

The Trademark Reporter®



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**A CENTURY OF TRADEMARK LAW—
LOOKING BACK AND LOOKING FORWARD**

Editor's Note: To celebrate its 100th anniversary, *The Trademark Reporter* held a special session at INTA's May 2011 Annual Meeting in San Francisco. The session brought together some of the leading thinkers in trademark law in the United States and Europe, who forecast how trademark law could develop in the future, based on how the law has evolved over the last 100 years. What follows is an edited transcript of that session.

Moderator:

J. Thomas McCarthy, University of San Francisco School of Law (United States)

Speakers:

Miles J. Alexander, Kilpatrick Townsend & Stockton LLP (United States)

Eric Goldman, Santa Clara University School of Law (United States)

The Rt. Hon. Professor Sir Robin Jacob, University College London, former Judge of the Court of Appeal of England and Wales (United Kingdom)

Tom McCarthy (Moderator): I'm Tom McCarthy, from both the University of San Francisco School of Law and the law firm of Morrison Foerster. I welcome you to my city and to this program on "A Century of Trademark Law—Looking Back and Looking Forward." Of course, what we're celebrating is a 100th anniversary of *The Trademark Reporter*. And we have three of the biggest stars in the world of trademark law today to give us their thoughts on different aspects of the past, present, and future. We will try to determine what the last 100 years of trademark law can tell us about what the next 100 years may be like. And even if you're not thinking that far ahead, then let's just look ahead a year or two, or even five years, because predictability in today's world of fast-moving technologies is a challenge.

We have three speakers, and, hopefully, if we have time at the end, or if one of the speakers wishes to ask questions, we can get you members of the audience involved.

Our first speaker is Miles Alexander. Miles is a senior partner with Kilpatrick, Townsend & Stockton in its Atlanta office, where he's been in practice for well over fifty years. That's right, I did not misspeak. Miles has been with the Kilpatrick law firm for over fifty years. He's been very active in INTA affairs, has served on the Board and as General Counsel of INTA, and was a recipient of the INTA President's Lifetime Achievement Award.

Miles is a graduate of Emory University and Harvard Law School. He was active in two blue-ribbon bodies you are familiar with that have had an immense influence on American trademark law: the International Trademark Association's Trademark Review Commission, which drafted the landmark 1989 Lanham Act Revisions, and the American Law Institute's Committee, which helped to draft the 1995 Restatement of Unfair Competition.

Having practiced, taught, and had a hand in creating over a half-century of trademark law, I think Miles is the ideal person to give us a look at United States trademark law, past, present, and future.

Miles Alexander: Thank you, Tom. It's always a pleasure to be introduced by you. I'm on a distinguished panel with Sir Robin Jacob who speaks the King's English. The last time that I was introduced, my good friend introduced me by saying, "Please forgive Miles, English is his second language and he has no first language."

I would like to take a few minutes with some random thoughts, but I will try to outline what I think is the foundation of trademark law, its history, and how the Lanham Act and U.S. trademark law can be used as a guide for the world, because unlike most countries, the United States has fifty separate states with their own laws, and we've had to adjust the same way as Europe is adjusting and other areas of the world are adjusting to multination statutes and differences.

One of my opening comments, with respect to trademark law, is a quote from Pogo, and that is, "We have met the enemy and it is us." The problem with criticisms of trademark law is not about trademarks or what brands do and the function they serve; it's rather the excesses we find in patent law, copyright law, and trademark law. As a trademark owners' organization, we are probably more guilty than most in lobbying to extend the law past what is in our own best interest in protecting marks. There's a wonderful quote that indicates if you're not going to look back at

the history of trademark law or anything else, you're going to be condemned to repeat the same mistakes. You can go back a couple hundred years to Voltaire, who said, "I was never ruined but twice—once when I lost a lawsuit, and once when I won one." In fact, we are seeing that all the time now. The history of trademark law indicates that it is going to be with us forever. You look back 5,000 years and you find trademarks on cave walls. You find trademarks on porcelain in China. You find trademarks on paper. If you go back to Roman times in 800 B.C., you will find a trademark called FORTIS for lamps, and that meant "strength," and it meant that they had a lamp that really worked. It was distributed throughout the Roman Empire, and people copied it and it was counterfeited. Ultimately, it became a generic term for a type of lamp. So if you go back to 800 B.C., you find the same problems that we're facing now in current times.

When I think of the nature of law, it's interesting. If you want to find out what people are doing at any time in history, what you do is you look at their laws. Thou shalt not kill; thou shalt not steal; thou shalt not lust after one's neighbor's wife. You know what people were doing back then. If you take a look at trademark laws, you would probably say, thou shalt not pass one's goods off as those of another—confusion and counterfeiting. Thou shalt not deceive the purchaser—false advertising. And we trumped false advertising with "buyer beware," which some of you may remember, and laissez-faire.

