

Mark P. McKenna

Putting the Brakes on Shifting Definitions of Trademarks

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There has been a lot of discussion in the literature about the ways trademark law has come to treat trademarks as property. Many scholars who have written about this "propertization" have described it as a shift from consumer to producer protection. Once upon a time, the story goes, trademark law aimed to protect consumers against confusion. It gave producers a cause of action against others who used similar marks in ways that would confuse consumers—but it did so only because the producers happened to be well situated and highly motivated to vindicate consumer interests. A number of modern doctrines (many of which allow claims based on much

more attenuated forms of confusion or do not require evidence of confusion at all) reflect a problematic shift away from those consumer interests and toward protection of producer property interests.

I have written a lot about this narrative over the course of my career: I think it is overly simplistic and, in some ways, wrong. Trademark law has always protected marks as property and always significantly for the purpose of protecting producers. What *has* changed is that modern law conceives of the property interests much more broadly than it once did. So the important shift in trademark law was not one from a system focused exclusively on consumer



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interests to one focused on producers, or from no-property to property; it was a shift in terms of the nature of the property interest protected.

But even that revised narrative misses some important things about trademark law's evolution because it is insufficiently attentive to significant changes in the doctrinal structure of trademark law over the course of the last century—specifically, with respect to the relationship between trademark law and the broader law of unfair competition. Changes in that relationship, I will argue, *did* work a meaningful change in the "propertization" of trademark law. Relatedly, and necessarily, these same changes deemphasized legal rules that focused on the defendant's conduct (rather than the plaintiff's ownership interest).

The *Abercrombie* Decision: A Mashup of Concepts

As anyone who has taken a trademark class knows, the Second Circuit's 1976 decision in *Abercrombie & Fitch Co. v. Hunting World, Inc.* is the most black-letter of all the black-letter trademark law. In fact, if you were going to teach only one case in the entire course, it would almost certainly be *Abercrombie*.

What *Abercrombie* teaches is that the way we determine whether a claimed indicator is a trademark is by placing it in a category along a spectrum (generic, descriptive, suggestive, arbitrary, or fanciful). The placement of a term determines whether it qualifies as a trademark automatically, whether the term qualifies only with additional evidence (secondary meaning), or whether it is disqualified.

What's notable for our purposes here is that the *Abercrombie* spectrum serves as a way to determine whether a term is treated as a trademark or gets no protection. And the spectrum is a mashup of trademark and unfair competition concepts. Indicators now placed in categories at the top end of the spectrum are those that we once simply would have called trademarks. We now call those terms "inherently distinctive," and they are automatically protectable simply by virtue of the classification. Other categories, however, consist of indicators that were, by definition, not *trademarks*. Such as descriptive words. Those terms—like MILWAUKEE'S BEST—now potentially qualify as trademarks. We just ask their proponents for proof

that the terms actually do indicate source and, if the proponents can make that showing, we pretend they are the same as old-time technical trademarks. Conditions for relief in the face of not owning a trademark have been transformed into requirements for proving trademark status.

This transformation has been so complete that the Supreme Court accepted in *Two Pesos v. Taco Cabana, Inc.* (1992), a case about the design of a Mexican restaurant, and *Qualitex Co. v. Jacobson Products Co.* (1995), a case about the color of a dry-cleaning press pad, that trademark subject matter is now defined *entirely* functionally: it consists of "anything at all that is capable of carrying [source-related] meaning."

And when anything can be a trademark, there is no real need for a residual doctrine that provides relief for use of things that are not trademarks. If something does not qualify as a trademark, there is a reason—and the reason has to do with its lack of capacity to identify source, not its ontological status as color, shape, fragrance, word, or sign.

The Way Consequences Show Up

The consequences of assimilating unfair competition into trademark law were largely unconsidered, and they continue to surface in some of the most challenging modern cases. Here I want to highlight the way these changes have increased emphasis on property concepts and decreased emphasis on equity—or, if you like, on tort concepts.

In the former system I have described, the major cut between trademark and unfair competition was whether the plaintiff had a valid (technical) trademark. Trademark law proper was therefore primarily concerned with questions of validity (whether the plaintiff had a property interest in a trademark).

Because only indicators that unambiguously indicated source qualified as trademarks, trademark cases necessarily involved indicators that competitors had no legitimate explanation for using. And trademark owners could assert claims against direct competitors. As a result, once the plaintiff established ownership of a valid mark (which registration established as a *prima facie* matter),



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the only thing left to determine was whether the defendant was using the same or a sufficiently similar mark. Complicated infringement doctrines were unnecessary.

