup> Indeed, it is hard to imagine that the defendant would have wanted to associate its wines with Gallo or Gallo's reputation in any way whatsoever. Remember, Gallo was known for making wines in the United States, so taking advantage of Gallo's reputation would have meant associating Italian Chianti Classico with American viticulture. This makes no sense because the appeal of Chianti Classico comes from particular characteristics derived from its geographical origin.<sup>101</sup>



99. *E. & J. Gallo Winery*, 782 F. Supp. at 467.

100. *See supra* note 92 and accompanying text.

101. *See supra* note 92 and accompanying text. The significance of a wine's geographic origin is captured in the term "terroir," which refers to the local conditions of

Accordingly, taking advantage of Gallo's reputation would have actually harmed Consorzio del Gallo Nero's commercial interests.

What, then, supported the court's finding of intent? According to Judge Jensen, intent existed because Gallo had complained to the defendant about the possibility of consumer confusion.<sup>102</sup> As a result, when the defendant continued with its marketing campaign, it had the intent to infringe because it proceeded with knowledge that "Consorzio del Gallo Nero" was likely to cause consumer confusion.<sup>103</sup>

The foregoing shows that the *Gallo Nero* court improperly used intent by equating the risk of confusion with confusion itself. The plaintiff's objection to the defendant's marketing campaign did not mean consumer confusion was likely to occur.<sup>104</sup> At most, the objection informed the defendant that use of "Gallo Nero" risked consumer confusion. The defendant may have intentionally risked confusion by continuing with its marketing campaign, but (as explained above) it did not want confusion to occur. The court, therefore, could not use the defendant's disregard of the plaintiff's objection as evidence of the defendant's belief that confusion would likely occur, and indeed, the court did not do so. Instead, the court appeared to fault the defendant for deliberately creating a risk of confusion.<sup>105</sup> Unfortunately, the defendant's fault had nothing to do with the existence of consumer confusion, so the court wound up using irrelevant evidence to tip the case in Gallo's favor.<sup>106</sup>

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soil, climate, and other intangible factors that affect the taste and quality of wine. Terroir is particularly important to European wine makers, and therefore the terroir associated with Chianti Classico is a vital component of the wine's marketing appeal. See THE OXFORD COMPANION TO WINE, *supra* note 92, at 700–01 ("To the extent that terroirs remain unique, and poorly understood, one can therefore hope that they will continue to help mould the infinite variety and individuality of the best wines, giving the special nuances of character that make wine such a fascinating study for wine-maker and consumer alike.").

102. *E. & J. Gallo Winery*, 782 F. Supp. at 467 (recognizing that intent exists because the defendant knew of the "potentially infringing" use of "Gallo Nero" in 1989).

103. *Id.*

104. See *supra* text accompanying note 90.

105. *E. & J. Gallo Winery*, 782 F. Supp. at 467 ("The record establishes that Gallo Nero was so aware, and while there may be a question whether such knowledge rises to the level of willful infringement or bad faith, it shows nonetheless that Gallo Nero was at least cognizant of the potentially infringing nature of its use of the "Gallo" name.") (citation omitted). The Supreme Court itself has provided an even clearer example of this problematic reasoning, writing, "When [the defendants] stood upon their rights [by using the mark after notice from plaintiff] . . . they made themselves responsible for the continued use of a label that might be held likely to deceive, and if it should be held manifestly to have that tendency, they would be chargeable for what in contemplation of law was an intentional wrong, or a fraud, although the case is wholly devoid of any indication of an actual intent to deceive, or to steal the reputation of the plaintiff's goods." *Straus v. Notaseme Hosiery Co.*, 240 U.S. 179, 182 (1916).