Essentially, trademark law is a philosophy of fairness. Judge Learned Hand said that you "shall not reap where you have not sown." You can only wear somebody else's face or mark as a mask. Or Justice Frankfurter's famous Supreme Court case, in which he said that you shall not trade on the "commercial magnetism" of another, which is sort of a dilution concept. So you go back 100 years, and you find the same thoughts being expressed. Before this session is over, I'm going to ask the audience a question; you may want to think about it. And that is: Are trademarks primarily a means of protecting the public from confusion and mistake, and only incidentally to protect the owner? Or are trademarks really to protect the goodwill of the owner, and only incidentally to protect the public? That is something we've been wrestling with from English common law to U.S. common law. There's a 1742 English case, *Blanchard v. Hill*, in which a judge basically said that it would be mischievous to attempt to prevent the use of identical marks on different goods. And you move from that to the early 1900s when Schechter wrote his classic dilution article, and encouraged protection of marks far beyond the goods that the owner of the mark manufactured. But even Schechter said protection should be limited to coined terms, like KODAK or

EXXON—although Exxon wasn't in existence at the time. He understood that it was an unusual mark that would be entitled to that type of protection. We, unfortunately, extended the dilution statute far beyond anything that was intended, and in the United States for forty or fifty years the state dilution statutes were not enforced, because the judges thought it was unfair to do so. And even when we adopted the first federal dilution statute, it was struck down by the court deciding the statute did not deal with dilution in its incipiency stage; it only dealt with situations where you could prove actual harm by dilution. That ruling was reversed by the current federal dilution statute.

I think this goes back to the basic philosophy of what law is all about. You go back to some of the great teachers of the world; it could be Buddha, it could be Jesus, it could be Confucius. But the one that I like is Hillel. Hillel was asked, while standing on one foot, to define the law, and he basically replied, "Do not do what is hateful to you unto others. That is the law, and everything else is commentary." So when you look at what we prohibit in our modern legal doctrines, be it dilution, false advertising, or counterfeiting, what you're really saying is what is immoral in our own minds.

When I was a very young lawyer in the late 1950s, I was sent to Tampa, Florida, on a dilution case. This is an international audience, so I will substitute for BETTY CROCKER, which was the mark we were trying to protect against Betty Crocker Paint Company. For those who are not familiar with BETTY CROCKER, pretend I'm talking about KODAK. And I was sent down to stop somebody from utilizing the trademark KODAK on a paint store. The law at that time said unless the mark that was alleged to be infringing had been used on goods of the "same descriptive properties" as the goods for the mark you were protecting, you were prohibited from enforcing the mark. It was very frustrating for a young lawyer. Yet the judge, understanding that there was immorality in this limitation, told the other side that he was going to grant the injunction, and they could go out and try to get it vacated. The point of that is there was something inherently wrong with somebody using KODAK for a paint company. I realized Kodak could have licensed its mark, and maybe you could argue that there was confusion, but there was no confusion. It would be like somebody licensing KODAK to a cigarette company. It's not something they would have done. And the point really of all this is that if there is a wrong, the law is going to find a way to right it, and if you right it and go overboard in righting it, so that you start trying to protect marks like DELTA that have been used by Delta Plumbing Company and Delta Dry Cleaners, you're not going to be successful. That's why it has to be a truly distinctive mark to expand the dilution doctrine into that area. Yet we tend, as members of INTA and supporters of trademark owners, to go far

beyond anything that we should do in trying to extend the scope of protection for marks.

We've also lost our sense of humor with respect to marks. Most lawyers will tell you in a defamation case that if somebody defames your name, the best thing to do is not sue if it's not going to get any publicity, because the lawsuit is going to give it 20 times or 50 times or 100 times the negative publicity that you'd ever get if you let the offending use die a natural death. We had a case in which a wonderful African American writer did a satire on *Gone With the Wind*, and she called it *Wind Done Gone*. The Margaret Mitchell estate sued her, and we defended that suit. It is interesting to note that from the day the suit was filed, the sales of the satire quadrupled. They had an initial 25,000-copy printing. By the time the press started covering the suit, *Wind Done Gone* was on the *New York Times* best-seller list for three consecutive weeks. Therefore, if you have a valuable mark, and somebody is doing a spoof on it and it's not harming the mark, it's not diluting it because they're not making a trademark use of it—although it's very hard to tell your client, who is very angry, to let it go—the traditional wisdom says you have to be restrained in what you do.

What we're also seeing now is federal legislation coming after people for bullying others by using their deep pocket to stop uses that nobody would think of stopping. In the copyright area the owner reportedly wanted to charge \$100,000 for putting "Happy Birthday" in a civil rights film, because the copyright was still valid. So you can see that a trademark is being tainted, not only by what its owners do, but also by actions of other intellectual property owners.

What I'd like to do before I—how much time do I have, Tom?

Tom McCarthy (Moderator): About six minutes.

Miles Alexander: Okay. Let's address counterfeiting, which is a terrible problem. It's sort of like—those of you who are young enough—there are many who smoked marijuana here, but we were unable to stop it. There may be those who are old enough to remember Prohibition; we were unable to stop illegal drinking. Certainly prostitution has not been stopped. They're all illegal. You're not going to stop counterfeiting unless you so criminalize it for those areas in which it's dangerous, where drugs are being utilized that could kill somebody, then you really have to put people away for long periods of time. But people are going to buy other things that are duplicating desired goods, and then you have to differentiate between knock-offs and counterfeiting. There are some things that really aren't counterfeit; they're just trading upon the good will of somebody else. And what I would propose that we consider is being very selective in our criminal laws. In the

fourteenth century, they used to cut off the hands of a person who counterfeited swords, because the person who bought the defective sword could be killed. We have to take a look at the type of counterfeiting that really is going to do harm, and make the remedies Draconian. And with respect to other matters, I think it's going to take care of itself as we develop means of tracing the perpetrators who are doing it.

