

**WE ALL KNOW IT'S A KNOCK-OFF!
RE-EVALUATING THE NEED FOR THE POST-SALE CONFUSION
DOCTRINE IN TRADEMARK LAW**

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Counterfeit luxury goods have become an undeniable part of the global economy. It is estimated that these goods account for roughly seven percent of the global marketplace. With the emergence of the counterfeit market, consumers have become sophisticated shoppers who are knowledgeable and educated about their brand preferences as well as the availability of counterfeits, replicas and knock-off luxury goods. Indeed, research suggests that consumers are eager to purchase unauthentic products to gain status, without the cost. To combat this trade, trademark holders have sought infringement actions against the purveyors of counterfeit goods alleging post-sale confusion. Post-sale confusion provides a basis for finding a likelihood of confusion where the purchaser is aware that the product is fake, but the general consuming public may believe the counterfeit article to be a legitimate good. This Article evaluates whether the post-sale confusion doctrine is a legitimate expansion of trademark law and argues that such a doctrine is no longer necessary in a sophisticated marketplace where other remedies are available to curtail the trade in counterfeit goods.

I. INTRODUCTION

Canal Street¹ exists almost everywhere. Whether at a mall

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¹ Canal Street is the infamous street located in New York's Chinatown known for the availability of replica bags, watches, and other high-end goods. See Christine Hauser, *City Agents Shut Down 32 Vendors of Fake Items*, N.Y.

kiosk, at a street vendor, at a flea market, or on the Internet, vendors are making available to many consumers what they desire—counterfeit luxury goods.² Many consumers are eager to obtain replicas of well-known designer products. These purchasers are neither deceived nor preyed upon—they are bargain-hunting, savvy consumers interested in achieving their desired social status.³ However, such savvy consumers are not the focal point of the post-sale trademark confusion doctrine.⁴ Rather, the post-sale trademark confusion doctrine targets a hypothetical, non-purchasing consumer that might be deceived by the consumer accomplices—the purchasers of counterfeit goods.⁵ Post-sale trademark confusion provides a remedy to the trademark holder when an inferior product bears a mark that is identical or confusingly similar to the trademark holder’s mark, which has the potential to diminish the reputation of the trademark holder’s brand by potentially confusing a non-purchaser that the inferior product belongs to the trademark holder.⁶ Indeed, much like traditional

TIMES, Feb. 27, 2008, http://www.nytimes.com/2008/02/27/nyregion/27chinatown.html?_r=0.

² Luxury goods are goods that are expensive and associated with a high-prestige designer. See Arghavan Nia & Judith Lynne Zaichkowsky, *Do Counterfeits Devalue the Ownership of Luxury Brands?*, 9 J. PROD. & BRAND MGMT. 485, 485–86 (2000). The traditional definition of luxury goods defines these commodities as status goods—goods for which the mere use or display of the good conveys prestige upon the owner apart from any functionality or utility. *Id.* The mere use or display of a particular branded product brings prestige on the owner, apart from any functional utility. *Id.*

³ See Keith Wilcox et al., *Why Do Consumers Buy Counterfeit Luxury Brands?*, 46 J. MKTG. RES. 247, 255 (2009).

⁴ See *U.S. v. Torkington*, 812 F.2d 1347, 1352 (11th Cir. 1987) (explaining that post-sale confusion refers to the mistaken belief of potential consumers that a product is that of the trademark holder); see also *Payless Shoesource, Inc. v. Reebok Int’l Ltd.*, 998 F.2d 985, 988–90 (Fed. Cir. 1993) (commenting that post-sale confusion is found when a potential consumer is likely to associate the product with the trademark of another).

⁵ See Mark P. McKenna, *A Consumer Decision-Making Theory of Trademark Law*, 98 VA. L. REV. 67, 102 (2012).

⁶ See, e.g., *Gibson Guitar Corp. v. Paul Reed Smith Guitars, LP*, 423 F.3d 539, 552 (6th Cir. 2005) (finding that post-sale confusion is appropriate when inferior products have the potential to damage one’s reputation in the

trademark confusion,⁷ post-sale confusion analysis must take into consideration the sophistication of the marketplace as well as the potential purchaser of the goods and services being counterfeited.⁸ As such, when evaluating the likelihood of post-sale confusion, the focus initially is on the ordinary or reasonably prudent consumer.⁹ However, in identifying the ordinary or reasonably prudent consumer, it is imperative to look to the degree of consumer care and the consumer's relative sophistication.¹⁰ If a consumer can be expected to exercise a high degree of care in the purchasing decision and is determined to be of above average sophistication, the likelihood of confusion is diminished.¹¹

In a society where counterfeits are not only sought out by consumers, but also recognized by the sophisticated shopper, it is important to re-evaluate trademark doctrine to ensure that it has not been expanded beyond its core policy principles. Research conducted by social scientists suggests that consumers are indeed aware of counterfeit goods and seek them out for a variety of reasons, ranging from price to status associated with the luxury brand.¹² This Article argues that the post-sale confusion doctrine is unnecessary in a sophisticated marketplace and is not aligned with

marketplace).

⁷ J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 23:95 (4th ed. 1994).

⁸ *Forum Corp. of N. Am. v. Forum, Ltd.*, 903 F.2d 434, 442 (7th Cir. 1990).

⁹ *Savin Corp. v. Savin Group*, 391 F.3d 439, 461 (2d Cir. 2004) (“[T]he pertinent question is whether numerous ordinary prudent purchasers would likely be misled or confused as to the source of the product in question because of the entrance in the marketplace of [Defendants’] mark.”).

¹⁰ *See id.*

¹¹ *See* Thomas R. Lee, Glenn L. Christensen & Eric D. DeRosia, *Trademarks, Consumer Psychology and the Sophisticated Consumer*, 57 EMORY L.J. 575, 579 (2008) (arguing that the more sophisticated a consumer the less likely it is that consumer confusion will occur); *see also* *First Nat’l Bank in Sioux Falls v. First Nat’l Bank, S.D.*, 153 F.3d 885, 889–90 (8th Cir. 1998).

¹² Nia & Zaichkowsky, *supra* note 2 at 486–87; *see also* Mourad Siham, *The Effect of Counterfeit on Luxury Brand Buying Behavior, In Terms of Consumption Experience* (Jan. 16, 2012) (unpublished Ph.D. dissertation, Pierre Mendès France University), available at http://halshs.archives-ouvertes.fr/docs/00/66/04/17/PDF/CR_2011-11_E3.pdf.

the core principles of trademark law. Purchasers of high-end goods are less likely to be confused in the post-sale context because of their keen awareness of their preferred brands and their knowledge of the existence and prevalence of counterfeit luxury goods in the marketplace.¹³ Moreover, trademark law was not established to create actionable confusion in the abstract.¹⁴ It is only when confusion is likely to persuade preferences that the law should intervene.¹⁵

This Article will proceed in five parts. Part II provides a synopsis of the two core policies of trademark law: consumer protection and protection of the goodwill of the mark. Part III examines the development of the post-sale confusion doctrine and identifies the principle that the courts sought to address when adopting the doctrine. Part IV evaluates post-sale confusion in the context of a sophisticated marketplace. Part V concludes by arguing that the post-sale confusion doctrine is an illegitimate expansion of trademark law and is unnecessary in a luxury goods context where the consumers are exceedingly sophisticated.

II. POLICY OF TRADEMARK PROTECTION

Merchants have used trademarks to denote their goods and services for thousands of years.¹⁶ Not surprisingly, debates regarding the restrictions and regulations on uses of these marks

¹³ *Hermès Int'l v. Lederer de Paris Fifth Ave, Inc.*, 219 F.3d 104, 109 (2d Cir. 2000).

¹⁴ See Blake Tierney, *Missing the Mark: The Misplaced Reliance on Intent in Modern Trademark Law*, 19 TEX. INTELL. PROP. L.J. 229, 246 (2011) (commenting that trademark cases are not abstract but are, and should be, subject to precise rules).

¹⁵ See 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, 1347–48 (2012) (“Confusion is not a problem in itself. . . . Probability of confusion is certainly relevant to liability, but liability should also depend on the severity of the harm that confusion is likely to generate.”).

¹⁶ See generally FRANK I. SCHECHTER, *THE HISTORICAL FOUNDATIONS OF THE LAW RELATING TO TRADE-MARKS* (1925) (detailing a history of the origins of trademark and its development).

date back equally as far.¹⁷ Throughout this extensive history, fluctuating policies and purposes have continually worked to alter the nature of trademark law. For example, trademark law initially developed to protect the trademark holder's interests from trade diversion.¹⁸ The law then shifted its focus to consumer protection,¹⁹ ultimately finding a balance between the two.²⁰ The Lanham Act of 1946²¹ is the first comprehensive statute that governs both the registration and the protection of trademarks.²² The Lanham Act grants a property right to the trademark holder, which enables the trademark holder to assert a cause of action for any use that causes a likelihood of consumer confusion.²³ In 1962, Congress amended the Lanham Act by striking out language which required confusion, mistake, or deception of "purchasers as to the source of origin of such goods or services" to state a claim for

¹⁷ *See id.*

¹⁸ For a unique accounting of the development and justification of modern trademark doctrine, see Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 NOTRE DAME L. REV. 1839, 1860 (2007).

¹⁹ *Id.* at 1863.

²⁰ *See id.* at 1866–71.

²¹ 15 U.S.C. § 1051–1141 (2006).

²² 15 U.S.C. § 1114(1) (2006). The overall scope of the Lanham Act invariably gets lost in the discussions about post-sale confusion and the 1962 Amendments. However, it is truly important not to lose sight of the Act as a whole.

²³ Section 32(1) of the Lanham Act defines "infringement" as follows:

Any person who shall, without the consent of the registrant (a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or (b) reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles, or advertisements intended to be used in commerce upon or in connection with the sale offering for sale distribution or advertising of goods or services on or in connection with which such use is likely to cause confusion or to cause mistake or to deceive shall be liable in a civil action by the registrant for the remedies hereinafter provided.

Id.

trademark infringement.²⁴ Several courts have used this expansion to support infringement for non-purchasers in the post-sale context.²⁵ This Part discusses the policy behind the protection of trademarks, the Lanham Act, and the Act's subsequent amendment.

A. *Trademark Policy Basics*

Likelihood of confusion²⁶ is the essential element of trademark infringement,²⁷ and over the years it has expanded significantly from its origins.²⁸ Originally, the Lanham Act protected only purchasers that were likely to be confused or deceived about the source of the products.²⁹ The most significant expansion of the Act took place with the broadening of the infringement definition found in 1962 Amendments to the Lanham Act, which deleted “purchasers” and “source of origin” from the definition of infringement.³⁰ The deletions have spurred much debate about

²⁴ *Payless Shoesource, Inc. v. Reebok Int'l, Ltd.*, 998 F.2d 985, 989 (Fed. Cir. 1993) (quoting Act of October 9, 1962, Pub. L. No. 87-772, 76 Stat. 769, 773 (1962)).

²⁵ *See, e.g., Keds Corp. v. Renee Int'l Trading Corp.*, 888 F.2d 215, 222 (1st Cir. 1989); *Polo Fashions, Inc. v. Craftex, Inc.*, 816 F.2d 145, 148 (4th Cir. 1987); *Marathon Mfg. Co. v. Enerlite Prods. Corp.*, 767 F.2d 214, 221 (5th Cir. 1985).

²⁶ 15 U.S.C. § 1114(1) (2006) (defining infringement as the unauthorized use of a mark that is likely to cause consumer confusion).