106. See MCCARTHY, *supra* note 2, at § 23:120 (criticizing the use of cease and desist letters as evidence of intent).

*C. The Misuse of Copying for Purposes Other Than Source Identification*

Perhaps the most puzzling and sloppy applications of intent involve cases where the defendant does not even want the allegedly infringing mark to designate the source of its goods.<sup>107</sup> For example, in *General Motors Corp. v. Lanard Toys Inc.*,<sup>108</sup> the Sixth Circuit Court of Appeals used intentional copying to impose liability on Lanard Toys, the defendant, for simply making miniature toy replicas of General Motors' Hummer vehicles.<sup>109</sup> The replicas included grilles resembling those found on actual Hummers.<sup>110</sup> General Motors (GM) sued on the theory that Lanard's use of the grilles violated GM's trademark in the Hummer grille.<sup>111</sup> The district court granted summary judgment for GM, and the Sixth Circuit affirmed.<sup>112</sup>

Of all the cases analyzed so far, *Lanard* presents perhaps the weakest case for infringement. Consumers do not generally assume that a miniature replica of a car is made by the automaker itself, and, indeed, the *Lanard* court acknowledged that consumers did not believe that GM made the toys.<sup>113</sup> This made a likelihood of source confusion extremely unlikely. Moreover, it seems equally unlikely that the defendant's Hummer grille replica would create a confusing association in consumers' minds. Obviously, consumers who recognized the grille would associate Lanard's toys with GM and its cars. However, this association would not be confusing because consumers would correctly recognize the toy as a miniature replica of a GM Hummer, not as a product made by GM.

One might think that the low risk of confusion would prevent a court from granting summary judgment for GM, but it did not. The Sixth Circuit Court of Appeals determined that consumers would be confused because they would recognize the grille as a Hummer grille.<sup>114</sup> The court then supported this questionable result by, among other things, finding that the intent portion of the multi-factor test weighed "heavily" in GM's favor because the defendant had deliberately copied the Hummer grille.<sup>115</sup> Such reasoning bears no meaningful relationship to the accepted justification for intent's relevance, namely an inference to be drawn from the defendant's belief that his behavior would cause confusion.

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107. See, e.g., *Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc.*, 457 F.3d 1062 (9th Cir. 2006) (successful trademark suit even though defendant used plaintiff's mark only for decorative purposes on merchandise); *Bos. Prof'l. Hockey Ass'n v. Dall. Cap & Emblem Mfg., Inc.*, 510 F.2d 1004 (5th Cir. 1975) (plaintiff hockey club successfully sued defendant for selling emblems depicting the club's logo unattached to goods of any kind).

108. 468 F.3d 405 (6th Cir. 2007).

109. *Id.* at 410.

110. *Id.* at 411.

111. *Id.*

112. *Id.* at 410.

113. *Id.* at 413 (noting that consumers will not purchase defendant's car because they believe it is made by GM, but merely because they recognize the grille as a Hummer grille).

114. *Id.*

115. *Id.*



Although Lanard intentionally reproduced the trademarked Hummer grille, it did so in order to accurately replicate the appearance of Hummer cars. This purpose betrayed no desire to have consumers think that GM made or sponsored the toy replicas. Even if Lanard wanted consumers to recognize the toys as miniature Hummers, it still does not follow that Lanard believed consumers would be confused about the toys' source—recognizing the toys as miniature Hummers is an accurate, not confusing, association. At best, one might argue that Lanard deliberately created a risk that some consumers would suffer actual confusion, but adopting this argument would equate the risk of confusion with confusion itself. Accordingly, it is clear that the Sixth Circuit Court of Appeals used an irrelevant form of intent to bolster a shaky case for infringement, in part by suggesting that copying the Hummer grille was a faulty, culpable act.

Cases like *Kroger*, *Gallo Nero*, and *Lanard* proliferate the sloppy reasoning found in *Pegasus Petroleum*. By equating the risk of confusion to confusion itself, courts have essentially found that a defendant can intentionally infringe another's trademark even though she never intended to confuse consumers in any way deemed actionable by trademark law. This, of course, makes no sense, for the idea of intentional infringers who did not intend to infringe is an oxymoron. Even worse, as I shall discuss next, such findings set the stage for an oxymoron to not only influence, but also control the outcome of trademark infringement cases.