A thought I'd like to leave you with before my time is up is that even as a Luddite in the Internet world, I am of the firm belief that Internet communication is going to solve more trademark problems than it creates. I believe knowledge is the basis of the avoidance of confusion, and I believe that the Internet and all of the social networking instantly give us information. I believe at one point we'll be able to determine the truth about products, we'll have a consumer's guide to compare the quality of every product—generic products and nongeneric products. You'll press a button and you'll be able to determine which product is real, which is not, which is good and which is not. You'll be able to press a button and have a survey determining whether or not there's confusion. No longer will false advertising be able to deceive us, because people will use Twitter, Facebook, and other, not yet conceived social networking, and the Internet will have a source of finding out what products are most and least desirable. I only wish that someday people would be able to walk around with a colored halo over themselves, and you'd be able to tell from the color of the halo (like the ancient mark of Cain) whether the person was engaged in false advertising or was trying to deceive you by selling counterfeit goods or services. I believe that the Internet and technology are going to be able to tell us how people cognitively think, and we will be able to determine how to select a mark. Press a button, we'll be able to apply for it; press a button, we'll be able to register it. Press another button and you'll be able to determine whether or not it's infringing another mark, if there's a conflict. Tom, I think I've probably run out of time, haven't I?

Tom McCarthy (Moderator): Thank you very much. Well, Miles, I don't know if that's a future to look forward to, or to dread.

Our next speaker is Eric Goldman. Eric is an Associate Professor of Law and Director of the High Tech Law Institute at Santa Clara University School of Law. A graduate of UCLA, he practiced Internet law for eight years in Silicon Valley until he became a full-time academic nine years ago. Eric is widely known as a leading expert on high-tech Internet, IP, and marketing law issues. Many of you, as do I, regularly read his famous blog. When Eric speaks on a new case or on a cutting-edge, technological, or Internet issue, the IP profession pays attention.

Professor Goldman's job today is to comment on the impact of technology on trademark law and to try to predict what the future may hold as technological change accelerates.

Eric Goldman: Thank you very much, Tom, and thank you to all of you for coming, especially for either shifting your lunch early or late. It's a weird time to be focusing on substance when we're all hungry, but I appreciate that. And being on this panel with these other co-panelists is a real thrill for me, so thank you.

I have three-and-a-half points that I'd like to try and sketch out here, and we'll see if I can tie them all together in a logical way. But the general theme here is what has changed technologically or in our social practices that goes to the animating themes of trademark law that Miles laid out for us.

Let me offer up my first point, which is that technology and the rise of things like the Internet have reduced the ability of brand owners to control their marks and the way that people perceive their marks in irreparable ways. Let me give two specifics on that.

First, in the old days, and I'm not sure what we mean by that, but some earlier time than today, the rules of engagement with consumers were actually quite clear. You had your four Ps of marketing, and, in terms of your channel, you would exercise very tight control over your channel, and by doing so you could really control a lot of how the consumer would ultimately interact with the product. You also knew the rules of engagement with respect to advertising as well as to working with the press. There was a very well-defined universe of people in the press, and you would do everything in your power to try and get them to espouse your brand in talking points. And thereby you could also control then the way that the mass media depictions were presented to consumers, both through your own advertising as well as how you spun the media.

None of that really works anymore. The channel control that brand owners used to exercise has degraded substantially. It has become virtually impossible to control your channel the way that you used to. And your ability to spin the mass media doesn't make sense any more. First of all, all the journalists are out of work. Second of all, there's been a rise of new intermediaries who are talking about your brand in ways that you now can't control—you can't control what they say the way that you could with these targeted gatekeepers before. In particular, the Internet has enabled what I call "online word of mouth." We're somewhat familiar with offline word of mouth. This is what I refer to as water-cooler talk: "Hey Joe, how was your weekend? What did you do?" And then whatever response it is, wherever you hear that Joe engaged with a vendor or a product—say he went to the movies—you have a conversation.

“How was it?” And then you’d have a dialogue that would basically be a transmission of one consumer’s brand perspectives to another. That offline word of mouth has always been a very powerful force, but it’s been relatively limited in its overall footprint for any one consumer. It was slow to transmit. You had to talk to one person, and they had to talk to the next person, and so on, and it would take a while to propagate. It was low scale. One person might talk to a few people, maybe a couple dozen people at most if they were quite chatty. And it was influenceable in the sense that if you could find the people that had the larger networks and nodes, and give them a good experience, then you could definitely control how the conversation went.

Online word of mouth is the same thing. It’s us talking to each other as members of society and as co-consumers, but it lacks the same kind of restrictions that the offline word of mouth had. Online word of mouth is lightning fast. You’re now seeing that for movies, for example; over the weekend, you can see the change in movie box office receipts from Friday to Saturday. It’s because everyone who went on Friday went to their social media account, their Facebook or Twitter page, and said, “This movie was great,” or “This movie sucked.” As a result, we’re seeing instant feedback in the marketplace from consumers. Online word of mouth can be mass market now. Individual mommy bloggers can have hundreds of thousands of readers, and one individual consumer can sway a huge number of other consumers in the marketplace. As a result, online word of mouth is extremely difficult for a brand owner to control. There are now too many access points for people to speak up and talk about, and it moves too quickly for brand owners to be able to steer it in a direction that they want.

So the old rules of engagement—when there were tight controls over channels and there was tight control over who got to speak to the public—have changed in a way that has changed the rules of engagement for brand owners.

Let me move on to my second point, which is interrelated with the first one, and this is the crumbling distinction between commercial and noncommercial activity. This is nothing new; we’ve had dilemmas over what constitutes commercial activity in every legal doctrine where that distinction matters, and we’ve had that dilemma between noncommercial and commercial activity for decades (if not centuries) in trying to regulate it. It’s certainly impacted trademark law in very profound ways.

Let’s start with the basic assumptions. First of all, trademark law here in the United States is predicated on the constitutional authorization under the Commerce Clause. Trademark law is only supposed to reach things that are “in commerce” by definition.