²⁷ The “likelihood of confusion” is determined by a multifactor test set forth by each circuit. *Compare Tana v. Dantanna's*, 611 F.3d 767, 774–75 (11th Cir. 2010), *with Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co.*, 799 F.2d 867, 871 (2d Cir. 1986), *and Sullivan v. CBS Corp.*, 385 F.3d 772, 778 (7th Cir. 2004). According to the Seventh Circuit, the multifactor “likelihood of confusion” test is used “as a heuristic device to assist in determining whether confusion exists.” *Sullivan*, 385 F.3d at 778.

²⁸ Deborah R. Gerhardt, *The 2006 Trademark Dilution Revision Act Rolls Out A Luxury Claim and A Parody Exemption*, 8 N.C. J.L. & TECH. 205, 207–08 (2007).

²⁹ *Checkpoint Sys., Inc. v. Check Point Software Techs., Inc.*, 269 F.3d 270, 295 (3d Cir. 2001) (citing *Esercizio v. Roberts*, 944 F.2d 1235, 1245 (6th Cir. 1991)).

³⁰ S. REP. NO. 2107 (1962), *reprinted in* 1962 U.S.C.C.A.N. 2844, 2847, 2850–51.

whether Congress intended to make room for types of confusion that extended beyond the point of sale and source confusion.³¹ The legislative history for the 1962 Amendments to the Lanham Act states that section 17 of the bill proposed to rewrite section 32(1) of the Act.³²

The legislative history suggests that Congress intended to remove the limitation of an actual purchaser to make the “likelihood of confusion” analysis the focal point in trademark infringement rather than the product purchase.³³ However, many have read the deletion of the aforementioned language by Congress as an acknowledgment of the post-sale confusion doctrine.³⁴ The major argument in support of this position has been that Congress’s deletion of “purchasers” evidences its intent to expand liability to any instance in which a likelihood of confusion could exist.³⁵ To fully understand the rationale behind this “expansion by deletion theory” and to evaluate the legitimacy of such an expansion to include protection of the consuming public as a whole, it is important to begin with a brief discussion of the policy behind protection of trademarks generally.³⁶

³¹ See Anne M. McCarthy, Note, *The Post-Sale Confusion Doctrine: Why the General Public Should Be Included in the Likelihood of Confusion Inquiry*, 67 *FORDHAM L. REV.* 3337, 3338 (1999).

³² S. REP. NO. 2107 (1962), reprinted in 1962 U.S.C.C.A.N. 2844, 2847, 2850–51. One change is the omission of the underlined words from the following quotation from clause (a): “on or in connection with which such use is likely to cause confusion or mistake or to deceive *purchasers as to the source of origin of such goods or services.*” *Id.* (emphasis added). The purpose of the proposed change is to coordinate the language here with that used elsewhere and to omit the word “purchasers,” since the provision actually relates to potential purchasers as well as to actual purchasers; the word “purchasers” is eliminated so as to avoid the possibility of misconstruction of the present language of the statute. *Id.*

³³ See *Checkpoint*, 269 F.3d at 295.

³⁴ See McCarthy, *supra* note 31 at 3346–48; see also *Karl Storz Endoscopy Am., Inc. v. Surgical Techs., Inc.*, 285 F.3d 848, 854 (9th Cir. 2002); *Eldon Indus., Inc. v. Rubbermaid, Inc.*, 735 F. Supp. 786, 820 (N.D. Ill. 1990).

³⁵ This argument shall be referred to hereinafter as the “expansion by deletion theory.” See McCarthy, *supra* note 31, at 3348.

³⁶ For an in-depth discussion of the origins of U.S. trademark law, see Frank I.

Contemporary trademark policy can be divided into two core approaches: consumer protection and protection of the goodwill of the mark.³⁷ The consumer protection approach views the role of trademark law as preventing the use of similar marks to deceive or confuse consumers in the marketplace.³⁸ The goals of the consumer protection approach to trademark policy are to provide accurate information to consumers about the nature and source of the goods and services bearing the mark, and to ensure that consumers are not deceived as to the nature and source of the goods and services.³⁹ The goodwill approach seeks to protect the investment in a trademark by the owner from misappropriation and trade diversion.⁴⁰ This approach does not focus on confusion by consumers, but rather seeks to protect the investment of the trademark owner.⁴¹ The protection of the goodwill developed in a trademark is also assured in the Lanham Act by providing a qualified property right to the owner for as long as the mark is used in commerce to designate the source of goods and services.⁴² The two approaches of trademark policy are embodied in the Lanham

Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813 (1927). See also MCCARTHY, *supra* note 7, at § 5:3.

³⁷ See *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 198 (1985) (“The Lanham Act provides national protection of trademarks in order to secure to the owner of the mark the goodwill of his business and to protect the ability of consumers to distinguish among competing producers.”); Marshall A. Leaffer, *The New World of International Trademark Law*, 2 MARQ. INTELL. PROP. L. REV. 1111 (1998); Mark Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 Yale L.J. 1687, 1706 (1999).

³⁸ Lemley, *supra* note 37.

³⁹ *Id.* (noting that the Nike sign is thought by consumers to guarantee quality of the product).

⁴⁰ Lemley, *supra* note 37, at 1707.

⁴¹ See S. REP NO. 79-1333, at 3 (1946), *reprinted in* 1946 U.S.C.C.A.N. 1274, 1274 (stating that the purpose of the trademark statute is twofold: “to protect the public so that it may be confident that, in purchasing a product bearing a particular trade-mark which it favorably knows, it will get the product which it asks for and [it] wants to get; and, to ensure where the owner of a trade-mark has spent energy, time, and money in presenting to the public the product, he is protected in his investment from its misappropriation by pirates and cheats”).

⁴² See *id.*

Act's definition of infringement.⁴³ The Lanham Act protects the goodwill of the trademark by providing the remedy to the trademark holder for unauthorized use of a trademark.⁴⁴ Likewise, the Lanham Act guards against deception in the marketplace and thereby protects the consumer.⁴⁵

William Landes and Richard Posner's article, *Trademark Law: An Economic Perspective*,⁴⁶ suggests that the consumer protection and the goodwill approach work concurrently to create an efficient marketplace.⁴⁷ The authors submit that trademarks, from a purely economic perspective, lower search costs⁴⁸ and provide an incentive to the brand holder to invest monies in the brand.⁴⁹ According to Landes and Posner, trademarks allow individuals to investigate a brand and subsequently enjoy repeat purchases based upon the use of the mark.⁵⁰ As such, consumers are able to "make rational purchasing and repurchasing decisions with speed and assurance" while simultaneously creating "incentives for firms to create and market products of desirable qualities, particularly when these qualities are not observable before purchase."⁵¹ In addition to the incentive to innovate, trademarks provide the trademark holders the ability to enjoy the reputation that has been developed in the marketplace⁵² while protecting the investment of the holder by providing property rights inasmuch as the use of the trademark by another would cause consumer confusion.⁵³ Landes and Posner

⁴³ 15 U.S.C. § 1114(1) (2006).

⁴⁴ *See id.*

⁴⁵ *See id.*

⁴⁶ William M. Landes & Richard A. Posner, *Trademark Law: An Economic Perspective*, 30 J.L. & ECON. 265 (1987) [hereinafter Landes & Posner].

⁴⁷ *See id.* at 269.

⁴⁸ *Id.*

⁴⁹ *Id.* at 270.

⁵⁰ *Id.*

⁵¹ Leaffer, *supra* note 37, at 5–6.

⁵² Landes & Posner, *supra* note 46, at 270. *But see* Note, *Badwill*, 116 HARV. L. REV. 1845, 1851 (2003) (exploring the concept of badwill where trademark owners are allowed to abandon or change marks that have developed a negative reputation in the marketplace and discussing whether this practice is aligned with the consumer protection approach to trademark policy).

⁵³ Landes & Posner, *supra* note 46, at 273.

imply that the two theories must work together to achieve the goal of protection.⁵⁴ Indeed, the very early development of trademark law sought to achieve this goal.⁵⁵ Justice Clifford yielded to this position in his dissent in *Amoskeag Manufacturing Co. v. D. Trainer & Sons*,⁵⁶ urging strongly that “[e]quity courts in all civilized countries have for centuries afforded protection to trademarks, the object of such protection being not only to secure to the individual the fruits of his skill, industry, and enterprise, but also to protect the public against fraud.”⁵⁷ The legislative history of the Lanham Act illustrates how this balancing continued and explains that the purpose of the Act is twofold: first, to protect the public from deception in the marketplace, and second, to preserve the goodwill and investment of the trademark holder.⁵⁸ No doubt, Landes and Posner’s observations about the interconnectedness of the two bodies of thought on trademark protection, which will be termed “co-inherence,”⁵⁹ are valid. However, this idea of co-

⁵⁴ See *id.* at 265 (stating that the article is not meant to be normative, but rather positive). Commentators have instead viewed *Trademark: An Economic Prospective* as narrowing the normative nature of trademark law to search costs. See, e.g., Chad J. Doellinger, *A New Theory of Trademarks*, 111 PENN ST. L. REV. 823, 833 (2007) (commenting that rather than account for the normative depth of trademark law, the economic approach has stripped away much of that depth and reduced all of trademark philosophy to a single principle: reducing consumer search costs). However, when one reviews the foundations upon which the article is written, Landes and Posner are seeking to explain in purely economic terms the co-inherence of the two principles on which trademark law rests. While the use of the economic paradigm may seemingly over-simplify the dynamic concepts that are embodied in trademark protection, it is economic motivators that bind the two policies—consumer protection and goodwill—together. See generally Landes & Posner, *supra* note 46.

⁵⁵ McKenna, *supra* note 18, at 1844.

⁵⁶ 101 U.S. 51 (1879).

⁵⁷ *Id.* at 57.

⁵⁸ S. REP NO. 79-1333, at 3 (1946), reprinted in 1946 U.S.C.C.A.N. 1274, 1274.

⁵⁹ “Co-inherence” is a term coined by Charles Williams in his theological writings discussing the trinity. ALICE MARY HATFIELD, CHARLES WILLIAMS: AN EXPLORATION OF HIS LIFE AND WORK 174 (1983). While the term “co-inherence” is used most often to describe the spiritual relationship between humans and the divine, the concept is much broader—indicating an essential

inherence of the two core principles of trademark law is often lost in practice and policy development by the courts, with courts favoring one principle over the other to justify a particular outcome.⁶⁰ For instance, in *Sullivan v. CBS Corp.*,⁶¹ the Seventh Circuit's decision to rule in favor of the popular reality television series was based solely upon the consumer protection approach.⁶² The court found that CBS's use of the mark "Survivor" for the sale of a soundtrack featuring a compilation of original music from the television series did not infringe the "Survivor" trademark owned by Frank Sullivan used in connection with his pop music band.⁶³ The court relied heavily on Sullivan's failure to submit evidence on consumer confusion.⁶⁴ Indeed, the court acknowledged the validity of Sullivan's mark and its unique character as it related to music, but maintained that there was no likelihood of consumer confusion with regard to music from the television series and that of the 1980's pop band.⁶⁵

relationship between things that maintain inherent components of the other. *Id.* This definition will be used throughout this Article to suggest an interconnectedness between the two core principles of trademark—consumer protection and goodwill—where they do not serve as independent rationales for trademark law, but rather work together in ways that cannot be isolated without fundamentally flawed protection results. This Article argues that this separation produced the extremely flawed theory of post-sale confusion.

⁶⁰ See, e.g., *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 774 (1992) (“[T]he Act's purpose [was] to secure to the owner of the mark the goodwill of his business.”); *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 412 (1916) (“The redress that is accorded in trademark cases is based upon the party's right to be protected in the good will of a trade or business.”); *Trainer*, 101 U.S. 52, 56–57 (1879) (Clifford, J., dissenting) (“They are used in order that such products, manufactures or merchandise may be known as belonging to the owner of the symbol or device, and that he may secure the profits from its reputation or superiority.”). *But see* *Saxlehner v. Nielsen*, 179 U.S. 43, 45 (1900) (finding infringement because a casual purchaser would easily mistake the brands); *Columbia Mill Co. v. Alcorn*, 150 U.S. 460, 467 (1893) (explaining that confusion must be present to find liability).