#### IV. VARIANCE IN THE STATED AND PRACTICAL CONSEQUENCES OF INTENT

Cases like *Pegasus Petroleum*, *Kroger*, *Gallo Nero*, and *Lanard* illustrate one important way in which courts render the use of intent in trademark law incoherent. The resulting problems are then compounded by using intent in such a way as to make its existence practically conclusive on the question of infringement. This turns intent into a shortcut that converts those who do not want to infringe into intentional infringers.

Once again, *Maternally Yours* provides a good starting point for our analysis. In that case, the Second Circuit Court of Appeals treated the defendant's intent as evidence of a likelihood of confusion.<sup>116</sup> This treatment is consistent with the basic explanation for intent's relevance and the general tone of the multi-factor tests that govern trademark infringement; intent affects our assessment of the likelihood of confusion and can push a case in the plaintiff's favor, but intent alone cannot determine the outcome. Other factors such as similarity, competition between the goods of the plaintiff and defendant, and the strength of the plaintiff's mark have great influence as well.

Not every court uses intent in such a limited fashion. Many opinions take the position that "intent alone" can support a finding of infringement, whether as a single factor overwhelming others or through a formal presumption that intent establishes a plaintiff's case in chief. The seminal example of this broader use is

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116. See *Maternally Yours v. Your Maternity Shop*, 234 F.2d 538 (2d Cir. 1956); see also *supra* notes 53–57 and accompanying text.

*My-T Fine Corp. v. Samuels*.<sup>117</sup> In that case, the plaintiff, My-T Fine, sold pudding mix in a box bearing the My-T Fine label and geometric shapes and lines of various colors.<sup>118</sup> The defendant Samuels sold a competing product under the name “Velmo” in a box with somewhat similar geometric shapes and lines.<sup>119</sup> My-T Fine sued Samuels based on the similarity of the packaging and moved for a preliminary injunction.<sup>120</sup> The district court denied the motion on the ground that the packages were insufficiently similar, but the Second Circuit Court of Appeals reversed.<sup>121</sup> In so ruling, the Second Circuit admitted that the case for source confusion was questionable because the differences in packaging made consumers unlikely to mistake one product for the other.<sup>122</sup> Nevertheless, the Second Circuit decided in the plaintiff’s favor because the defendant deliberately imitated the plaintiff’s packaging in order to confuse and divert the plaintiff’s customers.<sup>123</sup> Such intent, the court stated, was not a prerequisite to infringement. However, if a plaintiff could show that a defendant intended to imitate the plaintiff’s trademark, the court would presume confusion as a matter of equitable common sense because a defendant who deliberately tried to confuse consumers should be the one to prove she did not succeed in her objective.<sup>124</sup> The court wrote:

[W]hen [intent] appears, we think that it has an important procedural result; a late comer who deliberately copies the dress of his competitors already in the field, must at least prove that his effort has been futile. Prima facie the court will treat his opinion so disclosed as expert and will not assume that it was erroneous. He may indeed succeed in showing that it was; that, however bad his purpose, it will fail in execution; if he does, he will win. But such an intent raises a presumption that customers will be deceived.<sup>125</sup>

Cases like *My-T Fine*<sup>126</sup> have potentially huge implications for the law of trademark infringement. If intent is merely evidence of confusion, a plaintiff

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117. 69 F.2d 76 (2d Cir. 1934).

118. *Id.* at 76–77.

119. *Id.* at 77.

120. *Id.*

121. *Id.*

122. *Id.* (“It would be impossible on this record to say that any one who meant to buy the plaintiff’s pudding has hitherto been misled into taking the defendants’ by mistake in the appearance of the box.”).

123. *Id.* (“[W]ere it not for the evidence of the defendants’ intent to deceive and so to secure the plaintiff’s customers, we should scarcely feel justified in interfering at this stage of the cause.”).

124. *Id.*

125. *Id.* (citations omitted).