That's all that we're allowed to do. But putting that aside, I always look at trademark law as a tool to solve a particular set of marketplace deficiencies, a particular set of rules of engagement about how people can sell against each other. And the further you get away from that, I think, the less robust or the less accurate trademark doctrine gets. So where we have a degradation of the distinction between commercial and noncommercial activity, it really hits trademark law hard, and it's something that the doctrine simply hasn't been able to keep up with.

Let me give you some examples of this. Think about some of the old examples of not-really-commercial activity that trademark law had tried to reach. Things like Disney trying to bust the Air Pirates' depiction of Mickey Mouse holding a gun, or the *Screw* magazine depiction of the Pillsbury Doughboy engaged in unspeakable sexual acts. Trademark law tried to reach these types of quasi-parodies/quasi-commentary, because they were in a commercial product as such, as in our example of *Screw* magazine. Commercial activity is no longer required to reach large audiences. For example, a viral video on YouTube can reach a hundred million people, get a hundred million views. Yet, when we're honest with ourselves, for all practical purposes, that's not a commercial activity. There's no way for us to fit the notions of what constitutes commercial activity under trademark law to fit a viral video that someone happens to post to YouTube.

Or another example of this is when someone creates a Twitter account that is a parody of a brand. One of my favorite examples of this was the BP Oil Spill Twitter accounts. Some of you may remember that. It was someone who was pretending to be the BP communications person making very sharp social commentary about the big oil spill in the Gulf of Mexico. And it racked up countless followers; I don't even know how many followers it had at the end, but it was reaching an unbelievable number of people, and it wasn't commercial, if you give any meaning to that term in trademark law. In the past, we didn't have the ability to engage in the large-scale mass-media-type activities that were really not commercial as trademark law would think about it.

Trademark law has been trying to wrap itself around some of this activity, and that's when trademark law starts to break, when people try to interpret the likelihood of consumer confusion to reach activities that are not commercial. Trademark law doesn't work when you start to say we're not confused about products in the marketplace, we're confused about something else, and we try to wrap trademark law around that. Or for those of you who were around for yesterday's discussion involving the functionality doctrine, what we see is that the term "functionality" has a dictionary meaning, and it was supposed to have a precise

definition in trademark law. And the dictionary meaning gets important when we're trying to wrap it around activity that is not traditionally part of trademark law.

Let me give a specific application of the combination of the degradation of commercial activity as a prerequisite to reaching large audiences, as well as the rise of online social, online word of mouth. So this is my half point that I mentioned or promised to you. In particular, what we've seen over the last few decades is the emergence of mass-media private namespaces. Let me explain what I mean by that. A namespace is where there's a universe of names that are available for people to use that are allocated on whatever method. They could be first-in-time, or they could be allocated based on some other ordering scheme. And in a sense, trademark law acts as a legal tool to manage a namespace. We have a way of deciding who gets the right to use a particular term in the marketplace.

There are all kinds of other namespaces that have been developing over time, and I'll give you some examples. The 1-800 namespace, when people want to have a 1-800 phone number and then attach a particular unique identifier to that. Or domain names as a type of namespace, where there's a limited pool of names that are available, and we're going to make a decision about who gets them. Or more recently we've had the private namespaces created by Internet companies, things like the usernames that people can have for their e-mail address, or the usernames that people can have for their Facebook or Twitter accounts.

All of these become a way for people to present a public persona to the world at large. Some of those public personas may be expressly commercial. Someone could go out and try and build a brand that's identical to an existing brand, using as their anchor one of these private namespaces.

But they could also be entirely noncommercial. They could be the BP oil spill communications parody, where someone can look like they are adopting a name that includes the brand of a big-brand owner, and go out and present information that is sort of like the kind of information you might get from a big-brand owner but is completely unrelated to that. And what we find is that trademark law is really struggling with how its rules for allocating its namespace apply to these new private namespaces. What we've done, in effect, is we've had to build the rules in each new namespace. So, for example, we have rules related to 1-800 phone number allocations, and those rules are different from the rules that we have for the allocation of domain names. We have a whole bunch of systems to govern the allocation of domain names, and those are different still from the way that we allocate the private

namespaces of things like Twitter and Facebook. And we have to redevelop new namespace rules each time as we go along. That has continued to pose challenges to trademark law as it tries to figure out how these large-scale activities can take place, using these things that look like they are allocated to a particular brand.

I'm going to close with my final point here, which is just to talk about one inherent tension for the future, and I think this dovetails nicely with the point that Miles made about the zealous enforcement and perhaps overzealous enforcement of rights by trademark owners. I think when we look back at some of the classic doctrines in trademark law—things like the multifactor likelihood of consumer confusion test, or things like the dilution test—that we can trace back to over eighty years ago, these doctrines were formed without a whole lot of education from other social sciences about how consumers actually process information or how consumers make choices in the marketplace. Over time, over the last several decades, we've gathered a lot of new information about how consumers process information and how consumers make decisions in the marketplace. Trademark law hasn't really done a very good job of keeping up with the literature, in a sense. We have the development of trademark doctrine and we have a whole literature about how consumers behave, but only rarely do we see overlaps between the two.

Now, in the courts we have some ways of dealing with that. So, for example, we can do consumer surveys. I know many of you in the room have dealt with consumer surveys, and I'm guessing very few of you are fans of consumer surveys. You know that there's a lot of junk science out there. You also know that you're not upset when your opponent goes out and does a consumer survey, because you know they spent a lot of money on something that with just a little bit of money you can rip to shreds. So the scientific quality of those consumer surveys is low, but notice that they are an opportunity for the trademark litigants to inject some social science into a trademark adjudication. The courts at least have a mechanism for doing that.