⁶¹ 385 F.3d 772 (7th Cir. 2004).

⁶² *Id.* at 779.

⁶³ *Id.*

⁶⁴ *Id.*

⁶⁵ *Id.*

Similarly, the Ninth Circuit in *Entrepreneur Media v. Smith*⁶⁶ aligned its decision with the consumer protection approach, even after opining that consumers would use a higher degree of care in selecting the services of the defendant.⁶⁷ The Ninth Circuit found that the use of *Entrepreneur Illustrated* for a magazine title would indeed lead to consumer confusion with the plaintiff's mark.⁶⁸ However, the Tenth Circuit in *Sally Beauty Company, Inc. v. Beautyco, Inc.*⁶⁹ favored the goodwill approach to trademark protection and found that while the marks were arguably dissimilar ("Generic Value" versus "Generix"), the defendant's intent in adopting the mark presented an issue of fact sufficient to withstand summary judgment.⁷⁰ The court found that the dissimilarities between the marks were not dispositive in the infringement analysis; indeed, the court considered the bad faith in adoption as trading on the goodwill of the plaintiff's brand.⁷¹ The policy of favoring goodwill investment over consumer confusion is overwhelmingly apparent in the expansion by deletion theory, which argues that Congress sought to protect the goodwill of the brand by affording protections to the trademark holder, even without a purchase by the consumer.⁷² Under this theory, trademark infringements shifted from consumer protection to protection of the goodwill.⁷³ When applied, the expansion by deletion theory has led to a number of types of actionable confusion⁷⁴ that, when viewed critically, focus on the protection of the trademark owner's investment in the mark.⁷⁵

⁶⁶ 279 F.3d 1135 (9th Cir. 2002).

⁶⁷ See *id.* at 1152.

⁶⁸ *Id.*

⁶⁹ 304 F.3d 964 (10th Cir. 2002).

⁷⁰ *Id.* at 976.

⁷¹ *Id.*

⁷² McCarthy, *supra* note 31, at 3348–49.

⁷³ *Id.* at 3349.

⁷⁴ Examples of such types of actionable confusion that have been accepted based upon the expansion by deletion theory include initial interest confusion, sponsorship confusion, and post-sale confusion. *Id.* at 3349–52.

⁷⁵ See *Brookfield Commc'ns, Inc. v. W. Coast Entm't Corp.*, 174 F.3d 1036, 1062 (9th Cir. 1999) ("[E]ven where people realize, immediately upon accessing

While courts deciding trademark infringement cases purport to evaluate each case using the appropriate standard, the courts' review is nonetheless channeled through either the goodwill or consumer protection approach.⁷⁶ The trend of favoring the goodwill approach or the consumer protection approach is at odds with the goals of the Lanham Act. Indeed, the 1962 Amendments sought to unify the two goals of trademark protection rather than favoring one goal over the other.

B. The Keystone: Likelihood of Confusion Test

The 1962 Amendments to the Lanham Act validated the principles of consumer protectionism and owner goodwill by expanding "confusion" beyond the point of purchase of a good or service.⁷⁷ This expansion embraces "co-inherence" by protecting the unwitting consumer that may be confused prior to purchase, while simultaneously providing a remedy that considers the goodwill investment of the trademark owner.⁷⁸ As discussed above, the 1962 Amendments put the focal point of an infringement action on the likelihood of consumer confusion, and thus on the psychology of the ordinary and prudent consumer.⁷⁹ As such, trademark owners have advanced, and courts have widely accepted, that actionable trademark infringement includes (1) any use of a mark (2) that is identical to, or confusingly similar to, a registered trademark such that it (3) is likely to cause confusion

'moviebuff.com,' that they have reached a site operated by West Coast and wholly unrelated to Brookfield, West Coast will still have gained a customer by appropriating the goodwill that Brookfield has developed in its 'MovieBuff' mark."); *Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co.*, 799 F.2d 867, 872-73 (2d Cir. 1986); *MCCARTHY*, *supra* note 7, § 23:7; *see also* *Network Automation, Inc. v. Advanced Sys. Concepts, Inc.*, 638 F.3d 1137, 1146-47 (9th Cir. 2011).

⁷⁶ *See* *McCarthy*, *supra* note 31, at 3337.

⁷⁷ *Id.* at 3354.

⁷⁸ *Id.* at 3355-56.

⁷⁹ Kevin H. Josel, *New Wine in Old Bottles: The Protection of France's Wine Classification System Beyond Its Borders*, 12 B.U. INT'L L.J. 471, 486 (1994) ("Unlike patent law, where the relevant survey population would consist only of experts, or persons skilled in the particular art, trademark law focuses on the associations made by ordinary, reasonably prudent consumers of the product.").

and (4) would injure the mark owner.⁸⁰ These two concepts—goodwill and consumer protection—are embodied in the “likelihood of confusion test”⁸¹ developed by the Second Circuit in *Polaroid Corp. v. Polarad Electronics Corp.*⁸² In order to determine the likelihood of consumer confusion, according to the court in *Polaroid*, the following factors are considered: (1) the strength of the plaintiff’s mark; (2) the similarity of plaintiff’s and defendant’s marks; (3) the competitive proximity of the products; (4) the likelihood that plaintiff will “bridge the gap” and offer a product like defendant’s; (5) actual confusion between products; (6) good faith on the defendant’s part; (7) the quality of defendant’s product; and (8) the sophistication of buyers.⁸³

While the above-listed factors are used to determine “likelihood of confusion,” the *Polaroid* court noted that no one factor is dispositive, but rather the factors are balanced on the whole.⁸⁴ Following this decision, each circuit has adopted its own likelihood of confusion test necessitating a finding of a “likelihood of confusion” in order to establish infringement under the Lanham

⁸⁰ See *Syntex Labs., Inc. v. Norwich Pharmacal Co.*, 437 F.2d 566, 568 (2d Cir. 1971) (“Congress eliminated the italicized, qualifying language, thereby evincing a clear purpose to outlaw the use of trademarks which are likely to cause confusion, mistake, or deception of any kind, not merely of purchasers nor simply as to source of origin.”); see also *Marathon Mfg. Co. v. Enerlite Prods. Corp.*, 767 F.2d 214, 221 (5th Cir. 1985) (viewing the 1962 amendment as “allow[ing] any kind of confusion in support of a trademark infringement action”); *Boston Prof’l Hockey Ass’n v. Dallas Cap & Emblem Mfg. Inc.*, 510 F.2d 1004, 1012 (5th Cir. 1975) (“[T]he act was amended to eliminate the source of origin as being the only focal point of confusion.”).

⁸¹ In determining whether there is trademark infringement, courts have employed a multifactor test to determine whether the defendant’s use is likely to cause confusion or to cause mistake or to deceive. See, e.g., *R&B, Inc. v. Needa Parts Mfg. Inc.*, 50 F. App’x. 519, 525 (3d Cir. 2002); *Downing v. Abercrombie & Fitch*, 265 F.3d 994, 1007 (9th Cir. 2001).

⁸² *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961), cert. denied, 368 U.S. 820 (1961).

⁸³ *Id.*

⁸⁴ See *id.*; see also *Natural Organics, Inc. v. Nutraceutical Corp.*, 426 F.3d 576, 578 (2d Cir. 2005).

Act.⁸⁵ Each circuit has developed factors, which vary slightly from the *Polaroid* factors.⁸⁶ Accordingly, “likelihood of confusion means a probability of confusion; it is not sufficient if confusion is merely possible.”⁸⁷ Indeed, it is not how closely related the products or industries are that is determinative in the likelihood of confusion analysis, but rather “whether *confusion* is created so that *an appreciable number of typical consumers will likely be confused*.”⁸⁸ Moreover, in a scenario where the typical consumer is sufficiently “sophisticated” to discern differences between two

⁸⁵ *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 780 (1992).

⁸⁶ *See, e.g., Elvis Presley Enters., Inc. v. Capece*, 141 F.3d 188, 194 (5th Cir. 1998) (including type of trademark, identity of the retail outlets and purchasers, advertising media used, and parody); *Lone Star Steakhouse & Saloon, Inc. v. Longhorn Steaks, Inc.*, 122 F.3d 1379, 1382 (11th Cir. 1997) (including type of trademark; identity of the retail outlets and consumers; and advertising media used); *Star Fin. Servs., Inc. v. Aastar Mortg. Corp.*, 89 F.3d 5, 10 (1st Cir. 1996) (including similarity of the goods or services, relationship between the parties’ advertising, and classes of prospective purchasers); *Schwinn Bicycle Co. v. Ross Bicycles, Inc.*, 870 F.2d 1176, 1185 (7th Cir. 1989) (including type of trademark in issue, similarity of products, identity of retail outlets and purchasers, and identity of the advertising media utilized); *Gen. Mills, Inc. v. Kellogg Co.*, 824 F.2d 622, 626 (8th Cir. 1987) (including the type of product, its cost, and the conditions of purchase); *Pizzeria Uno Corp. v. Temple*, 747 F.2d 1522, 1527 (4th Cir. 1984) (including similarity of the goods and services the marks identify, the facilities the two parties use in their businesses, and the advertising used by the two parties); *Interpace Corp. v. Lapp, Inc.*, 721 F.2d 460, 463 (3d Cir. 1983) (including price of the goods and other factors indicative of the care and attention expected of consumers when making a purchase, length of time the defendant has used the mark without evidence of actual confusion arising, extent to which the targets of the parties’ sales efforts are the same, relationship of the goods in the minds of consumers because of the similarity of function); *Beer Nuts, Inc. v. Clover Club Foods Co.*, 711 F.2d 934, 940 (10th Cir. 1983) (quoting list from RESTATEMENT OF TORTS § 729 (1938)); *Frisch’s Rests., Inc. v. Elby’s Big Boy of Steubenville, Inc.*, 670 F.2d 642, 648 (6th Cir. 1982) (citing list from *AMF Inc. v. Sleekcraft Boats*); *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348–49 (9th Cir. 1979) (including marketing channels used and the type of goods and the degree of care likely to be exercised by the purchaser).

⁸⁷ *Estee Lauder Inc. v. Gap, Inc.*, 108 F.3d 1503, 1510 (2d Cir. 1997) (quoting MCCARTHY, *supra* note 7, §§ 23:2, 23:10–11 (1996)).

⁸⁸ *Quality Inns Int’l, Inc. v. McDonald’s Corp.*, 695 F. Supp. 198, 210 (D. Md. 1988) (emphasis added).

marks, the law forecloses protection for the trademark holder.⁸⁹

The concept of likelihood of confusion has expanded significantly over the years and has grown to include various types of confusion that are beyond the scope initially advanced by the circuit courts.⁹⁰ While courts have maintained the tradition of evaluating the factors of their respective circuit's likelihood of confusion test,⁹¹ the judiciary frequently uses its own personal experience in deciding whether ordinary consumers are likely to be confused.⁹² Often, judges neglect to consider who the ordinary consumer of the goods and services is and whether that target consumer is likely to be confused.⁹³ The result has been the creation by the trademark holder of the fictional consumer who is "gullible, careless, and easily deceived."⁹⁴ Courts have been liberal in assessing the characteristics of the "ordinary and prudent" consumer, as well as the scope of confusion from which the Lanham Act seeks to shield these naive purchasers.⁹⁵ The expansion of consumer confusion, as previously discussed,⁹⁶ can be directly linked to courts' interpretation of the purpose behind the

⁸⁹ Deborah F. Buckman, *Initial Interest Confusion Doctrine Under Lanham Trademark Act*, 183 A.L.R. FED. 553, § 7a (2003).