126. *See Osem Food Indus., Ltd. v. Sherwood Foods, Inc.*, 917 F.2d 161, 165 (4th Cir. 1990) (“Logic requires, no less than the presumption of secondary meaning from copying, that from such intentional copying arises a presumption that the newcomer is successful and that there is a likelihood of confusion. It would be inconsistent not to require one who tries to deceive customers to prove they have not been deceived.”); *Perfect Fit Indus., Inc. v. Acme Quilting Co.*, 618 F.2d 950, 954 (2d Cir. 1980) (“If there was

cannot win simply by proving intent. Additional information about the similarity of the marks, competition between products, strength of the plaintiff's mark, and sophistication of consumers would be necessary.<sup>127</sup> Requiring this additional evidence serves an important purpose: as long as intent remains simply one factor among many that governs trademark infringement, courts retain ample flexibility to interpret trademark infringement law in ways that account for the many nuanced circumstances that lead to allegations of intentional infringement. Things change a great deal if a plaintiff can establish trademark infringement simply by proving the defendant's intent, as was the case in *My-T Fine*. Intent becomes more important to the outcome of trademark infringement cases than other factors, such as consumer sophistication and competition between products, and courts wind up using intent in blunt ways that make little sense.

*Sun-Fun Products, Inc. v. Sontan Research and Development, Inc.*<sup>128</sup> illustrates the way courts use intent without considering other facts. The plaintiff, Sun-Fun, sued the defendant, Sontan Research and Development, over the design of bottles containing suntan lotion.<sup>129</sup> Although the logos on both bottles resembled each other, the district court granted the defendant's motion for a directed verdict on the ground that the logos were "so dissimilar that there was no likelihood of confusion."<sup>130</sup> The Fifth Circuit Court of Appeals reversed.<sup>131</sup>

As a matter of logic, the district court's ruling seems entirely plausible. Consumers cannot be confused by a defendant's mark unless that mark bears sufficient similarity to the plaintiff's. It is therefore possible that two marks are so dissimilar that consumers cannot possibly confuse them. The Fifth Circuit found error, however, largely because it considered intent even more important than the similarity of the marks. The court wrote:

The linchpin of Sun-Fun's case was Weisburg's testimony that he had been instructed to copy the Native Tan bottle. Evidence of intentional deception *carries special weight* in the calculus of determining likelihood of confusion. Indeed, proof that a defendant chose a mark with the intent of copying plaintiff's mark, *standing alone*, may justify an inference of confusing similarity.<sup>132</sup>

The court's language clearly adopts an intent-based presumption of infringement and is remarkable for two reasons. First, it represents the wholly unwarranted extension of the reasoning that makes intent relevant to trademark infringement. Second, when combined with undisciplined logic about the object of intent, the language creates a shortcut to liability that turns defendants who did not intend to infringe into intentional infringers.

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intentional copying the second comer will be presumed to have intended to create a confusing similarity of appearance and will be presumed to have succeeded.").

127. See *supra* note 4 and accompanying text.

128. 656 F.2d 186 (5th Cir. 1981).

129. *Id.* at 188.

130. *Id.*

131. *Id.* at 191–92.

132. *Id.* at 190 (emphasis added).

Remember, consumers who encounter two rival marks do not know what the defendant intended. Confusion may arise because the marks bear too many points of similarity, but the defendant's intent does not affect what consumers perceive. Accordingly, as an evidentiary matter, intent can only offer clues about how susceptible consumers are to confusion. A fact finder cannot conclude that confusion is likely simply because consumers are susceptible. A court must still consider information about what consumers perceive, such as the similarity of the two marks and the nature of the products. It is, therefore, quite striking to see how a court, like *Sun-Fun*, can rely on intent so heavily that it becomes something that "carries special weight" and can, "standing alone," establish infringement. Such a holding becomes even more striking when courts give special weight to imprecise and irrelevant forms of intent.

To see how courts rely on imprecise and irrelevant intent, consider *Beer Nuts, Inc. v. Clover Club Food Co.*<sup>133</sup> In that case, the plaintiff, Beer Nuts, sold mixed nuts under the name "Beer Nuts" in packaging that depicted an overflowing stein of nuts. The defendant Clover Club sold a competing product under the name "Brew Nuts" with packaging that also contained an image of an overflowing stein of nuts. Beer Nuts sued for trademark infringement.

