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Trademark Enforcement and Statutory Incentives

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TRADEMARK ENFORCEMENT AND STATUTORY INCENTIVES[◆]

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ABSTRACT

The combination of the recent U.S. Supreme Court case, Romag Fasteners v. Fossil Group, Inc., *and the diamond anniversary of the Lanham Act provides good grounds to reflect on how trademark enforcement and statutory incentives have evolved through the years. Although enforcement of one's trademarks through the use of the courts can be traced back to England in the 1790s, trademark litigation and other enforcement activities have exploded, in relative terms, since the enactment of the Lanham Act in 1946. Although not subject to an easy empirical correlation, this trend suggests that the statute has had an impact on increasing the incentives to enforce one's trademark. This Article examines this evolution, attempting to highlight which changes could be providing increased incentives to trademark owners to aggressively enforce—and in some cases, over-enforce—their marks.*

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INTRODUCTION

Although trademark law long predates the Lanham Act, it is the passage of the Lanham Act that scholars and commentators typically mark as the beginning of "modern" trademark law.[1] Prior to the Lanham Act, federal trademark legislation was fairly narrow.[2] For example, under the 1905 Act, trademarks were limited to those affixed to goods (as opposed to "service" marks), and enforcement was limited to where such registered trademarks were used on unauthorized goods of the "same descriptive properties."[3] In 1946, the Lanham Act (the "Act") dramatically broadened the scope of federal trademark law, purporting to reflect the "legitimate present-day business practice."[4] Trademarks had in fact become more utilized in a post-World War II era, when travel and trade in goods and services across the United States were more easily conducted.[5] In addition, the adoption of the Lanham Act reflected the growing rise in "consumerism" and the promotion of the consumer as a "patriot."[6]

In the seventy-five years since the passage of the Act, it has been amended numerous times, with major amendments further expanding the protection of trademarks.[7] During these same seventy-five years, there has also been a dramatic rise in trademark infringement enforcement.[8] Although an empirical correlation is difficult to prove, it could be argued that the expansion of trademark law through the Act and its later amendments has had an impact on incentivizing enforcement of trademark rights.[9] Given this, some of the concerns over the anti-

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1 *See, e.g.*, Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 YALE L.J. 1687, 1687 (1999); Glynn S. Lunney, Jr., *Trademark Monopolies*, 48 EMORY L.J. 367, 373–78 (1999).

2 *See* Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 NOTRE DAME L. REV. 1839, 1840 (2007).

3 Trade-Mark Act of 1905, ch. 592, § 16, 33 Stat. 724, 728, *repealed by* Lanham Act, ch. 540, § 46(a), 60 Stat. 427, 444 (1946).

4 S. REP. NO. 79-1333, at 5 (1946); *see* McKenna, *supra* note 2, at 1902.

5 *See* Kenneth L. Port, *Trademark Extortion: The End of Trademark Law*, 65 WASH. & LEE L. REV. 585, 596–97 (2008).

6 *See* LIZABETH COHEN, A CONSUMERS' REPUBLIC 7 (2003); *The Rise of American Consumerism*, PBS: AM. EXPERIENCE, https://www.pbs.org/wgbh/americanexperience/features/tupperware-consumer/ [https://perma.cc/3GVN-V6P3] (last visited Mar. 17, 2021).

7 *See* 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION §§ 5:5–5:11, Westlaw (5th ed., database updated Mar. 2021).

8 In this Article, the term "trademark enforcement" is used to broadly encompass informal enforcement, such as cease-and-desist letters, as well as formal efforts such as filed federal lawsuits, or oppositions or cancellations brought at the Trademark Trial and Appeal Board (TTAB). However, there are no statistics for informal enforcement efforts, such as cease-and-desist letters. For statistics that show the growth of formal enforcement efforts, see Port, *supra* note 5, at 612 (showing a graph of total number of reported cases per year since 1947); *TTAB Incoming Filings and Performance Measures for Decisions, Fiscal Year 2021*, U.S. PAT. & TRADEMARK OFF., https://www.uspto.gov/trademarks/ttab/ttab-incoming-filings-and-performance [https://perma.cc/BN5E-CQ6M] (last modified Jan. 5, 2021, 1:38 PM).