⁹⁰ McKenna, *supra* note 18, at 1899.

⁹¹ *Compare* R&B, Inc. v. Needa Parts Mfg., Inc., 50 F. App'x. 519, 525 (3d Cir. 2002), *with* Downing v. Abercrombie & Fitch, 265 F.3d 994, 1007 (9th Cir. 2001), *and* Planetary Motion, Inc. v. Techplosion, Inc., 261 F.3d 1188, 1200 (11th Cir. 2001).

⁹² *See generally* Ann Bartow, *Likelihood of Confusion*, 41 SAN DIEGO L. REV. 721 (2004) (discussing the expansion of the likelihood of confusion and the judiciary's interpretation of the average consumer).

⁹³ MCCARTHY, *supra* note 7, § 23:92.

⁹⁴ Jessica Litman, *Breakfast with Batman: The Public Interest in the Advertising Age*, 108 YALE L.J. 1717, 1722 (1999).

⁹⁵ *Id.* ("Courts have been generous in interpreting the scope of confusion from which today's credulous purchasers must be protected. Not only must they be shielded from confusion about the source of a product at the point of sale, they must also be protected from after-market confusion, reverse confusion, subliminal confusion, confusion about the possibility of sponsorship or acquiescence, and even confusion about what confusion the law makes actionable.") (citations omitted).

⁹⁶ *See* Litman *supra* notes 94–95 and accompanying text.

1962 Amendments to the Lanham Act.⁹⁷ Indeed, it was this Amendment that seemingly validated post-sale confusion under the expansion by deletion theory.⁹⁸ The deletion of “purchasers” had a considerable expansive effect resulting in the justification of post-sale confusion.⁹⁹ It was advanced that because trademark law is based upon the policy of creating an efficient marketplace¹⁰⁰ where observers are prospective customers, their mistaken impressions as to origins or affiliation may have a meaningful impact on future purchasing decisions.¹⁰¹ As such, it was argued that post-sale confusion was directly linked to subsequent purchasing behavior, and post-sale damage to the reputation of a trademark owner is no less injurious than confusion occurring exclusively at the point-of-sale.¹⁰² For these reasons, courts have interpreted the deletion of the Amendment to validate the position that post-sale confusion by non-purchasers is encompassed within the Lanham Act’s infringement provisions.¹⁰³

C. *Evolution of Post-Sale Confusion*

Post-sale confusion is based upon the idea that while purchasers may not be confused at the time they purchase counterfeit goods or goods bearing a confusingly similar mark, the consuming public may believe that the goods are genuine and may be unimpressed as to the quality or prestige of the original goods.¹⁰⁴

⁹⁷ See, e.g., *Utah Lighthouse Ministry v. Found. for Apologetic Info. & Res.*, 527 F.3d 1045, 1053 (10th Cir. 2008).

⁹⁸ Post-sale confusion occurs when use of an identical or confusingly similar trademark is likely to cause consumers other than the buyer to mistakenly believe the product is manufactured by the original trademark holder. *ACI Int’l, Inc. v. Adidas–Salomon AG*, 359 F. Supp. 2d 918, 921 (C.D. Cal. 2005).

⁹⁹ S. Rep. No. 2107 (1962), *reprinted in* 1962 U.S.C.C.A.N. 2844, 2848.

¹⁰⁰ See S. Rep. No. 79-1333 (1946), *reprinted in* 1946 U.S.C. Cong. Serv. 1274, 1275 (“Trade-marks, indeed, trademarks are the essence of competition.”).

¹⁰¹ *Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co.*, 799 F.2d 867, 872–73 (2d Cir. 1986).

¹⁰² *Karl Storz Endoscopy Am., Inc. v. Surgical Techs., Inc.*, 285 F.3d 848, 854 (9th Cir. 2002).

¹⁰³ *Esercizio v. Roberts*, 944 F.2d 1235, 1244–45 (6th Cir. 1991).

¹⁰⁴ *Rolex Watch U.S.A., Inc. v. Canner*, 645 F. Supp. 484, 493 (S.D. Fla. 1986).

As a result, the potential consumer is dissuaded from purchasing the authentic goods.¹⁰⁵ Indeed, once the counterfeit or deceptive goods enter the stream of commerce, “there is no bar to confusion, mistake, or deception occurring at some future point in time.”¹⁰⁶ The premise of post-sale confusion is not that anyone is confused or that there is a likelihood of consumer confusion, but rather the owner of the mark may lose sales due to inferior products in the marketplace or the reduction of the product’s prestige.¹⁰⁷

Post-sale confusion was first explored in *Mastercrafters Clock & Radio Co. v. Vacheron & Constantin-Le Coultre Watches, Inc.*, in an unfair competition claim, not on trademark theory.¹⁰⁸ Here, a competitor produced knock-offs of the prestigious atmospheric clock manufactured by Vacheron.¹⁰⁹ The court in *Mastercrafters* recognized that the loss of potential customers or reputation from the marketing of an inferior substitute would be actionable as unfair competition under common law.¹¹⁰

Post-sale confusion theory under the common law doctrine of unfair competition was overruled by the Supreme Court in *Sears, Roebuck & Co. v. Stiffel Co.*¹¹¹ The Court in *Sears* evaluated the doctrine of post-sale under patent law and copyright law.¹¹² Justice Black, expressing the view of eight members of the Court, stated that, while a state may require that “precautionary steps be taken to prevent customers from being misled as to the source” of products, it cannot prevent the copying of unpatentable articles because to do so would conflict with the federal patent laws.¹¹³ As a result, post-sale confusion doctrine did not proceed as a part of a theory of unfair competition, but rather took root as a trademark theory.¹¹⁴

¹⁰⁵ *Id.* at 495.

¹⁰⁶ *Id.* at 493.

¹⁰⁷ *Saks & Co. v. Hill*, 843 F. Supp. 620, 624 (S.D. Cal. 1993).

¹⁰⁸ 221 F.2d 464, 467 (2d Cir. 1955).

¹⁰⁹ *Id.* at 465.

¹¹⁰ *Id.* at 466.

¹¹¹ 376 U.S. 225, 232 (1964).

¹¹² *Id.*

¹¹³ *Id.*

¹¹⁴ *McCarthy*, *supra* note 31, at 3351–52. Justice Black’s emphasis on

As discussed above,¹¹⁵ the 1962 Amendments to Lanham Act arguably opened trademark law to this misplaced doctrine. Congress expressed its intent behind the Lanham Act to create a cause of action for deceptive and misleading use of trademarks, fraud, and unfair competition.¹¹⁶ Based upon the amendments and the expressed intent of Congress, courts began to broadly interpret the scope of the Lanham Act to include post-sale confusion.

The first major case that addressed post-sale confusion after the 1962 Amendment of the Lanham Act was *Syntex Laboratories v. Norwich Pharmacal Co.*¹¹⁷ Although *Syntex* did not use the specific words “post-sale confusion,” it broadened the scope of protection beyond ultimate purchasers.¹¹⁸

After *Syntex*, other cases began to acknowledge the post-sale confusion doctrine.¹¹⁹ *Levi Strauss & Co. v. Blue Bell, Inc.* set the stage for wholesale adoption of the post-sale confusion doctrine by the courts.¹²⁰ In *Blue Bell*, Levi sued Wrangler, a competing manufacturer of blue jean pants, for infringing its pocket tab

property rights in *Sears* makes it important to note that both *Mastercrafters* and *Sears* were not argued as trademark infringement cases, as neither party had secured trademark protection for the products in question. See *Sears*, 376 U.S. at 229–30; *Mastercrafters*, 221 F.2d at 465.

¹¹⁵ See *supra* Part II and accompanying text.

¹¹⁶ 15 U.S.C.A. § 1127 (2006). The statute states:

The intent of this chapter is to regulate commerce within the control of Congress by making actionable the deceptive and misleading use of marks in such commerce; to protect registered marks used in such commerce from interference by State, or territorial legislation; to protect persons engaged in such commerce against unfair competition; to prevent fraud and deception in such commerce by the use of reproductions, copies, counterfeits, or colorable imitations of registered marks; and to provide rights and remedies stipulated by treaties and conventions respecting trademarks, trade names, and unfair competition entered into between the United States and foreign nations.

Id.

¹¹⁷ 437 F.2d 566, 568 (2d Cir. 1971).

¹¹⁸ *Id.*

¹¹⁹ See, e.g., *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 204–05 (2d Cir. 1979).

¹²⁰ *Levi Strauss & Co. v. Blue Bell, Inc.*, 632 F.2d 817, 822 (9th Cir. 1980).

trademark.¹²¹ Adopted in 1936, this pocket tab trademark consisted of “a folded ribbon sewn with its ends captured in the seam of a rear patch pocket.”¹²² The court noted that one purpose of the pocket tab was to be “a permanent identifier and advertisement visible while the pants were being worn.”¹²³ The court’s decision in the case relied heavily upon the fact that “billboards and other point of sale materials are removed by the purchaser and have no confusion-obviating effect when the pants are worn.”¹²⁴ Wrangler’s use of a similar label, the court concluded, was “likely to cause confusion among *prospective* purchasers who carry even an imperfect recollection of Strauss’s Levi’s mark and who observe Wrangler’s projecting label after the point of sale.”¹²⁵ The *Levi* court did not reference any cases in support of the theory of post-sale confusion.¹²⁶

Notwithstanding the lack of precedence or an opinion written to guide the development, *Blue Bell* became authority for what was to become the leading case on post-sale confusion, *Lois Sportswear, U.S.A. Inc. v. Levi Strauss & Co.*¹²⁷ The win for Levi Strauss in *Blue Bell* provided the company with the confidence to press the courts to further develop the theory upon which its victory rested, and as such *Lois Sportswear* became the first major case to articulate the post-sale confusion doctrine.¹²⁸

In *Lois Sportswear*, Levi Strauss instituted a trademark infringement action against Lois Sportswear for the production of jeans that bore a similar pocket pattern to its federally-registered pocket stitch.¹²⁹ In deciding the case, the Second Circuit stated that there were two types of confusion that can be caused by Lois’ use

¹²¹ *Id.* at 817.

¹²² *Id.* at 818.

¹²³ *Id.*

¹²⁴ *Id.* at 822.

¹²⁵ *Id.* (emphasis added).

¹²⁶ *Id.*

¹²⁷ 799 F.2d 867, 873 (2d Cir. 1986).

¹²⁸ *Id.* Considering that the post-sale confusion doctrine developed out of one trademark owner’s successful win in dicta, it is no wonder it has emerged as an increasingly trademark owner-centered rule.

¹²⁹ *Id.*

of Levi's stitching pattern.¹³⁰ The first, "the likelihood that jeans consumers will be confused as to the relationship between appellants and appellee;" and the second, "the likelihood that consumers will be confused as to the source of appellants' jeans when the jeans are observed in the post-sale context."¹³¹ In order to assess whether post-sale confusion existed in *Lois Sportswear*, the court stated that the "*Polaroid* factors¹³² must be applied with an eye towards post-sale confusion also."¹³³ The Second Circuit held that while *Lois Sportswear's* trade dress would distinguish its product from Levi's at the point of sale, there was nevertheless a possibility that after the sale, consumers may view the defendant's jeans and mistakenly associate the jeans with those produced by Levi.¹³⁴

After *Lois Sportswear*, the post-sale doctrine spread quickly to other circuits.¹³⁵ Courts relied on the rationale presented in *Lois Sportswear* and the 1962 Amendments to the Lanham Act as justification to expand the doctrine of post-sale confusion.¹³⁶ For example, in *Ferrari S.P.A. v. Roberts*,¹³⁷ the court stated:

¹³⁰ *Id.* at 871.