The district court ruled in favor of Clover Club on the ground that no likelihood of confusion existed.<sup>134</sup> The court supported its ruling with a sound analysis of the particular facts of the case. First, the court found that the products' packaging and wording differed enough to make confusion unlikely. Each package prominently displayed a distinctive name or logo, and the color schemes were "readily distinguishable."<sup>135</sup> Second, the court recognized that the plaintiff's mark, "Beer Nuts," described the product while identifying its source.<sup>136</sup> This identification had important policy consequences. As the court wrote:

When one appropriates a common term for use as a mark to indicate origin or source one takes the word subject to its use by others for purposes of suggestion or description. Such descriptive use is neither an infringement nor is it unfair. Such use is merely a continuation of the common use to which the word was put when the use as a mark began. Its use as a mark in the view of this Court is always subject to its prior common use.<sup>137</sup>

The court reached the entirely sensible conclusion that Beer Nuts could own a trademark in "Beer Nuts," but that it could not prevent others from using fairly distinguishable terms to describe their own products, even if those terms also suggested a relationship to beer. To permit Beer Nuts to control others' use of such terms would make little sense because competitors must retain some ability to describe their products. Indeed, without such ability, Beer Nuts would gain an

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133. 805 F.2d 920 (10th Cir. 1986).

134. *Beer Nuts, Inc. v. Clover Club Food Co.*, 520 F. Supp. 395, 399–400 (N.D. Utah 1981).

135. *Id.* at 398.

136. *Id.* at 398–99.

137. *Id.* at 399.

unwarranted competitive marketing advantage for nuts intended for consumption with beer.<sup>138</sup>

Despite the good sense of the district court's ruling, the Tenth Circuit Court of Appeals reversed.<sup>139</sup> Curiously, the Tenth Circuit's opinion did not convincingly engage in analyzing the district court's reasoning. On the issue of similarity, the court considered the two packages confusingly similar largely because "Brew" and "Beer" are both four-letter words that begin with "B" and are synonyms for beer.<sup>140</sup> After brushing aside the district court's confidence that consumers could see differences between the two words and the overall packaging of the products, the Tenth Circuit stated, without support, that consumers are too careless to make the necessary distinctions.<sup>141</sup> The weakness of the court's reasoning can be seen in the language it used. The court wrote that the differences noted by the district court were insufficient because they did not "eliminate the possibility of confusion."<sup>142</sup> Such language might properly imply that the defendant was at fault for unreasonably creating a risk of confusion. However, that conclusion would, even if justified, be inapposite to the issue at hand, for the plaintiff is required to establish a likelihood of confusion, not a mere possibility of confusion.<sup>143</sup>

More importantly, the Tenth Circuit Court of Appeals did not address the important policy concerns that guided the district court. Instead, the court leaned heavily on a superficially appropriate but substantively unconvincing use of intent. The court began by quoting with approval decisions stating that "intent alone" can justify a finding of confusion.<sup>144</sup> The court then went on to find that Clover Club intended to infringe by identifying a form of intent that had little probative value on the question of confusion. The court noted that Clover Club had (obviously) deliberately chosen the Brew Nuts mark, and that the mark was similar to Beer Nuts.<sup>145</sup> Of course, the mere fact that Clover Club had chosen "Brew Nuts" with knowledge of the "Beer Nuts" mark does not necessarily lead to the conclusion that Clover Club was trying to fool consumers into buying the wrong product. Indeed, the district court had explicitly so stated, finding no evidence of an intent to confuse consumers in this manner.<sup>146</sup> Nevertheless, the court found that the district court erred because the necessary intent should have been inferred from the

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138. *Id.* at 400.

139. *Beer Nuts, Inc. v. Clover Club Food Co.*, 805 F.2d 920, 923 (10th Cir. 1986).

140. *Id.* at 925–26.

141. *Id.* at 926.

142. *Id.* (emphasis added).

143. *See supra* note 2 (establishing the standard for infringement is likelihood, not mere possibility, of confusion); Clayton & Schlossberg, *supra* note 22, at 475–76 (criticizing cases weakening likelihood of confusion standard to mere possibility). Indeed, if a mere possibility was sufficient to establish liability, almost no plaintiff would lose a trademark infringement case because almost every unauthorized use of a mark raises a possibility of confusion, however slight.