9 In addition, the American economy has grown considerably since 1946, fueled in large part by consumerism. *See* sources cited *supra* note 6 and accompanying text. Given this, it should perhaps

competitive nature of trademark protection that were raised before and after the passage of the Act have arguably come to fruition.[10] In recent years, large and well-resourced entities have wielded the power of trademark enforcement in an attempt to attain complete control over their marks.[11] These entities have claimed that parodies,[12] artistic uses,[13] critical reviews,[14] as well as uses in far-flung product categories[15] are infringing their trademarks.

The harm from this over-enforcement is broad and impacts society on different levels, from having an anti-competitive effect, to raising barriers for new businesses to enter markets, all the way to chilling free speech.[16] More alarmingly, though, is that much of these over-enforcement activities are conducted extra-judicially—very few of these enforcement efforts see the light of a courtroom.[17] This means that large entities are able to enforce their claims of trademark infringement against less resourced entities without the benefit of judicial oversight to halt

be unsurprising that with more consumer products on the market, there would be a rise in trademark enforcement. While an increase in enforcement efforts, in and of itself, is not necessarily a negative phenomenon, this Article draws a distinction between reasonable enforcement efforts and bullying. The expansions in trademark law over the last seventy-five years have allowed, and in some aspects encouraged, an apparent increase in wrongful behavior.

10 *See* Lunney, *supra* note 1, at 367–71 (describing the commentary); Lemley, *supra* note 1, at 1688–89 (describing Professor Ralph Brown's criticisms of trademark law).

11 *See* Rochelle Cooper Dreyfuss, *Expressive Genericity: Trademarks as Language in the Pepsi Generation*, 65 NOTRE DAME L. REV. 397, 399 (1990) ("[T]he changing legal climate has tended to grant trademark owners ever greater control over their marks . . . .").

12 *See* Mark A. Lemley, *Fame, Parody, and Policing in Trademark Law*, 2019 MICH. STATE L. REV. 1, 1 (2019) ("Trademark owners regularly overreach. They often threaten or sue people they have no business suing, including satirists, parodists, non-commercial users, and gripe sites."); William McGeveran, *The Imaginary Trademark Parody Crisis (and the Real One)*, 90 WASH. L. REV. 713, 715 (2015) ("While there are few litigated cases, markholders routinely send cease-and-desist letters demanding the eradication of parodies aimed at their trademarks."); Stacey L. Dogan & Mark A. Lemley, *Parody as Brand*, 47 U.C. DAVIS L. REV. 473, 484 (2013) ("Increasingly, . . . we've witnessed a new phenomenon: lawsuits against parodies that serve as brands, logos, or taglines for commercial products.").

13 *See, e.g.*, Sonia K. Katyal, *Trademark Cosmopolitanism*, 47 U.C. DAVIS. L. REV. 875, 877–88 (2014) (describing enforcement efforts by Louis Vuitton against Nadia Plesner, a Danish art student).

14 *See* Eric Goldman, *Online Word of Mouth and Its Implications for Trademark Law*, *in* TRADEMARK LAW AND THEORY: A HANDBOOK OF CONTEMPORARY RESEARCH 400, 417–18 (Graeme B. Dinwoodie & Mark D. Janis eds., 2008) (discussing cases).

15 *See, e.g.*, Jess Bidgood, *Chicken Chain Says Stop, but T-Shirt Maker Balks*, N.Y. TIMES (Dec. 4, 2011), https://www.nytimes.com/2011/12/05/us/eat-more-kale-t-shirts-challenged-by-chick-fil-a.html [https://perma.cc/HJU5-SHDH] (describing fast-food chain Chick-fil-A's trademark enforcement efforts against entrepreneur, Bo Muller-Moore, and his T-shirt line of "Eat More Kale"); *I'm 2-0 Against Chick Fil A!*, EAT MORE KALE (Dec. 13, 2014), https://eatmorekale.com/im-2-0-chick-fil/ [https://perma.cc/XG3Y-FUWL] (blog post by Mr. Muller-Moore announcing his trademark registration issuing).