Notice, in contrast, that the legislators have no mechanism for doing that. There isn't an academic community that stands up and says, "Hey, legislators, we've studied what you're talking about. You ought to consider this as a new paradigm for thinking about the ways that you govern consumer behavior in the marketplace." And, in fact, what happens, as we all know, is that rent-seeking takes place. We have trademark owners who have a vested interest in what the doctrines say, in going and saying to Congress or the other legislative bodies, "Here's the problem I see in the marketplace—give me a new tool to fix it."

So I think one the biggest questions for trademark law is whether we'll ever build it to actually try to govern the way that consumers actually engage with the marketplace, or if we'll build it by the type of rent-seeking that we've been alluding to, and whether or not then we'll have a trademark law that actually is designed to help consumers accomplish their goals based on the way that they actually behave. Thank you very much for your time and attention.

Tom McCarthy (Moderator): Our third speaker is Sir Robin Jacob. Sir Robin is in the process of changing titles. That is, he is shedding the title of "Judge" and donning the title of "Professor." He is now the occupant of the Sir Hugh Laddie Chair of Intellectual Property Law at University College London and he will also on occasion act as an arbitrator and mediator. After reading natural sciences at Cambridge, he read for the Bar and took an LLB from London School of Economics. After practicing for years at the Intellectual Property Bar and becoming Queen's Counsel, he was appointed to the bench in 1993 and was appointed a Lord Justice of Appeal eight years ago. Widely known as a leading expert on intellectual property law, we call on Sir Robin to survey the changes in trademark law outside the United States and take a look at the future to see where the law is heading.

Sir Robin Jacob: This is my first time at INTA. I was told that basically what happens at the Annual Meeting is that every single person who attends gives his or her business card to every other person, and by my calculation that makes 81 million exchanges of cards. I didn't bring sufficient cards for that purpose, but I've had a lot of fun here so far.

Well, looking back first, the last 100 years, I was told—I can't give you the European view, because there isn't 100 years of European view. Each country did its own thing until 1994 when the Trademark Directive came into force. My country started registration probably earlier than most, in 1875, and prior to that, the common law had recognized a right of property in a trademark which it had put into use. Many people now think, oh, we're very conscious of brands now and they weren't so much in the past, or something like that. No way. A very important product back in 1875, and a pretty important product still, is Bass beer. The Bass beer company sent a guy to get the trademark registrations number 1, 2, and 3 by sitting on the patent office door as first in the line, as *you* would call it, and queue, which is what it *really* is. And they got 1 to 3, and they were not word marks. They were badge marks. And they also got trademark 999, a simple plain red triangle.

So, big traders were looking for non-word trademarks, what you're beginning to call exotics, right from the very beginning of

trademark registration. That Bass trademark actually achieved huge fame. It's in the famous Monet painting of the bar at the Folies Bergère, where you see the barmaid and behind her you see a bottle of Bass beer.

While looking back 100 years, there was certain caution amongst the judges and amongst the legislature. One English judge put it this way, in a case where somebody wanted to register the word "perfection" for soap. He said, "Wealthy traders are habitually eager to enclose part of the great common of the English language and to exclude the general public of the present day and of the future from access to the enclosure." And they said, "No way you're going to have 'perfection' for soap, because somebody else might want to use that in trade, perfectly naturally."

Actually, even then there was a defect in trademark law, but perhaps not, because if it was not being used as a trademark, why shouldn't one person have it? Provided there was a proper defense of descriptive or laudatory use? Well, there's an answer to that, too. The big trader will sue the little guy anyway. No change there, either.

Another big subject which was rattling around then is whether you could have a trademark divorced from a business. Can it be a kind of separate monopoly with no trade? Well, the English judges said no, you can't have that; a trademark is annexed to a business, it's part of a business; you can't separate it. And the story of the 100 years in the past has been the pushing by wealthy traders of those lines backwards. They want to enclose, and to enclose not just words, but designs and even inventions. A most recent example is Lego's failed attempt to try and register the Lego brick as a trademark, a battle they've been running for years. They say copyright protected them, patents protected them, designs protected them. Actually, they stole the brick from an Englishman, and that's why it's not metric, because it's in inches. It's a dead fit.

Well, now then, this pushing back has been both at the courts and at the legislature. In my country they achieved a huge success when comparative advertising by the use of trademarks was banned, from 1938 until the new directive came in and replaced our old trademark law. Utterly banned—you were not allowed to say this drug, this medicine, has this formula, exactly the same formula as the one under a well-known brand. The very thing that you suggested would be something that could be done on the Internet in the future very easily and would be banned under that old English law, and probably now would be banned by European law.

The wealthy traders invoke things like free riding. We invest, they take it, they say. And they shout it loud. It's a shout which

overlooks many things: the values that we as a society put on things like elite trademarks. We used to have a name in my old chambers for things like the high-brand, high-fashion trademarks. We used to call them “snob marks.” And the point about the snob mark is you show off you’ve got the mark, and so on. That shout was and still is heard more readily in continental Europe. Continental law doesn’t have the same suspicion of monopolies that the common law does, and it’s happier with fuzzier rules of law such as unfair competition. There is indeed a concept that the market belongs to the trader, something which the common law eschews. The market is out there, and the traders are trying to sell to it.

Well, the current state of European law has gone very very pro-trademark owner, much more so than in the United States and much more so than in the Far East. Is that a good thing or is that a bad thing and what will happen next?