¹³¹ *Id.* at 872-73 ("[T]his post-sale confusion would involve consumers seeing [Lois'] jeans outside of the retail store, perhaps being worn by a passer-by. The confusion the Act seeks to prevent in this context is that a consumer seeing the familiar stitching pattern will associate the jeans with [Levi's] and that association will influence his buying decision. Clearly, in this post-sale context, the labels, most of which having been long since discarded, will be of no help." (citations omitted)).

¹³² *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492 (2d Cir. 1961) (discussing factors used to determine the likelihood of confusion in the Second Circuit).

¹³³ *Lois Sportswear*, 799 F.2d at 873.

¹³⁴ *See id.* at 877.

¹³⁵ *See, e.g.*, *Polo Fashions, Inc. v. Craftex, Inc.*, 816 F.2d 145 (4th Cir. 1987) (adopting the rationale articulated in *Lois Sportswear* that confusion in the post-sale context is damaging to the trademark holders reputation and thusly actionable under the Lanham Act).

¹³⁶ *See, e.g.*, *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 23 (1992); *Insty Bit, Inc. v. Poly-Tech Indus., Inc.*, 95 F.3d 663 (8th Cir. 1996); *Payless Shoesource, Inc. v. Reebok Int'l Ltd.*, 998 F.2d 985 (Fed. Cir. 1993); *Rolex Watch U.S.A., Inc. v. Canner*, 645 F. Supp. 484 (S.D. Fla. 1986). These cases

The Lanham Act, however, was intended to do more than protect consumers at the point of sale. When the Lanham Act was enacted in 1946, its protection was limited to the use of marks “likely to cause confusion or mistake or to deceive purchasers as to the source of origin of such goods and services.” In 1967, Congress deleted this language and broadened the Act’s protection to include the use of marks “likely to cause confusion or mistake or to deceive.”¹³⁸

The court stated that Congress intended “to regulate commerce within its control by making actionable the deceptive and misleading use of marks in such commerce; and to protect persons engaged in such commerce against ‘unfair competition’ according to 15 U.S.C.A. Section 1127.”¹³⁹ As illustrated by the discussion of the court in *Ferrari*, support of the post-sale confusion doctrine was heavily influenced by the arguments made in *Blue Bell* and *Lois Sportswear*.¹⁴⁰

While some courts were eager to adopt the post-sale confusion doctrine, other courts have recognized that some situations do not include a significant degree of likely post-sale confusion.¹⁴¹ For example, post-sale confusion does not come into play if the mark is

employ the post-sale confusion doctrine and show how the analysis operates.

¹³⁷ 944 F.2d 1235, 1244 (6th Cir. 1991). “Ferrari is the world famous designer and manufacturer of racing automobiles and upscale cars. Between 1969 and 1973, Ferrari produced the 365 GTB/4 Daytona” and the Daytona Spyder. *Id.* at 1237. Ferrari also produced a car called the Testarossa in 1984. *Id.* at 1238. “Production of these cars is also intentionally limited to preserve exclusivity.” *Id.* There are waiting periods of over five years to purchase one of these vehicles, and they sell for at least \$230,000. *Id.* Roberts engaged in a business that manufactures fiberglass kits that replicate the features of the Ferrari Spyder and Testarossa automobiles. *Id.* He called them the “Miami Spyder” and the “Miami Coupe.” *Id.* Roberts sells these kits from \$8,500 to approximately \$50,000. *Id.*

¹³⁸ *Id.* at 1244.

¹³⁹ *Id.*

¹⁴⁰ See MCCARTHY, *supra* note 7, § 23:7 (collection of cases discussing post-sale confusion).

¹⁴¹ See, e.g., *Gibson Guitar Corp. v. Paul Reed Smith Guitars, LP*, 423 F.3d 539 (6th Cir. 2005) (discussing the requisite degree of post-sale confusion); *U.S. Surgical Corp. v. Orris*, 5 F. Supp. 2d 1201 (D. Kan. 1998), *aff’d sub nom.* *U.S. Surgical Corp. v. Lorris, Inc.*, 185 F.3d 885 (Fed. Cir. 1999); *Smithkline Beckman Corp. v. Pennex Products Co.*, 605 F. Supp. 746 (E.D. Pa. 1985) (looking at the extent of the post-sale confusion doctrine).

not highly visible to third persons when the product is being used.¹⁴² Additionally, a junior user¹⁴³ prevents post-sale confusion where it employs an adequately distinguishing mark that is permanently attached to the junior user's products so that it cannot be removed after sale.¹⁴⁴ Some cases have also declined to consider post-sale confusion when the mark-holder's business interests were not affected. For example, in *U.S. Surgical Corp. v. Orris Inc.*,¹⁴⁵ the surgeons did not have a way to distinguish certain instruments after they had been re-sterilized from the new instruments.¹⁴⁶ In deciding that post-sale confusion did not exist in this case, the Federal Circuit stated that "[t]he surgeons' confusion is only relevant to the extent that it influences the hospital's purchasing decisions."¹⁴⁷ Accordingly, "[t]he circumstances here are such that any confusion on the part of the surgeons will not affect the hospital's purchasing decisions."¹⁴⁸ Similarly in *Gibson Guitar Co. v. Paul Reed Smith Guitars*,¹⁴⁹ the Sixth Circuit declined to apply the post-sale confusion to a claim of infringement made by Gibson Guitar Company.¹⁵⁰ The court held that post-sale confusion cannot be used as a substitute for point-of-sale confusion, particularly when there is no reputation damage to the trademark holder.¹⁵¹

This line of cases begs two questions: (1) Precisely what

¹⁴² See *Munsingwear, Inc. v. Jockey Int'l, Inc.*, Civ. No. 4-93-538, 1994 WL 422280 (D. Minn. Apr. 21, 1994), *aff'd*, 39 F.3d 1184 (8th Cir. 1994) (deciding that underwear, because of its inherently concealed nature, does not pose a sufficiently great risk of post-sale confusion).

¹⁴³ A "junior user" is a party that starts to use a mark that is deceptively similar to the senior user's after the senior user starts to use its distinctive mark. MCCARTHY, *supra* note 7, § 26:1.

¹⁴⁴ *L.A. Gear, Inc. v. Thom McAn Shoe Co.*, 988 F.2d 1117, 1134 (Fed. Cir. 1993).

¹⁴⁵ 5 F. Supp. 2d 1201, *aff'd sub nom.* *U.S. Surgical Corp. v. Lorris, Inc.*, 185 F.3d 885 (Fed. Cir. 1999).

¹⁴⁶ *Id.* at 1203.

¹⁴⁷ *Id.* at 1211.

¹⁴⁸ *Id.*

¹⁴⁹ 423 F.3d 539 (6th Cir. 2005).

¹⁵⁰ *Id.* at 552.

¹⁵¹ *Id.*

confusion is being addressed in the post-sale context, and (2) how does post-sale confusion advance trademark policy? Answering these questions is no easy task. As will be discussed in Part III, post-sale confusion is not about confusion at all, but rather about the protection of the trademark owner's investment in its mark—the goodwill of the trademark.¹⁵²

III. POST-SALE CONFUSION IS NOT CONFUSION AT ALL

Post-sale confusion is a misnomer at best in the Lanham Act context. There is no confusion at all. Rather, the post-sale confusion is an assertion by the trademark holder that his reputation within the market will be damaged by the presence of an inferior product that bears a confusingly similar mark.¹⁵³ Post-sale confusion is based solely on non-deceptive transactions between consumer and the alleged infringer.¹⁵⁴ In the non-deceptive transaction context, consumers are aware that the product or good being purchased is not a good by the trademark holder at issue.¹⁵⁵ This is the only situation to which post-sale confusion is applicable.¹⁵⁶ In the deceptive transaction, the consumers are unaware that they are purchasing a product or good that is not the legitimate good of the trademark holder.¹⁵⁷ This type of transaction is actionable because there is consumer confusion.

An analysis of court decisions on the post-sale confusion is informative. A review of the cases reveals that there are a number of situations where courts have found post-sale confusion is not likely or should be limited in its scope of protection.¹⁵⁸ In these

¹⁵² See MCCARTHY, *supra* note 7, § 2:16 (defining the concept of goodwill).

¹⁵³ See Michael J. Allen, *The Scope of Confusion Actionable Under Federal Trademark Law: Who Must Be Confused and When?*, 26 WAKE FOREST L. REV. 321, 345 (1991).

¹⁵⁴ See *id.* at 345–47 (describing the post-sale confusion doctrine and illustrating the concept with case examples).

¹⁵⁵ MCCARTHY, *supra* note 7, § 23.7.

¹⁵⁶ *Id.*

¹⁵⁷ *Id.*

¹⁵⁸ The Seventh Circuit, while recognizing the post-sale doctrine, has declined to apply the doctrine in a manner that does not consider the potential market for both the original goods and the defendant's goods. See, e.g., *Dorr-Oliver, Inc. v.*

cases, courts have stated that a Lanham Act claim should be based upon customer confusion when deciding to purchase, or not to purchase an item, but not on confusion from viewing goods from afar.¹⁵⁹ Some cases provided that the prospective market for the trademark goods must be considered when deciding if there is a likelihood of confusion.¹⁶⁰ Specifically, the universe of potential consumers must be identified.¹⁶¹

Notwithstanding the limitations, many courts have held that post-sale confusion is within the foundation of the Lanham Act.¹⁶² In justifying the doctrine, courts often cite to extreme examples in advocating for post-sale confusion. These include cases dealing with the sale of counterfeit formula to mothers whose infants are subsequently harmed,¹⁶³ the sale of mouthwash that contains banned ingredients,¹⁶⁴ or the sale of hazardous light bulbs.¹⁶⁵ However, these examples confuse post-sale with the sale and resale of counterfeit goods. As discussed earlier in this Part, post-sale confusion occurs when the purchaser of a good is not confused as to the source or sponsorship at the time of purchase, but others who later see the infringing mark are confused.¹⁶⁶ As one can deduce, selling counterfeit toothpaste or mouthwash to unsuspecting purchasers does not fit the definition of post-sale confusion. If resale and post-sale were synonymous, then this instance of third-party confusion would be a legitimate protection of the consuming public. But, resale and post-sale are not the

Fluid-Quip, Inc., 94 F.3d 376, 382 (7th Cir. 1996); Nike, Inc. v. “Just Did It” Enters., 6 F.3d 1225, 1231 (7th Cir. 1993).

¹⁵⁹ See generally *Nike*, 6 F.3d 1225, 1231; *Dorr-Oliver*, 94 F.3d 376, 382.

¹⁶⁰ See *Dorr-Oliver*, 94 F.3d at 382.

¹⁶¹ See *id.*

¹⁶² See *supra* Part II.C (discussing the development of the post-sale confusion doctrine).

¹⁶³ See, e.g., *U.S. v. Hanafy*, 302 F.3d 485 (5th Cir. 2002).

¹⁶⁴ See, e.g., *Warner Lambert Co. v. McCrory’s Corp.*, 718 F. Supp. 389 (D. N.J. 1989).

¹⁶⁵ See *Angelo Bros. v. A & H Co.*, No. CIV. A. 96-2507, 1996 WL 571720 (E.D. Pa. Oct. 7, 1996).

¹⁶⁶ See MCCARTHY, *supra* note 7.

same.¹⁶⁷ Indeed, the scenario is addressed in a standard trademark infringement likelihood of confusion test.¹⁶⁸ However, the remedies that are available for trademark infringement are in fact inadequate to curtail counterfeits and protect the public at large.¹⁶⁹ The remedies available once an infringement of a trademark is found are limited in scope: First, the trademark owner can obtain a permanent injunction prohibiting the infringer from using the infringing mark or any other mark that is confusingly similar to the trademark owner's mark.¹⁷⁰ Second, courts can award monetary damages to compensate the trademark owner for the infringement.¹⁷¹ Third, courts have the discretion to award to the trademark owner its attorney's fees for bringing the action.¹⁷² The remedies afforded for trademark infringement are those that are typical in tort cases,¹⁷³ and they are tailored to compensate for losses and admonish the wrongdoer.¹⁷⁴ Indeed, protection of the general public from harm has most often been left to the penal system of criminal law.¹⁷⁵

The policies of trademark law¹⁷⁶ and post-sale confusion are like a square peg in a round hole. They simply do not fit.