Unfair competition was at the opposite end of the spectrum. Those cases by definition did not involve a property interest, so in determining whether any remedy should be given, courts were not concerned with identifying the thing the plaintiff owned. They were instead focused on the defendant's *conduct*. Specifically, courts in unfair competition asked whether, despite the plaintiff's lack of a property interest in a trademark, it should nevertheless get relief because the defendant was behaving badly in trying to steal the plaintiff's customers. The doctrine was thick in equitable considerations; the plaintiff had to prove intent to pass off, or at least the defendant's conduct was calculated to have that effect.

Because modern law has eviscerated trademark law's subject-matter limitations and accepted that anything

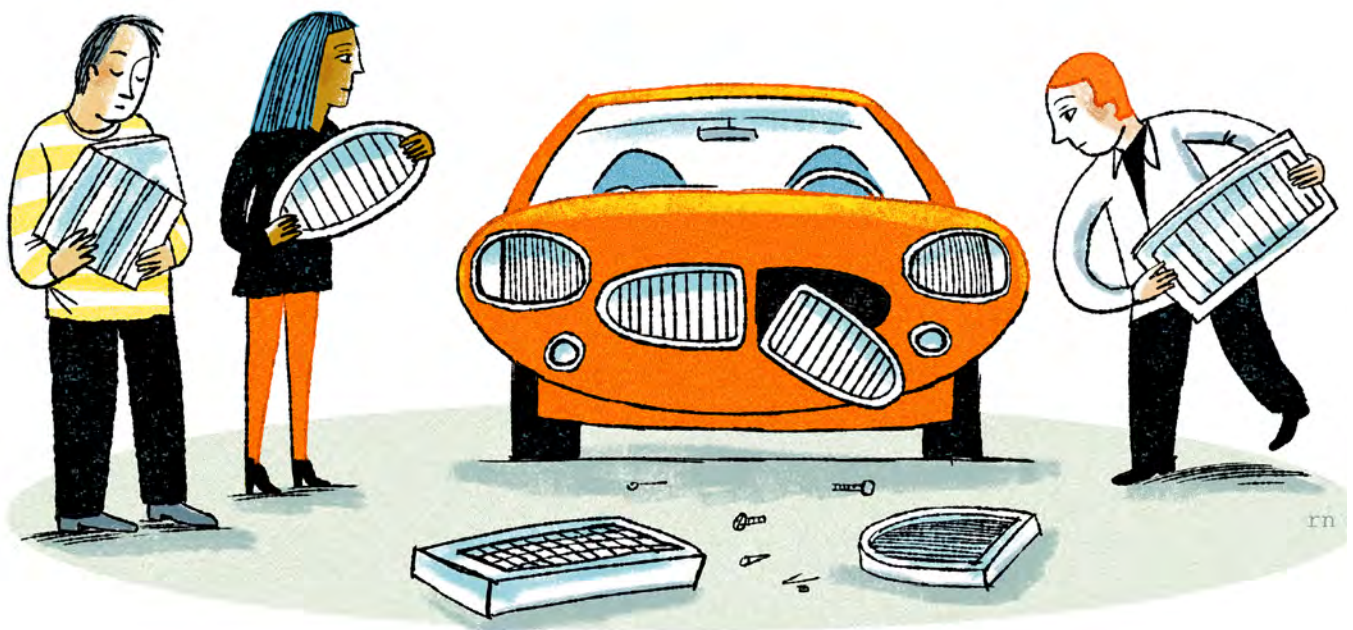
capable of identifying source can be a trademark, it has transformed cases that once would have been entirely about the defendant's conduct into cases that are largely—perhaps even overwhelmingly—about ownership. It has, to put it differently, shifted the balance of property and equity substantially in the direction of property. That has had a number of negative consequences.

An Example of the Impact: Aftermarket Auto Parts

Conflation of trademark and unfair competition law has also led courts to separate trademark cases into fairly formal validity and infringement phases. That is, of course, a doctrinal divide that did not meaningfully exist in the former regime. Trademark infringement cases were heavily (indeed, nearly exclusively) focused on whether the claimed indicator was a trademark (infringement being fairly straightforward once that was determined). Unfair competition cases, by contrast, had no “validity” phase and were entirely about liability.

Separating “validity” and “infringement” doctrines has made litigation considerably more complex and costlier. For one thing, it has exacerbated courts' difficulty in managing the scope of rights because it encourages claimants to treat their rights “like a nose of wax, which may be turned and twisted in any direction,” depending on the issue. Plaintiffs describe their marks narrowly for purposes of validity so as to differentiate them from features used by others and to avoid functionality objections. But then they ignore those limitations for purposes of infringement. Defendants, quite naturally, do the opposite. Courts often have difficulty managing these variations because they lack a doctrinal structure by which to identify the claimed mark for all purposes in the litigation.