My own view is that in European terms, we will find some pulling back. I made available a couple pieces of paper. One was the article I wrote in 1997 for the Fordham conference, which, looking back now, was an exact description of what the European Court of Justice has held in the *L’Oreal* case, that you cannot truthfully say that a perfume smells like a famous brand. Now, I’m surprised that anybody can produce something like a copy, and it sells for a dollar or so in the market in completely nonconfusing packaging—cheap cardboard outside—and a very ordinary bottle inside. But apparently you can, and not only can you make it, but you can make it smell like some famous original. And the Court of Justice says, well that’s not allowed to say so even though it is lawful to make the product. And I think that’s a very unfortunate development, because I think one of the real important things is that people should be allowed to tell the truth in trade as well as they can elsewhere, and I think we don’t need to protect brands that far.

Notice that word I use—“protect.” In every debate about intellectual property, you can have exactly the same word meaning, with a connotation that’s quite different. “Protection” sounds good against something nasty. Change the word, we call it “monopoly,” and suddenly it’s something nasty, which is dangerous and bad for the public.

Will the United States go Europe’s way? I wonder. You did with Mickey Mouse copyright protection. The Germans, for reasons which nobody can really find out but it’s something to do with one or the other or both wars, had seventy years of protection from the year of death of the author for copyright works; nobody else in Europe did. The European Commission said, well, that’s very

unharmonized. We'd better harmonize; they couldn't harmonize down because that would mean taking rights away, so they gave everybody another twenty years' protection. And Mickey Mouse, watching from over here, said, "Well, I want another twenty years too," and you got it.

So will the Americans go the same way and become more protective of brands? I think that's an interesting question. My suspicion is they will not, because the common law will be against it, and my suspicion is it will not happen in the Far East either, partly because some of the Far Eastern countries have English law traditions, particularly India, Singapore, Hong Kong—and partly because I think the spirit of competition is quite strong out there at the moment, and the spirit of competition is probably what is going to push things forward, which is another reason why I think the whole attitude of the European Court of Justice about protectionism is unsatisfactory.

Will the Europeans abolish another stupid rule, which is that you don't have trademark exhaustion? If somebody imports into Europe KODAK film made in Rochester, New York, it is an infringement of the European trademark KODAK unless Kodak has positively assented to the import. Now, that is completely mad; it has missed the whole point of trademark law and causes all sorts of extra difficulties which Europe is now facing when they find genuine counterfeit goods, if you see what I mean, passing in transit through Europe but not ever destined for sale in Europe. Why? Because they've gotten themselves a crazy doctrine of trademark infringement in the first place. Trademarks are not like patents. With patents you can divide markets territorially. But trademarks are saying something, and if they're saying the truth, they should be allowed to go wherever they want. If they're lying, they should be strangled.

More exotics have come along the way as the appearance of goods. I don't think, again, that's a new idea. Someone was trying to register the appearance of goods in England in 1887. True, the judges wouldn't have it, but by the 1930s they were allowing the appearance of some types of goods to be registered. A very famous case went to the House of Lords about stripes on firemen's hoses. Lord knows why the market was worth going all the way to the House of Lords on firemen's hoses, but it was. And the striped hose was permitted as a registered mark.

So where will the future take us in terms of extent of protection? I think we've gone about as far as we're ever going to go, and I hope we're going to go back a bit. I can't think it could go much further for Europe. What else could brand owners want that the law

doesn't give them at the moment? So what the future will bring is other things. It will bring technological change.

Now technological change, I think, is going to have an impact we can't really begin to understand. Counterfeiting may be dealt with by technological change. It may be facilitated by it, but it may also be stopped by it. But there will be technological battles, which it's not fair to expect trademark lawyers to predict.

I want to conclude with one thing. The suggestion is that over the years there's been huge change and there may be more huge changes in the future. Deep down that's not so. Most trademarks which matter—and really matter—are word marks, and they always were and they always will be. So that if you were to go back and look at newspapers and advertising material from the Edwardian Age 100 years ago, you're not going to find it so different. There were snob marks then; there were counterfeiters then, rather fewer than there are now, because it was more difficult. But basically trademarks were performing the same function then as they are now and as they will be in 100 years' time, whatever the way the market works then. Thank you very much indeed.

Tom McCarthy (Moderator): We do have a few minutes left for questions, and we have microphones around the room so we can hear what your question is.

Sir Robin Jacob: We're going to have some questions for you as well.

Tom McCarthy (Moderator): Yes, a question, gentleman in the front, please. I'll try to restate it if—

Question: Robin, I told you that sometimes we disagree on trademarks, although we mostly agree on patents, and here I just heard your description of the *L'Oreal* case in a way that you should have the right to tell the truth in trade. But isn't that giving a free ride, in a sense, that I tell you I imitated and stole a scent, and now you buy it from me? That, for me, is the short form of what the *L'Oreal* case was all about.

Sir Robin Jacob: I don't think so. They had made a copy; it was a lawful copy, and that's the important thing. The law allows you to copy a perfume. Maybe the real worry of the big brand was the fact that these people could actually do this, and that the hundred-dollar bottle that they were selling, or two-hundred-dollar bottle, could be imitated. It's a lot to do with your attitude towards competition. It is, of course, in a sense, free-riding. But then, that's what every brand that comes in second in a market is doing. And I'm not sure, again, that the value is replaced, where you have a product like one of these expensive perfumes, where the marketing

costs are up well over thirty percent of the ultimate price—much higher than, say, a pharmaceutical or a useful object. This is all the kind of stuff that you might say is a flimflam of society rather than something that is really important. So a lot of it has to do actually with your perspective rather than anything else, your perspective of the nature of trade itself.

Tom McCarthy (Moderator): Question in the front? Yes, thank you.