16 *See* Leah Chan Grinvald, *Charitable Trademarks*, 50 AKRON L. REV. 817, 832 (2017) (harms in the non-profit sector from trademark over-enforcement and bullying by charitable entities); Leah Chan Grinvald, *Shaming Trademark Bullies*, 2011 WIS. L. REV. 625, 629 (economic harms) [hereinafter Grinvald, *Shaming*]; Katyal, *supra* note 13, at 902 (harms to free speech); Dreyfuss, *supra* note 11, at 401 (harms to free speech); Lisa P. Ramsey, *Descriptive Trademarks and the First Amendment*, 70 TENN. L. REV. 1095, 1099 (2003) (harms to commercial speech).

17 *See* Dogan & Lemley, *supra* note 12, at 488.

more egregious or abusive claims.[18] Where enforcement crosses the line into trademark bullying, the target of such bullying has little recourse.[19]

This Article argues that there are at least three types of expansions of the Lanham Act in the past seventy-five years that have led to an "incentivization" of overly broad trademark enforcement: (1) the expansion in what is considered actionable confusion through the adoption of the Lanham Act; (2) the expansion in the scope of protectable trademarks through judicial interpretation; and (3) the heightened importance of having a "famous" mark through the adoption of federal trademark dilution law. Combined, these expansions in trademark law have created a cost-benefit analysis for trademark owners that incentivizes enforcement. In addition, this Article argues that the recent U.S. Supreme Court case of *Romag Fasteners, Inc. v. Fossil, Inc.*[20] and its interpretation of the Lanham Act's provision of defendant's profits has the potential to further incentivize enforcement, and possibly even trademark bullying.

I. BACKGROUND OF PRE-LANHAM ACT TRADEMARK LAW

Pre-1946, or "traditional," trademark law was a fairly narrow body of law, focused on protecting what was termed "technical" marks.[21] "Technical" marks were those that were used only on goods and were limited to the marks that are now termed as "inherently distinctive."[22] These were marks that were not descriptive of the underlying goods, were not someone's name, and were not terms related to the area from which the goods came (a geographical name or term).[23] Marks that had these qualities were known as "trade names" and were protected under general unfair competition law.[24] For example, the term "MCDONALD'S" for

[18] *See* Leah Chan Grinvald, *Policing the Cease-and-Desist Letter*, 49 U.S.F. L. REV. 411, 412 (2015).

[19] *See generally* Grinvald, *Shaming*, *supra* note 16 (discussing the lack of tools available for a trademark bullying target).

[20] Romag Fasteners, Inc. v. Fossil, Inc., 140 S. Ct. 1492 (2020).

[21] *See* Danielle Conway-Jones, *Remedying Trademark Infringement: The Role of Bad Faith in Awarding an Accounting of Defendant's Profits*, 42 SANTA CLARA L. REV. 863, 869 n.33 (2002). A number of eminent scholars have written about the origins of English and American trademark law. Part I is necessarily a simplified overview. For in-depth coverage, see Lionel Bently, *From Communication to Thing: Historical Aspects of the Conceptualisation of Trade Marks as Property*, *in* TRADEMARK LAW AND THEORY, *supra* note 14, at 3–41; McKenna, *supra* note 2; Robert G. Bone, *Hunting Goodwill: A History of the Concept of Goodwill in Trademark Law*, 86 B.U. L. REV. 547 (2006); Sara Stadler Nelson, *The Wages of Ubiquity in Trademark Law*, 88 IOWA L. REV. 731, 736–46 (2003); Keith M. Stolte, *How Early Did Anglo-American Trademark Law Begin? An Answer to Schechter's Conundrum*, 8 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 505 (1998); FRANK I. SCHECHTER, THE HISTORICAL FOUNDATIONS OF THE LAW RELATING TO TRADE-MARKS (1925).

[22] *Compare* Trade-Mark Act of 1905, ch. 592, § 5, 33 Stat. 724, 725, *with* Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4 (2d Cir. 1976).

[23] Trade-Mark Act of 1905 § 5.

[24] The exception to this was the "Ten Year Clause," under which marks that had been in use from at least 1895 could be registered under the 1905 Act. *See* HARRY D. NIMS, THE LAW OF UNFAIR

the hamburger restaurant chain owned by the McDonald brothers would have been considered a trade name, whereas "IVORY" for a bar of soap was a technical trademark.