At the same time, courts' overly rigid distinction between validity and infringement doctrines has caused them to struggle with certain kinds of arguments—even though they are persuasive and connected to



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trademark policies—because those arguments do not seem to arise in the “right” place in the case.

Take, for example, certain invocations of functionality doctrine. Manufacturers have in recent years taken to registering the designs of various auto parts as trademarks (things like front grilles). Sometimes they register the shapes of these parts with emblem or logo designs incorporated into them, but often they simply claim the designs themselves or with the space for the logo shown in dotted lines. And customs has begun seizing shipments of replacement auto parts that resemble the registered designs but are made by companies other than the mark owners or their licensees.

This is a new development. There has been a robust market for aftermarket auto parts for many years—a market that has, until recently, been regarded as entirely legitimate. Owners want to repair their damaged vehicles, and they want to repair them in a way that restores their original design to the greatest extent possible. They do not want to put a grille on their Jeep that does not match the original. And aftermarket-parts companies have, for a considerable time, supplied parts that allow the owners to restore their vehicles in just that way—and at lower cost than if the owners had to purchase the parts from the original equipment manufacturers (OEMs).

In fact, many insurance companies will *only* pay (or at least will only pay in full) for aftermarket parts. And in

a number of states, those insurance companies are legally obligated to use parts of like kind and quality to the OEM parts—which they obviously cannot do if the aftermarket parts look different from those sold by the OEMs.

Given these market dynamics, one might think the aftermarket-parts companies would have powerful functionality arguments in these contexts. According to the Supreme Court, features are functional—and therefore cannot serve as trademarks—when they are “essential to the use or purpose of the device” with which they are used, or the features “affect the cost or quality of the device.” The designs of these replacement parts could hardly be more “essential to the use or purpose” of the parts, and they clearly affect the “cost or quality” of the parts.

The features seem functional even if we consider competitive need—which we are supposed to do only in a subset of functionality cases. Exclusive use of the designs of auto parts would give the OEMs a significant—indeed, decisive—competitive advantage (because no one would be able to compete with them for replacement parts).

As a result, no matter how one approaches the question, all signs point to functionality in this context, and therefore to the legitimacy of the aftermarket parts. But when these seizures have been challenged, customs has rejected the functionality arguments. Why? Because courts understand functionality to be

exclusively a question of validity. And when those parts are incorporated into a new vehicle, courts think the designs seem to indicate source, and they do not seem to be essential to the use or purpose of the car or to affect competition among car manufacturers. Other companies can and do make grilles with different designs, and there does not seem to be a lack of competition among sellers of cars.

The argument about the functionality of the designs of auto parts is context-specific—it is an argument that those designs have a function when *they are used for replacement parts*, not that the designs cannot serve as trademarks under any circumstances. And courts do not recognize context-specific arguments as being validity arguments. Because the argument does not fit the validity pattern courts expect, they do not know how to deal with it.

What to Do

So this is the part where I am supposed to provide some grand solution to the problems I have identified. And given the tenor of what I have said so far, it probably seems as if I would argue that we would be better off if we just went back to the way things were—redefining trademark subject matter in the limited terms we once used and reinvigorating unfair competition as a distinct doctrine.

And though I might think that result would, in fact, be better (spoiler alert: I do), I am more realistic than that. We are so far down this road that we

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are not going to go back to the way things once were. Still, there are a few things we can and should do.

First, we should consider limited rollbacks in places where it makes sense. One obvious candidate is trade dress, and particularly product configuration, which I think is particularly ill-suited to trademark treatment. A number of the most serious and difficult problems in trademark law are a result of trying to accommodate this subject matter, and we would better respect the boundaries with other areas of intellectual property by returning to a system that denied protection for product features as such, subject to a more limited set of unfair competition remedies where real passing off was at risk. So, for example, when Skechers sues Easy Spirit claiming that Easy Spirit’s black-and-white slip-on shoes look too much like Skechers’s GO WALK tennis shoes, rather than litigating over which features of the GO WALK shoes Skechers owns, we would instead focus on whether consumers would think that the defendant was selling its black shoes *as Skechers* and consider ordering changes—perhaps in name or packaging or other materials—to make the actual source of the shoes clear.

Second, even short of completely reinstating unfair competition rules, courts could be more aware of what has happened and be less rigid about the validity/infringement divide. They could understand better the origins of defensive doctrines and be more willing to treat them like true affirmative defenses. They could rediscover equitable discretion (indeed, the statute still tells them to do so!).

Finally, and more generally, we need to give some serious thought to the role of unfair competition going forward. Right now, unfair competition is largely a zombie doctrine. Plaintiffs invoke unfair competition in the shadow of their trademark infringement claims—ostensibly as some kind of backup claim. And they are emboldened in doing so by comments from the Supreme Court that Section 43(a) is not a complete codification of common-law unfair competition. ■