Question: Good morning. Eric, you said something very intriguing, which was that courts have the flexibility to learn from social science. I assume that you used the concept of consumer survey evidence as an example, whereas Congress is essentially stuck in a place where all they can do is react to rent-seeking, competing claims for rent. Don't we end up with a problem, though, doctrinally speaking, that the Lanham Act should at some level be directed by Congress if there is a need for true change, and especially considering in the United States we have this huge problem with the different circuits making essentially different bodies of law across the country, the process they referred to, is there any way that you think that we can get a uniform and legislative solution to these problems?

Eric Goldman: Thank you very much. So much of U.S. Lanham Act law is delegated to the common law. Things like the multifactor likelihood of consumer confusion test are not statutory at all, and judges in theory would be free to find ways to make that test more in accordance with scientific evidence or better social science understandings about consumer behavior if they wanted to do so. There's nothing that would restrict it legislatively. But as you point out, then, the problem when the courts are doing it is that we get differences in circuits or differences within courts, and so we already have a problem with the likelihood of consumer confusion test. Every circuit has its own flavor of it. They're not radically different, but they are different. And so we don't really have a way of harmonizing that very quickly and perhaps never, if there was, in fact, a brilliant insight about how to develop the doctrinal test. So if we were to want to achieve that and to steer the process, we would need that to be done legislatively. The courts can kind of be entrepreneurs in this area and come up with some new and innovative ways to think about it. But in order for us to ensure that it gets incorporated into law, it has to be legislative, and I'm bearish about the ability of those kinds of discussions actually taking place in Congress. If the answer is that, in fact, trademark owners have gotten too many rights or that a particular doctrine is too trademark-owner-friendly, then it's going to take quite a miracle for that to be incorporated into legislation, where we say, "Okay, trademark owners, you had a great party but the

party is over; there are new winds blowing.” That would be quite a remarkable outcome. And so, really, I think all three of us in some sense have given a challenge to members of this audience and are asking you to recognize that as trademark owners you have the opportunity to be sensitive to the full range of perspectives that inform how we should develop a doctrine. Rent-seeking is only one of those, and if that’s the way you go, I think that poses some deep troubles for the future of trademark law.

Question: Last week, the district court in Utah handed down a decision involving a website which used the Koch Brothers—not just to mention the company, but actually created a website that looked like it was put up by the Koch Brothers. And the court ruled that the Lanham Act does not reach purely expressive conduct, which it held this was; this was not commercial in any way. And my question, I guess, for Miles and Eric is: Do you agree that the Lanham Act, notwithstanding some cases that have enjoined expressive conduct in truly deceptive situations, does not reach a situation where someone doesn’t simply use someone’s trademark but actually masquerades as that speaker? And if not, is there any remedy when that is done, keeping in mind that it’s not only the pranksters who do it, but that anyone would have that privilege if there’s no remedy against it? In other words, the forest industry could create a fake Sierra Club website. Is that beyond the reach of the Lanham Act, and, if so, is there any remedy for that kind of deception?

Eric Goldman: Thank you. I think that’s a fine example of some of the dilemmas that I was trying to describe in my remarks. We have the problem of trademark law governing inauthentic products in the marketplace and then trademark law trying to govern inauthentic content in our ecosystem. And trademark law, I think, generally does a pretty good job with the former, and it does a really poor job of the latter. So in my mind, actually that might be a very fine example where we would say there really is no commercial activity that warrants intervention under the ways that we think about trademark law. That might be an example where we would make that divide more explicit. Or we might decide that this is a situation where people are talking about a brand, and obviously making sharp, pointed remarks about the brand, but the kinds of things that ought to be completely legitimate in our discourse.

Now, in terms of the inauthentic content problem, it’s my argument to you that trademark law is not the right home for that. There may be other legal doctrines that are useful for cleaning up inauthentic content, and I’ll give you the example. As you may have seen, the FTC is going out of its way to articulate its rule about how it thinks people should be honest and forthright in

identifying who they are when they're speaking. So, for example, if a competitor sets up a skill website, doing exactly the same content you just described, we might treat that as a violation of the FTC Act and under the FTC's purview, but we might decide that trademark law should not be the legal doctrine to get there, because we've taken it too far. We've tried to make trademark law do too much work in ways it's not built to do and ultimately will be disadvantageous for us to ask it to do.

Miles Alexander: I think you really have a First Amendment issue in many of the websites, and the Federal Trade Commission Act, in Section 5, really doesn't require competition. It requires deception of the public, and we have laws to take care of that, and we have state laws that could take care of it and consumer protection laws that take care of it. So most states have a Fair Business Practice Act that permits consumers, attorney generals, and, on the federal level, the Federal Trade Commission, to do so. It goes back to the question that I asked: Is the trademark law intended to protect consumers from deception and incidentally protect owners, or is it meant to protect owners of trademarks as a proprietary right independent of confusion through the dilution doctrine? If it was the latter, you would have some remedy there. If it was the former, you would go a different route.

Question: That was the first time that I heard the word "property" or "proprietary" mentioned by any of you, and I was just struck—and I don't know whether to be depressed or inspired to write more about this—because we can't forget that trademarks are property, and the trademark owners have the right to use whatever legal means are available to protect that property. Now you mentioned, Professor Goldman, the *Disney v. Air Pirates* case. But what you neglected to mention was Mr. O'Neill, who was the lead dog in that case, provoked Disney. He smuggled copies of the comic book into the boardroom through the son of a board member. He wanted the lawsuit for the publicity. If you're an underground comic book artist, who wouldn't want that publicity? And I'm going to suggest it's not the likelihood of confusion test that we should be looking at; it should be a likelihood of intent test. Because we all read the same cases in law school and read the same cases now—a lot of infringers, why else would they do something with BP or COCA-COLA or MICKEY MOUSE: they want to take advantage of that. So my question to you is on a different level, for the "Betty Boop" case, where do you see this going for the Supreme Court, and if it goes to the Supreme Court, how do you think it will rule?