144. *Beer Nuts, Inc.*, 805 F.2d at 927.

145. *Id.*

146. *Id.* at 927–28.

similarity of the two marks.<sup>147</sup> The result was highly questionable, and, indeed, circular reasoning that converted a defendant who did not want to infringe into an intentional infringer.<sup>148</sup>

Results like *Beer Nuts* are troubling not only for their flawed logic, but also for their ubiquity.<sup>149</sup> If intent were truly applied as mere evidence of infringement or as a truly rebuttable presumption, then a reasonable number of decisions would exist in which defendants overcame presumptions of infringement. Such decisions are, however, practically nonexistent. Even in cases that do not explicitly involve presumptions derived from intent, courts finding that a defendant intended to commit infringement almost always conclude that infringement occurred.<sup>150</sup>

### V. PAYING CLOSER ATTENTION TO THE REASON FOR INTENT'S RELEVANCE

The law governing the use of intent in trademark infringement cases has become unintelligible because the courts' use of intent frequently violates the given reasons for intent's relevance. On the one hand, intent is supposed to be nothing more than circumstantial evidence about the likelihood of consumer confusion. On the other hand, intent is frequently used as a shortcut to liability based on the claim that culpable defendants deserve to be held liable for infringement even when the actual probability of confusion is low.

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147. *Id.* at 928.

148. The circularity is as follows: according to the court, the defendant infringed because the defendant intended to infringe. The defendant intended to infringe because similarities between the defendant's mark and plaintiff's mark were sufficient to establish infringement. In other words, the defendant intended to infringe because the defendant infringed.

149. *See, e.g.,* Ferrari SPA v. Roberts, 944 F.2d 1235, 1243 (6th Cir. 1991) (holding that the defendant infringed by selling car kits that imitated the appearance of Ferraris in part because the intent to derive benefit from copying alone can justify a finding of infringement); Elvis Presley Ents. v. Capece, 141 F.3d 188, 203 (5th Cir. 1988) (holding that the defendant committed infringement by naming his bar "The Velvet Elvis," in part because intent alone may be enough to establish infringement); AmBrit, Inc. v. Kraft, Inc., 812 F.2d 1531 (11th Cir. 1986) (holding that the defendant infringed by naming its ice cream bar "Polar B'ar" in part because intent to derive economic benefit from polar bears on Klondike Bar packaging alone may be enough to justify finding of infringement); GAP, Inc. v. G.A.P. Adventures, Inc., No. 07 Civ. 9614 (AKH), 2011 WL 2946384, at \*16 (S.D.N.Y. June 24, 2011) (holding that, while the defendant derived name "GAP Adventures" from the original name "Great Adventure People," it committed trademark infringement in part because founder was aware of GAP clothing and a possible association of the two businesses).

150. *See* Beebe, *supra* note 7, at 1628 (describing data that suggests that a finding of intent creates "a nearly un-rebuttable presumption of a likelihood of confusion"); Blum et al., *supra* note 7, at 70–72 (generally confirming Beebe's results).

If the law is to be made intelligible without a change in meaning, the necessary course of action is clear.<sup>151</sup> First, courts must stop using intent as a proxy for a defendant's fault. This means recognizing cases such as *Pegasus Petroleum*, *Kroger*, *Gallo Nero*, *Lanard*, and *Sun-Fun* as mistakes because they use intent against defendants whose states of mind do not support justifiable inferences about consumer susceptibility to confusion. Second, judges must end the use of intent-based presumptions about the likelihood of confusion. Taking these steps would help courts write trademark decisions that make sense by eliminating puzzling and sloppy uses of intent.