¹⁶⁷ See *Checkpoint Sys., Inc. v. Check Point Software Techs., Inc.*, 269 F.3d 270 (3d Cir. 2001) (discussing different types of confusion); MCCARTHY, *supra* note 7, § 23:6 (analyzing types of confusion and types of purchasers).

¹⁶⁸ See *Checkpoint Sys.*, 269 F.3d at 280 (exemplifying a likelihood of confusion test and analysis in an infringement and trademark case).

¹⁶⁹ H.R. Rep. No. 98-997, at 5–6 (1984) (discussing the need for strengthening the remedies in the Counterfeiting Act of 1984).

¹⁷⁰ See MCCARTHY, *supra* note 7, § 30:1.

¹⁷¹ See *id.* § 30:57. These damages can be increased up to three times if the trademark infringement is deemed to be willful. See Lanham Act, 15 U.S.C. § 1117(b) (discussing the availability of treble damages in an infringement action).

¹⁷² See MCCARTHY, *supra* note 7, § 30:99.

¹⁷³ See *id.* § 30:1, 30:2. Trademark infringement is a tort cause of action. See *id.* § 1:12.

¹⁷⁴ 74 AM. JUR. 2D *Torts* § 2 (2012).

¹⁷⁵ See generally Michele Cotton, *Back with a Vengeance: The Resilience of Retribution as an Articulated Purpose of Criminal Punishment*, 37 AM. CRIM. L. REV. 1313 (2000).

¹⁷⁶ In this Part, the discussion of the policies of trademark law refers to both

Assuming, *arguendo*, that the post-sale doctrine is a legitimate expansion of the Lanham Act's protection, in analyzing a case or claim or issue, it must be determined whether there is a likelihood of post-sale confusion.¹⁷⁷ In doing so, each of the likelihood of confusion factors must be evaluated.¹⁷⁸ While no one factor is dispositive in the analysis, each factor must be considered, and if a particular factor is not applicable, the court must explain why.¹⁷⁹ The factors evaluated in a "likelihood of consumer confusion" context address the aims of trademark law, protection of consumers, and the goodwill of the trademark owner; as such, so should the analysis of the "likelihood of post-sale confusion."¹⁸⁰ Realistically however, when determining the likelihood of consumer confusion in the post-sale context, the standard reduces to this basic question: If counterfeits of the mark are permitted to remain in the marketplace, would the mark owner lose a substantial number of consumers?¹⁸¹ This question can only be answered by a thorough and careful evaluation of the last factor in the likelihood of confusion test, the sophistication of the consumer and the consuming public's probability of being a potential consumer of the trademark owner's goods.¹⁸²

IV. LUXURY COUNTERFEITS AND POST-SALE CONFUSION IN A SOPHISTICATED MARKET

Sophistication of consumers is but one factor in the "likelihood

the consumer protections and goodwill approach as well as the general policies of tort law.

¹⁷⁷ See *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 497 (2d Cir. 1961) (establishing the factors of the likelihood of confusion test).

¹⁷⁸ See *id.* at 492 (explicating the factors for use in this line of analysis).

¹⁷⁹ See *Heartsprings, Inc. v. Heartspring, Inc.*, 143 F.3d 550, 554 (10th Cir. 1998) (discussing the importance of the factors in the likelihood of confusion analysis).

¹⁸⁰ See MCCARTHY, *supra* note 4, § 23:1.

¹⁸¹ See *Louis Vuitton Malletier v. Dooney & Bourke, Inc.*, 340 F. Supp.2d 415, 453 (S.D.N.Y. 2004), *aff'd in part, vacated in part*, 454 F.3d 108 (2d Cir. 2006).

¹⁸² See *Polaroid*, 287 F.2d at 497 (establishing the factors used in this analysis).

of confusion” analysis.¹⁸³ This factor encompasses several considerations that are believed to influence the care consumers devote to their purchases.¹⁸⁴ The sophisticated consumer has been deemed by courts not to act on “impulse,” but rather out of “careful consideration of the reliability and dependability of the manufacturer and seller of the product.”¹⁸⁵ Courts have generally considered a correlation between sophistication of the consumer and the following: price of the purchase, the complexity of the purchase, infrequency of the purchase, and the personal characteristics of the purchaser, including the education, age, gender and income of the potential purchaser.¹⁸⁶ A few courts have suggested that where the consumer market for goods and services is highly sophisticated, the sophistication of the consumer in the likelihood of confusion takes precedent over other factors in the test.¹⁸⁷ Indeed, where the ordinary consumer is found to be sufficiently “sophisticated” to discern the difference between marks, trademark law does provide a protection to the trademark complainant.¹⁸⁸

In the context of the post-sale confusion, sophistication of the consumer is overwhelmingly the most important.¹⁸⁹ Because post-sale confusion seeks to protect the general consuming public and not an actual or potential purchaser, it is imperative to consider the

¹⁸³ See *Checkpoint Sys., Inc. v. Check Point Software Techs., Inc.*, 269 F.3d 270, 284–85 (3d Cir. 2001) (analyzing the sophistication of the consumer factor).

¹⁸⁴ See Thomas R. Lee et al., *Trademarks, Consumer Psychology, and the Sophisticated Consumer*, 57 EMORY L.J. 575 (2008) (discussing theories behind consumer psychology and the concept of sophistication).

¹⁸⁵ See *Astra Pharm. Prods., Inc. v. Beckman Instruments, Inc.*, 718 F.2d 1201, 1206 (1st Cir. 1983).

¹⁸⁶ See Lee et al., *supra* note 184, at 581–82 (providing a detailed discussion of the *ad hoc* impressions courts have used to determine consumer sophistication).

¹⁸⁷ See *Sara Lee Corp. v. Kyser-Roth Corp.*, 81 F.3d 455, 467 (4th Cir. 1996) (stating that the sophistication of the market may override other factors in the likelihood of confusion test).

¹⁸⁸ See MCCARTHY, *supra* note 7, § 23:91.

¹⁸⁹ See *Arrow Fastener Co. v. Stanley Works*, 59 F.3d 384, 398–99 (2d Cir. 1995).

psychology of the consuming public and the attention that a consumer from the general public will give to a particular purchase.¹⁹⁰ The rationale behind the post-sale doctrine is to protect the brand holder from a loss of sales and a loss of prestige in the marketplace.¹⁹¹ Both of these losses are dependent upon the psychology of the consumer.¹⁹² As such, an evaluation of the consumer is not only necessary, but paramount. Notwithstanding, there is a lack of a well-developed theory of the consumer's perspective, behaviors or psychology.¹⁹³ What has become abundantly clear is that trademark decisions have not been modernized to match the changed populous.¹⁹⁴

Today's consumers are armed with information and technology.¹⁹⁵ Savvy shoppers leverage more technology, tools, resources, and information than ever before to inform purchasing decisions.¹⁹⁶ According to GfK Custom Research, the new generation of consumers is capable of integrating retail and online information "when deciding how, when and where they access the information needed to evaluate products and services, and

¹⁹⁰ MCCARTHY, *supra* note 7, § 23:5 (addressing who needs to be confused to qualify as post-sale confusion).

¹⁹¹ See *Hermes Int'l v. Lederer de Paris Fifth Ave., Inc.*, 219 F.3d 104 (2d Cir. 2000) (applying and discussing the post-sale doctrine).

¹⁹² See Lee et al., *supra* note 184, at 646–47.

¹⁹³ See generally Ann Bartow, *supra* note 92, at 723 (2004) (asserting that judicial interpretation has trumped the development of a standard for consumer sophistication).

¹⁹⁴ See generally Barton Beebe, *Search and Persuasion in Trademark Law*, 103 MICH. L. REV. 2020, 2042 (2005) (using the terminology to describe the disagreement among trademark scholars). Scholarship in the area has been marked by two positions—the "apologist" and the "restrictionist" position. *Id.* at 2023–24. The apologist views the consumer as a "fool" receptive to the smallest suggestion of a connection between marks, while the restrictionist paints a picture of an informed consumer who is less likely to be confused because of their experience in the marketplace. *Id.* at 2025.

¹⁹⁵ See *Future Buy Shopping Innovation Study*, GfK CUSTOM RESEARCH, <http://www.gfkamerica.com/sectors/consumer/futurebuy/index.en.print.html> (last visited Oct. 2, 2012).

¹⁹⁶ *Id.*

ultimately make a purchase.”¹⁹⁷ These consumers are not passive purchasers who succumb to marketing ploys, but are rather highly engaged, informed and passionate about finding the best value for their money.¹⁹⁸ This consumer behavior is characteristic of consumers making general, everyday purchasing decisions.¹⁹⁹

Luxury goods are unique, are overwhelmingly pricey, and convey a sense of prestige to the owner of the commodity.²⁰⁰ A study conducted in the late 1990’s identified the main characteristics of luxury brand consumers.²⁰¹ This study identified these consumers as being self-conscious, affluent, and in search of goods to distinguish themselves.²⁰² As such, it has been surmised that decisions to purchase luxury goods are deliberate and motivated by both the psychological and physical attributes of the goods.²⁰³ Today’s consumer purchase behavior, coupled with the psychology associated with the purchase of luxury goods, creates an inference that consumers in luxury goods purchases would be even more extreme in purchasing decisions.²⁰⁴ This inference directly correlates to some courts’ position that when goods are very expensive and exclusive, consumers exercise a higher degree of care in purchasing.²⁰⁵ As such, consumer sophistication analysis merits dispositive weight rather than the nominal mention it receives in discussions of post-sale confusion.²⁰⁶

¹⁹⁷ *Id.*

¹⁹⁸ *See id.*

¹⁹⁹ *See id.*

²⁰⁰ Wilcox et al., *supra* note 3, at 249.

²⁰¹ Ricky Wilke & Judith L. Zaichkowsky, *Brand Imitation and Its Effects on Innovation, Competition, and Brand Equity*, BUS. HORIZONS, Nov. 1999, at 9.

²⁰² *Id.*

²⁰³ Wilcox et al., *supra* note 3, at 249.

²⁰⁴ Franck Vigneron & Lester W. Johnson, *A Review and a Conceptual Framework of Prestige-Seeking Consumer Behavior*, 1999 ACAD. MKTG. SCI. 1, 2.

²⁰⁵ *See e.g.*, *Ford Motor Co. v. Summit Motor Prod., Inc.*, 930 F.2d 277, 293 (3d Cir. 1991) (stating that “consumers of very expensive goods, will be held to a higher standard of care than others”).

²⁰⁶ *Complaint, Hermes Int’l v. Steven Stolman, Ltd.*, No. 03-3722 (E.D.N.Y. July 31, 2003), 2003 WL 23883672.

Luxury goods dominate Lanham Act cases involving post-sale confusion.²⁰⁷ It is claimed that roughly seven percent of the global market consists of counterfeit luxury goods.²⁰⁸ Shows such as the *Today Show*, *WealthTV Special Reports* and *BBC Watchdog* have all conducted “consumer beware segments” that educate consumers on counterfeits in the marketplace and the risks associated with purchasing such goods.²⁰⁹ Indeed, companies such as buySAFE, Inc.²¹⁰ and Authentics Foundation²¹¹ have developed to ensure that consumers are capable of determining whether an item is legitimate prior to purchase.²¹² Education on counterfeits in the marketplace is abundant and ranges from checklists on how to avoid the purchase of counterfeits,²¹³ to interactive websites that allow consumers to demonstrate their counterfeit acumen.²¹⁴

The general consuming public is more sophisticated than ever.²¹⁵ Technology and the vast amount of information readily available to consumers prior to making purchases have created an extremely savvy consuming public,²¹⁶ particularly those who

²⁰⁷ See, e.g., *Downing v. Abercrombie & Fitch*, 265 F.3d 994 (9th Cir. 2001); *Saks & Co. v. Hill*, 843 F. Supp. 620 (S.D. Cal. 1993); *Rolex Watch U.S.A., Inc., v. Canner*, 645 F. Supp. 484 (S.D. Fla. 1986).