Eric Goldman: I believe there were seven questions in there, if I kept track—seven different points rather. I want to start with the first thing that you asked, or the first point that you made, because I think that you probably spoke for many people in the

room. The starting premise of many people in this room is that trademarks are property and that answers any question that we might ask. I would point out two things about that. First of all, property is its own legal conclusion and one that I think we should be thoughtful about whether we conclude that it applies to trademarks. In other words, when we think about real property, for example, we have centuries of law that built up to define the boundaries of property rights. Importing all those norms into something like trademarks, I think, really doesn't help the discussion. In my opinion, it hurts it.

But if you cut through the nomenclature, you'd say property is about bundles of rights, and the rights that trademark owners have are, in all likelihood, much more balanced or much more nuanced than they would be for real property, for example. We simply can't allow—we can't live in—a world where there's this fence around a trademark, and that's the end of the discussion. That doesn't even make any sense; I don't even know how to conceptualize that. But what I would propose then, and the reason that you didn't hear "property" from me, is because I don't think that helps the discussion. I think that, in fact, we should talk about what rights the trademark owner has, and then we should talk about what rights everyone else has: competitors, commentators, the public at large. And we need to balance all those rights in order to come up with the economy that works.

Now, to your last point about the Betty Boop case, we did discuss this a little bit yesterday in our functionality panel, and I'm sure that it has been discussed elsewhere. I know that the trademark community is buzzing about that case. I personally find it a very complicated case because of the copyright/trademark borders in that case. We are dealing with a situation in the Betty Boop case where we have an asset that has come out of copyright. They've gone as far as they can under copyright law and it's now, in theory, supposed to be free for the public to use. And now we're trying to say when can trademark law sit on top of that and backstop what we thought we as the public might have gotten under copyright law. I personally think that the Ninth Circuit's panel opinion was idiosyncratic. I will be intrigued to see if we either get an en banc ruling or a Supreme Court case out of this. And if we do, I wouldn't be a bit surprised if we get at least a different explanation, if we don't get a different result.

Miles Alexander: Let me say that I thought I did mention property rights, because dilution is primarily a property right concept, and we discussed dilution. Prior to the dilution statute, cases were very clear that trademarks were not per se a property right, in my view. When I argued cases I always said there were three parties to the litigation: there was the plaintiff, the

defendant, and the public, and the public trumped everything else. The dilution statute was a major move. It was the first time in this country that we had rights in a trademark absent confusion or likelihood of confusion. Whether we move to a property right concept probably depends upon the strength of this Bar and the strength of trademark owners to get that legislation fully recognized. A lot of courts have adopted that concept now. But I find it very troublesome for the Constitution of the United States to clearly create property rights in patents and copyrights but very clearly to have not done so in trademarks. What we have established through what I think is very effective lobbying by trademark owners is that you can now have a trademark created after the expiration of a patent, after the expiration of a copyright. MICKEY MOUSE then can become a trademark because it's licensing goods for "Mickey Mouse," and that can be done with many other copyrighted and patented items. There is also the issue of a shape, after the patent expires, becoming, in fact, a trademark. The real issue is from a policy standpoint—is it good to have Mickey Mouse in the public domain after the copyright expired so people could use it as a decoration on a T-shirt? Or because Disney licenses clothing should it be able to continue to exclusively appropriate Mickey Mouse because people think it's going to emanate from Disney? Lord Jacob wrote an opinion, with which I don't agree, that nobody would confuse a Disney T-shirt coming from Disney with Mickey Mouse on it with a non-Disney T-shirt as a decoration. I believe that in this country licensing is so prevalent that seventy percent of all newly branded products in this country emanate from brand extension.

I mentioned one other concept that troubles me, and that is we, representing large international trademark owners, forget the fact that if we go to Provence in France, or Clovis, New Mexico, and walk down the street, ninety percent of the trademarks used are not registered. Every little store and shop and restaurant has its own trademark. They can't afford the price of the lawyers to obtain international registrations or national registrations. So the real challenge to the world in seeking a common trademark system is to take a look at the United States system, where we have constructive national use after we file an intent to use application and get a registration. That applicant then owns that mark throughout the United States, except where there is a local user that predated it. That is true even for a mark like HOLIDAY INN, where there were prior Holiday Inns around the country, and they were carved out with rights in their 20-mile radius. If we're going to have an international trademark system in Europe or anywhere, we're going to have to find a way to acknowledge the massive number of small trademark owners who have vested rights and who would rise up in revolt if we were able to stop them

after fifty years of a family use on a local business, based upon a large international corporation registering it. In my opinion, you presume your conclusion when you say it's a property right. I believe that's where the law is and is going, but it's certainly not that clear.

Sir Robin Jacob: I didn't use the word "property," and I think exactly as you think. To bring the word "property" even into the whole debate about intellectual property is extremely unhelpful. Every right we're concerned with in IP is actually a bundle of different parallel things, for stopping other people doing things. The real question is not whether it's property or not, but should you be able to stop this particular thing or that particular thing. And if you bring the word "property" into the debate and say, "Well, therefore I can stop it," you've run in a circle the wrong way around.

Tom McCarthy (Moderator): I know you all are probably hungry and want to go to lunch, and so we will release you. Please join me in thanking our speakers.