As an initial matter, judges would have to stop following cases that inappropriately use intent to support trademark liability. As a result, opinions would become more intelligible because invocations of intent would actually support inferences establishing consumer confusion. Furthermore, rejecting intent-based presumptions of liability would have the salutary effect of forcing courts to explain the existence of confusion by discussing all of the evidence available. Defendants would not lose cases simply because "intent alone" is sufficient to prove infringement. Intent would have influence over infringement cases, but only in an appropriately limited way.<sup>152</sup>

To see how these reforms would make a difference, consider again the *Beer Nuts* case, in which the Tenth Circuit Court of Appeals relied heavily on intent to reverse the district court's conclusion that "Beer Nuts" and "Brew Nuts" were so different that no likelihood of confusion existed. In so ruling, the court found that the defendant intended to infringe by choosing a mark that resembled the plaintiff's, and it invoked the idea that intent alone can establish

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151. It is, of course possible, to address the problem at hand by changing the underlying law. First, trademark infringement law could be changed to explicitly consider fault. Bone, *supra* note 24, at 1337–47 (arguing for explicitly fault-based causes of action for trademark infringement). Second, courts could stop considering intent in trademark infringement cases. See Thomas L. Casagrande, *A Verdict for Your Thoughts? Why an Accused Trademark Infringer's Intent Has No Place in Likelihood of Confusion Analysis*, 101 TRADEMARK REP. 144 (2011) (advocating elimination of intent from likelihood of confusion analysis). Although I have sympathy for both proposals, I hesitate to recommend either at this time because both raise fundamental normative questions about trademark that cannot be resolved within the scope of this Article. Among other things, it is unclear how fault should affect trademark liability. At one time, fault was a prerequisite to certain types of trademark liability, but it is far from clear whether a defendant who had created a likelihood of confusion should escape liability simply because she had behaved reasonably. See *supra* note 9. Similarly, it is equally unclear whether a faulty defendant should be held liable when his faulty behavior caused no confusion. Accordingly, I think it is wise to avoid changing the relevance of intent for the purposes of this Article. Of course, research about these questions could prove valuable for improving the law in the future.

152. One might think that the flaws pointed out here are rather obvious, and that courts would be anxious to eliminate them. Unfortunately, that is not the case, as criticism of the law governing intent's use is rare. For an example of one criticism hitting the mark, see *Versa Prods. Co., Inc. v. Bifold Co.*, 50 F.3d 189, 206 n.13 (3d Cir. 1994) (criticizing the large influence of intent because "the defendant's intent standing alone . . . reveals little about the probable outcome of the defendant's conduct").

infringement.<sup>153</sup> It is hard to imagine that the Tenth Circuit would have written this opinion if it had paid attention to the justification for intent's relevance. Indeed, the court would have realized that its use of intent contained two significant flaws.

First, the court would have seen its mistake of equating intentional behavior that risked confusion with intentional behavior designed to create confusion. While some defendants who deliberately imitate another's trademark want to confuse consumers, it is pretty clear that Clover Club did not use "Brew Nuts" for such a purpose.<sup>154</sup> Without question, the defendant wanted to associate its nuts with beer, and perhaps that association risked confusion with Beer Nuts. However, there is a big difference between wanting to associate nuts with beer and wanting customers to confuse the two products.

Second, the court would have understood that it erred by giving intent so much weight in its analysis. Even if the court had somehow properly concluded intent provided evidence of confusion, the rejection of intent-based presumptions would have reminded the court to consider all of the evidence in the case and it would have accurately perceived the weaknesses of any premature conclusions based on intent. This realization could have led to either a decision affirming the district court or a better explanation of why the defendant infringed. Regardless of the ultimate result, the opinion supporting the decision would have been far more intelligible than the one that was actually written.

### CONCLUSION

In this Article, I have explained why the use of intent in trademark infringement law has become unintelligible, and I have shown how courts can improve the law by making sure intent is used only in a manner consistent with the justification given for its relevance. The reforms suggested here will eliminate uses of intent that are clearly irrelevant to trademark law, and they will make opinions about trademark infringement better reasoned and easier to follow. Hopefully, courts will immediately adopt this Article's recommendations and begin the process of building a solid foundation for the use of intent in trademark infringement cases.

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153. *See supra* text accompanying note 144.

154. *See supra* text accompanying note 146.