²⁰⁸ Wilcox et al., *supra* note 3, at 247.

²⁰⁹ See, e.g., *WealthTV Shows Viewers How to Buy Luxury Goods, Not Counterfeits*, WEALTHTV (June 23, 2006), http://www.wealthtv.com/releases/pr_062306.php.

²¹⁰ BUYSAFE, INC., <http://www.buysafe.com/> (last visited Oct. 5, 2012).

²¹¹ AUTHENTICS FOUNDATION, <http://www.authenticsfoundation.org/> (last visited Oct 5, 2012).

²¹² *Id.*

²¹³ See *How to Avoid Buying Counterfeit Products*, WIKIHOW, <http://www.wikihow.com/Avoid-Buying-Counterfeit-Products> (last visited Aug. 14, 2012); see also Laura T. Coffey, *10 Tips for Spotting Counterfeits*, TAMPA BAY TIMES (May 7, 2009), available at <http://www.tampabay.com/features/consumer/article/998720.ece>.

²¹⁴ See, e.g., *International Anti-counterfeiting Coalition Counterfeiting Gallery*, INT’L ANTI-COUNTERFEITING COAL., <http://www.iacc.org/about-counterfeiting/counterfeit-gallery/index.php> (last visited Aug. 11, 2012).

²¹⁵ See GfK Custom Research, *supra* note 195.

²¹⁶ Deborah R. Gerhardt, *Social Networks and the Law: Social Media Amplify Consumer Investment in Trademarks*, 90 N.C. L. REV. 1491 (2012) (discussing the trend of brand holders to attract the technologically savvy consumers).

purchase luxury goods.²¹⁷ The consumer is a major factor in the post-sale confusion test, but consumer-purchasing behavior has been neglected and not explored in many of the case discussions of post-sale confusion.²¹⁸ Studies such as those conducted by GfK Custom Research indicate that brand holders and marketers are well aware of the change in the degree of care consumers take with respect to purchases,²¹⁹ yet the case law for post-sale confusion has remained static.²²⁰

Rather than assessing the psychology and behavior of consumers in the post-sale analysis, the focal point of the discussion has become the potential of a lost sale or reputation of the trademark holder.²²¹ When one maintains the focus of the post-sale confusion as a lost sale or reputation, it becomes even more imperative that the consumers are identified.²²² In order to determine the veracity of a claim of lost sales or reputation, it is necessary to determine whether a consumer is dissuaded from purchase by the presence of counterfeit goods.²²³ Research indicates that the purchase of counterfeit goods often results in the consumers developing a preference of genuine luxury products.²²⁴ A study of the behavior of purchasers of counterfeit goods suggests that these consumers experience discomfort when others recognize their purchases as counterfeits.²²⁵ The detection of counterfeits is derived from the poor physical quality, materials, and slight design differences of counterfeits, in addition to the vast amount of

²¹⁷ See Nia & Zaichkowsky, *supra* note 2, at 486. Luxury goods are those that are associated with status, prestige, or exclusivity. *Id.* They generally are expensive and range from clothing and cars to accessories. *Id.* Some examples include Cartier, Rolex, Tiffany, and Louis Vuitton. *Id.*

²¹⁸ See Lee et al., *supra* note 184.

²¹⁹ GfK Custom Research, *supra* note 195.

²²⁰ See Lee et al., *supra* note 184.

²²¹ See McCarthy, *supra* note 31, at 3366–68.

²²² *Id.* at 3366–67.

²²³ *Id.* at 3367.

²²⁴ See Boonghee Yoo & Seung-Hee Lee, *Buy Genuine Luxury Fashion Products or Counterfeits?*, 36 ADVANCES IN CONSUMER RES. 280, 282 (2009).

²²⁵ *Id.*

information educating consumers on recognizing fake goods.²²⁶ There is a belief amongst purchasers that counterfeiting validates the prestige of the luxury goods and thus makes the ownership of an authentic good even more prestigious.²²⁷ Research by Arghavan Nia and Judith Lynne Zaichkowsky indicates that counterfeits in the marketplace have limited effect on legitimate brands²²⁸ and challenges the assumption implicit in most post-sale confusion arguments that the availability of counterfeit brands diminishes demand for the real brands.²²⁹

Similar studies of luxury consumer behavior are not as plentiful as those of consumers of counterfeit goods.²³⁰ However, a few studies have attempted to characterize qualities of high-end purchasers.²³¹ A study conducted by Suraj Commuri of luxury consumer behavior has indicated that luxury good consumers typically exhibit three behavior attitudes toward counterfeits.²³² The first attitude identified in this study is flight.²³³ Individuals demonstrating this behavior abandon the brand for a new brand when the preferred brand is counterfeited.²³⁴ The second behavior classification is study reclamation.²³⁵ Consumers from this group are loyal customers of the counterfeited brand, are defensive, and

²²⁶ *Id.*

²²⁷ See Nia & Zaichkowsky, *supra* note 2 at 495.

²²⁸ *Id.*

²²⁹ *Id.* at 494.

²³⁰ *Id.* at 485.

²³¹ *Id.* at 486–87. Note that many of the studies conducted of luxury consumers have not been conducted within the United States but rather in Asia. See, e.g., Santi Budiman, *Analysis of Consumer Attitudes to Purchase Intentions of Counterfeiting Bag Product in Indonesia*, 1 INT’L J. OF MGMT., ECONS. & SOC. SCI. 1, 1–12 (2012), available at <http://www.ijmess.com/volumes/volume-I-2012/issue-I-05-2012/full-1.pdf>; Lingjing Zhan & Yanqun He, *Understanding Luxury Consumption in China: Consumer Perceptions of Best-known Brands*, 65 J. BUS. RES. 65:10, 1452, 1452–60 (2012), available at <http://rd.springer.com/article/10.1007/s10551-012-1394-3>.

²³² Suraj Commuri, *The Impact of Counterfeiting on Genuine-Item Consumers’ Brand Relationships*, J. MKTG., May 2009, at 86.

²³³ *Id.* at 88.

²³⁴ *Id.*

²³⁵ *Id.* at 92.

deprecate the loss of exclusivity and absence of recognition.²³⁶ The last attitude is abrading.²³⁷ These consumers wish to be unique and “the brand may carry high personal meaning, but neither its identity nor the meaning is readily accessible to others.”²³⁸ While this study outlines the types of behavior, it did not truly assess whether these behaviors and attitudes actuate in the marketplace. While the studies of consumers of counterfeit goods and luxury goods provide insight into the attitudes of purchasers, the overwhelming conclusion is that consumers are savvier than ever.

V. WHY THE POST-SALE CONFUSION DOCTRINE IS UNNECESSARY

The post-sale confusion doctrine arguably developed as a mechanism to protect the goodwill investment of the brand holder as well as to protect the general consuming public.²³⁹ It must be noted that, at the time of the doctrine’s advancement, unfair competition and trademark infringement were the only mechanisms to hold individuals accountable for counterfeiting and trading off of the goodwill developed by trademark owners.²⁴⁰ Today, there are remedies available to redress these wrongs. These remedies include the Trademark Counterfeiting Act of 1984,²⁴¹ the Anti-Counterfeiting Consumer Protection Act of 1996,²⁴² and the Trademark Dilution Revision Act of 2006.²⁴³ Indeed, these laws filled the void that the post-sale doctrine attempted to fill. The anti-counterfeiting statute protects the general consuming public²⁴⁴

²³⁶ *Id.*

²³⁷ *Id.* at 93.

²³⁸ *Id.*

²³⁹ See McCarthy, *supra* note 31, at 3337.

²⁴⁰ See *id.* at 3351 (describing how the doctrine was created in the 1950’s).

²⁴¹ Trademark Counterfeiting Act of 1984, Pub. L. No. 98-473, 98 Stat. 2178 (2006) (codified as amended at 18 USC § 2320).

²⁴² Anti-Counterfeiting Consumer Protection Act of 1996, Pub. L. No. 104-153, 110 Stat. 1386 (1996) (codified as amended in scattered sections of 15, 17, 18, 19, and 49 U.S.C.).

²⁴³ Trademark Dilution Revision Act of 2006, Pub. L. No. 109-312, 120 Stat. 1730 (2006) (codified as amended in scattered sections of 15 U.S.C.).

²⁴⁴ Anti-Counterfeiting Consumer Protection Act §§ 104–153.

while the dilution act protects the trademark owner's goodwill.²⁴⁵ These legal advancements render an ill-placed doctrine like post-sale confusion unnecessary.

A. *True Protection of the General Public from Knock-offs and Counterfeits*

In response to the lack of ability of the Lanham Act to protect and redress the potential harm to consumers, Congress addressed criminal counterfeiting sentencing guidelines in the context of terrorism.²⁴⁶ According to Congress, sales of counterfeit goods not only cause injury to the trademark holder but to the general consuming public.²⁴⁷ The operative language in the criminal statute regarding trademarks mirrors section 32(1) of the Lanham Act exactly.²⁴⁸ Congress, in drafting the Trademark Counterfeiting Act relied on the "concepts and definitions of the Lanham Act."²⁴⁹ As such, the goals as stated in the Lanham Act are specifically incorporated into the Trademark Counterfeiting Act.²⁵⁰ Moreover, Congress repeatedly indicated that the Lanham Act was the background against which the Counterfeiting Act should be interpreted.²⁵¹ Given this legislative history, courts deciding criminal cases have utilized cases decided under the Lanham Act.²⁵² In fact, courts have interpreted the criminal statute

²⁴⁵ Trademark Dilution Revision Act §§ 109–312.

²⁴⁶ See Jana Nicole & Checa Chong, *Sentencing Luxury: The Valuation Debate in Sentencing Traffickers of Counterfeit Luxury Goods*, 77 *FORDHAM. L. REV.* 1147, 1162 (2008) (discussing the development of criminal sanctions and protection for counterfeits).

²⁴⁷ Anti-Counterfeiting Consumer Protection Act of 1996 § 1136.

²⁴⁸ 18 U.S.C. § 2320 (2006).

²⁴⁹ H.R. REP. NO. 98-997, at 8 (1984).

²⁵⁰ See 18 U.S.C. § 2320(c)(e)(3) (2006).

²⁵¹ See, e.g., *Joint Statement on Trademark Counterfeiting Legislation*, 130 *CONG. REC.* H12076, H12078 (daily ed. Oct. 10, 1984) (stating that "no conduct will be criminalized by this act that does not constitute trademark infringement under the Lanham Act").

²⁵² See, e.g., *United States v. Petrosian*, 126 F.3d 1232, 1234 (9th Cir. 1997) (upholding a defendant's section 2320 conviction by relying not only on the criminal statute's legislative history, but also on two civil Lanham Act cases, noting that the "definition of the term 'counterfeit mark' in the Lanham Act is

identically to the *Syntex* interpretation of section 32 of the Lanham Act.²⁵³ The court in *United States v. Infurnari* set forth requirements for a cause of action under the criminal counterfeit statute:

It is the court's view that in a prosecution under 18 U.S.C. § 2320, the government must prove that the defendant knew the mark is counterfeit: that he knew that the mark is spurious, that it is used in connection with trafficking in goods or services, that it is identical to or virtually indistinguishable from another mark, and that it is likely to cause confusion, mistake, or to deceive.²⁵⁴

Despite the many similarities between the Lanham and Trademark Counterfeiting Acts, their differences merit distinction.²⁵⁵ The differences worthy of distinction are that the counterfeiting statute goals are to dissuade potential counterfeiters and to address the public wrong.²⁵⁶ These goals cannot be achieved by a Lanham Act infringement action because civil penalties are inadequate.²⁵⁷ Congressional legislating with respect to the public at large was for the protection of the welfare of those that may encounter a counterfeit good.²⁵⁸ Indeed, the protection of the trademark owners' market position or reputation was not a consideration as such claims could be addressed civilly.²⁵⁹ As such, the legitimacy of post-sale confusion in the criminal context is not as murky

nearly identical to the definition [of counterfeit mark] in Section 2320, suggesting that Congress intended to criminalize all of the conduct for which an individual may be civilly liable"); *see also* 15 U.S.C. § 1116(d) (2006) (defining "counterfeit mark" in civil actions); 15 U.S.C. § 1127 (2006) (defining "counterfeit").

²⁵³ *See, e.g.*, *United States v. Infurnari*, 647 F. Supp. 57 (W.D.N.Y. 1986).

²⁵⁴ *Id.* at 59.

²⁵⁵ *See, e.g.*, *United States v. Hanafy*, 302 F.3d 485, 488 (5th Cir. 2002) (recognizing the District Court's holding that Lanham Act cases "should not be used as authoritative in interpreting a criminal statute"); *United States v. Giles*, 213 F.3d 1247, 1249–50 (10th Cir. 2000) (declining to follow a civil case in part because section 2320, as a criminal statute, must be construed more narrowly); *United States v. Torkington*, 812 F.2d 1347, 1350 (11th Cir. 1987) (noting that section 2320 is "narrower in scope" than the Lanham Act).

²⁵⁶ *Torkington*, 812 F.2d at 1350.

²⁵⁷ *Id.*

²⁵⁸ *Id.*

²⁵⁹ *Id.*

because the examples articulated by Congress provide the backdrop for the extension to third parties who are not the purchasing consumer or a potential consumer.

B. *True Protection of Goodwill*

Trademark dilution, unlike infringement, which primarily considers the interests of the consumer, is trademark holder-focused rather than consumer-focused.²⁶⁰ It seeks to preserve the value of a famous mark by prohibiting use of a mark that's similar or same by third parties.²⁶¹ The underlying assumption is that unauthorized use of a famous mark without consumer confusion can diminish the mark's value because the mark is no longer associated with a single source.²⁶² Congress centered the Federal Trademark Dilution Act on the investment of the owner and the commercial value of the mark itself.²⁶³ Indeed the Supreme Court acknowledged the differences, stating that “[u]nlike traditional infringement law, the prohibitions against trademark dilution are not the product of common-law development, and are not

²⁶⁰ See Anne E. Kennedy, Note, *From Delusion to Dilution: Proposals to Improve Problematic Aspects of the Federal Trademark Dilution Act*, 9 N.Y.U. J. LEGIS. & PUB. POL'Y 399, 400 (2005).

²⁶¹ *Id.* It is worth noting that notwithstanding Congressional intent, courts have nonetheless inserted the idea of consumer confusion in the dilution analysis. Compare *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 219 (2d Cir. 1999), *abrogated by* *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418 (2003) (stating that “[c]onsumer confusion would undoubtedly dilute the distinctive selling power of a trademark”), and *Tri-Star Pictures, Inc. v. Unger*, 14 F. Supp. 2d 339, 363 (S.D.N.Y. 1998) (noting that presence of confusion is relevant to showing dilution), with *Playboy Enters., Inc. v. Welles*, 279 F.3d 796, 805 (9th Cir. 2002) (stating that “[d]ilution works its harm not by causing confusion in consumers' minds regarding the source of a good or service, but by creating an association in consumers' minds between a mark and a different good or service”).

²⁶² See 15 U.S.C. § 1127 (2006) (defining dilution as “lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of (1) competition between the owner of the famous mark and other parties; or (2) likelihood of confusion, mistake, or deception”).

²⁶³ H.R. Rep. No. 104-374, at 3 (1995), *reprinted in* 1996 U.S.C.C.A.N. 1029, 1030.

motivated by an interest in protecting consumers.”²⁶⁴ Dilution on its face appears to be the precise cause of action that advocates of the post-sale confusion doctrine sought to enlist. However, bound by the consumer-oriented policies, advocates stretched the bounds of the existing law to create a cause of action where “confusion” was remote to non-existent.²⁶⁵ The introduction of trademark dilution and the subsequent revisions to the Trademark Dilution Act²⁶⁶ changed the landscape. The Trademark Dilution Act created a cause of action that protects the trademark owner and does not require a finding of confusion. The arguable necessity to stretch the trademark confusion doctrine simply does not exist in the current legal climate.

VI. CONCLUSION

Continued acknowledgement of the post-sale confusion doctrine obfuscates the fundamental principles of trademark. The touchstone for liability under the Lanham Act is likelihood of confusion.²⁶⁷ The idea that the Lanham Act can protect the general public from “confusion” is not and has never been the goal of the Lanham Act and is inapposite to the core policies surrounding trademark protection. Chief Justice Holmes captured the essence of the purpose of trademark law—to protect the consuming public from confusion—in his dissent in *Continental Wall Paper Co. v. Lois Voight & Sons Co.*²⁶⁸: “A man does not make conduct otherwise lawful, unlawful simply by yearning that it should be so.”²⁶⁹ Since the 1962 Amendments, courts have heard the

²⁶⁴ *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 429 (2003). *superseded by statute*, Trademark Dilution Revision Act of 2006, Pub. L. No. 109-312, 120 Stat. 1730, 15 U.S.C. § 1125(c)(1)–(2), *as recognized in* *Levi Strauss & Co. v. Abercrombie & Fitch Trading Co.*, 633 F.3d 1158 (9th Cir. 2011).

²⁶⁵ See *supra* Part III (discussing post-sale confusion as a misnomer).

²⁶⁶ Trademark Dilution Revision Act of 2006, Pub. L. No. 109-312, 120 Stat. 1730 (codified as amended in scattered sections of 15 U.S.C.).

²⁶⁷ See generally Janet S. Thomas, Comment, *Likelihood of Confusion Under the Lanham Act: A Question of Fact, a Question of Law, or Both?*, 73 KY. L.J. 235 (1984).

²⁶⁸ 212 U.S. 227 (1909).

²⁶⁹ *Id.* at 271.

yearning of trademark and obliged. However, the post-sale confusion doctrine takes out of context the purpose behind the amendments. The removal of the purchaser's language sought to unify the idea that an actual purchase was not required. The post-sale confusion analysis removes the consumer from any type of purchasing decision. And because the allegedly confused consumers in the post-sale confusion context are not purchasers or even potential purchasers of the luxury goods at issue, their confusion cannot impact their decisions regarding the trademark holder's goods. The doctrine defines as actionable any presence in commerce of a good that bears a similar or identical mark without regard to any consumer confusion.²⁷⁰ It is now time to re-evaluate the post-sale confusion doctrine's legitimacy and necessity. The doctrine is far removed from the intent of trademark policy and cannot be reconciled with the policies behind trademark protection. The post-sale confusion doctrine was an expansion made in an attempt to address issues of unfair competition and criminal conduct that has been addressed by subsequent legislation of Congress.²⁷¹

The traditional view of the 1962 Amendments to the Lanham Act is overly broad. As discussed in Part II.A, the Amendments have been interpreted to provide the basis for any form of confusion in the marketplace. The purpose of the 1962 Amendments, as expressed by Congress, was to ensure that the Lanham Act was not limited to only point-of-sale confusion, "since the provision actually relates to potential purchasers, as well as to actual purchasers."²⁷² While Congress stated that the Lanham Act is twofold—to protect the consumers and the investment by the mark owner²⁷³—Congress specifically stated that this was the goal of the entire statute, not simply section 32(1) of the Lanham Act.²⁷⁴

²⁷⁰ See McCarthy, *supra* note 31.

²⁷¹ See, e.g., 18 U.S.C. § 2320 (2006).

²⁷² S. Rep. No. 87-2107, at 4 (1962), reprinted in 1962 U.S.C.C.A.N. 2844, 2847.

²⁷³ See *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 197–98 (1985).

²⁷⁴ See generally *id.*

At the onset of the likelihood of confusion test, some jurisdictions correctly limited the analysis to purchasers and potential purchasers.²⁷⁵ This limitation by these jurisdictions was aligned with the legislative intent behind the amendments to section 32(1).²⁷⁶

A comprehensive review of the Lanham Act reveals that the statute governs both the registration and the protection of trademarks.²⁷⁷ Thus, it is important to look at the Lanham Act's grant of a property right to the trademark holder in section 22.²⁷⁸ This section provides that "[r]egistration of a mark on the principal register provided by this Act . . . shall be constructive notice of the registrant's claim of ownership thereof."²⁷⁹ This grant of a property right in the mark that is used in commerce to designate source of goods and services entitles owners to seek remedies available under the trademark statute, as well as those available under unfair competition and all other property remedies.²⁸⁰ Moreover, it is important to point out that the Lanham Act provides the remedy to the trademark holder.²⁸¹ This is significant in light of the Lanham Act's stated goals and approaches to trademark policy. While it is true that the consumer protection approach is aimed at protecting the potential consumers from deception, it is the owner who enforces and receives the relief, not the consumer.²⁸² This factor is extremely important as it meets the stated goal of providing an

²⁷⁵ See *Ferrari S.P.A. v. Roberts*, 944 F.2d 1235, 1249 (6th Cir. 1991).

²⁷⁶ See Lisa M. Sharrock, *Realigning Initial Interest Confusion with the Lanham Act*, 25 WHITTIER L. REV. 53, 57 (2003).

²⁷⁷ *Id.* at 57 ("Theoretically, the post-1962 statute permits infringement actions premised on confusion of the general public. However, the legislative history unambiguously indicates that the confusion to which the statute is directed is the confusion of purchasers and potential purchasers.").

²⁷⁸ 15 U.S.C. § 1072 (2006).

²⁷⁹ *Id.*

²⁸⁰ See Fred S. McChesney, *Deception, Trademark Infringement, and the Lanham Act: A Property-Rights Reconciliation*, 78 VA. L. REV. 49 (1992) (commenting that the Lanham Act provides a different rationale for deception and does not displace common law causes of actions).

²⁸¹ See 15 U.S.C. § 1072 (2006).

²⁸² *Id.*

incentive to the mark holder to continue investment knowing that it has a remedy available at law.²⁸³

Trademark law by its nature cannot protect the general public. Causes of action arising out of trademark infringement are torts, and tort law does not serve the general public but seeks to compensate for the injury incurred. In the case of trademark infringement, loss of reputation and goodwill associated with the brand is the injury seeking redress. While it is arguable that there are deterrent aspects in trademark infringement actions, the deterrent effects are limited for which post-sale confusion is most often used to address—counterfeits.

Post-sale confusion for many years has been used as a mechanism in which trademark holders sought to deter counterfeits and knock-offs. This doctrine is ill-suited for this purpose for the following reasons: (1) criminal laws exist today which protect the public at large from the scurrilous practices of those that trade in counterfeit and knock-off goods; (2) trademark law has evolved, creating causes of action for dilution which protects the interest necessitating the creation of post-sale confusion; and (3) consumers are more sophisticated than ever. Under the current analysis for post-sale confusion, sophistication of the consumer lessens the likelihood of confusion. As such a trademark infringement action must fail in the sophisticated marketplace, particularly when consumers all know it is a knock-off.

²⁸³ See Landes & Posner, *supra* note 46.