The focus of the pre-1946 trademark law was narrow. In his influential article, *Normative Foundations of Trademark Law*, Professor Mark McKenna provides an in-depth analysis of early English and American trademark law cases that supports the conclusion that the primary goal of traditional trademark law was to protect against diverted trade.[25] Situating trademark law within nineteenth-century natural property rights theory, Professor McKenna persuasively concludes that "[t]raditional trademark protection . . . focused on producers' attempts to steal away customers from those in close competitive proximity."[26]

The import of this narrow realm for trademark law is that enforcement of one's trademark could justifiably be brought only against direct competitors or counterfeiters. One influential case in the pre-Lanham Act years of the twentieth century underscored this: in *Borden Ice Cream Co. v. Borden's Condensed Milk Co.*, the plaintiff, a well-known dairy producer, sued the defendant for attempting to use its name on commercial ice cream products.[27] However, at the time of the lawsuit, the original Borden's had only made a limited form of "malted" ice cream sold to hospitals.[28] Even though the company claimed that it planned to sell ice cream more broadly, it had not yet done so.[29] The Seventh Circuit declined to impose an injunction against the defendant because without its own commercial ice cream, the defendant could not divert competition away from the plaintiff.[30]

However, in the years leading up to the drafting of the Lanham Act, a broader scope of trademark law was being developed by some courts.[31] These courts were loosening the direct competition requirement to allow some plaintiffs to succeed in enforcement efforts against related goods. For example, in contrast to the Seventh Circuit in *Borden Ice Cream*, the Second Circuit in *Aunt Jemima Mills Co. v. Rigney & Co.* found trademark infringement even where the plaintiff and defendant were not

COMPETITION AND TRADE-MARKS § 43 (2d ed. 1917).
25 McKenna, *supra* note 2.
26 *Id.* at 1899.
27 Borden Ice Cream Co. v. Borden's Condensed Milk Co., 201 F. 510 (7th Cir. 1912).
28 *Id.* at 512.
29 *Id.* at 514.
30 *Id.* ("There being no competition between the appellants and appellee, we are confronted with the proposition that the appellee, in order to succeed on this appeal, has and can enforce a proprietary right to the name 'Borden' in any kind of business, to the exclusion of all the world.").
31 *See generally* 4 MCCARTHY, *supra* note 7, § 24:5 (discussing two influential cases, *Aunt Jemima Mills Co. v. Rigney & Co.* and *Yale Electric Corp. v. Robertson*).

direct competitors.[32] In this case, the plaintiff produced pancake batter, whereas the defendant produced pancake syrup. The court stated,

> But we think that goods, though different, may be so related as to fall within the mischief which equity should prevent. Syrup and flour are both food products, and food products commonly used together. Obviously the public, or a large part of it, seeing this trade-mark on a syrup, would conclude that i[t] was made by the complainant.[33]

Of the two, this broader concept of trademark law would eventually win out over the Seventh Circuit's more narrow approach with the adoption of the new federal trademark law, as will be discussed in the next part.

II. ADOPTION OF THE LANHAM ACT AND EXPANSIVE TRADEMARK LAW

While the proponents of the Act vociferously argued that the new trademark law focused on simply protecting against unfair competition,[34] at least two provisions were notable departures from the prior 1905 Act.[35] First, the Act allowed for registration of a broader range of trademarks—not only could marks that were inherently distinctive be registered but also those that had "acquired" distinctiveness.[36] The Lanham Act allowed both trademarks and service marks[37] to be registered, thus eliminating any legal differences between a "technical" trademark and a trade name. The impact of this was to significantly widen the subject matter that could be protected as a trademark. Trademarks that would not have previously qualified for trademark protection could now be registered.[38]

Based on this significant shift, since 1946, courts have had the ability to interpret the Lanham Act as not limiting the subject matter over which a trademark could be claimed.[39] Consider trademarks consisting of

32 Aunt Jemima Mills Co. v. Rigney & Co., 247 F. 407 (2d Cir. 1917).
33 *Id.* at 409–10.
34 S. REP. NO. 79-1333, at 4 (1946) ("To protect trade-marks, therefore, is to protect the public from deceit, to foster fair competition, and to secure to the business community the advantages of reputation and good will by preventing their diversion from those who have created them to those who have not. This is the end to which this bill is directed.").
35 *See* McKenna, *supra* note 2, at 1902 (discussing the deletion of the direct competition requirement).
36 Lanham Act, ch. 540, § 2(f), 60 Stat. 427, 429 (1946) (codified at 15 U.S.C. § 1052(f) (2018)) ("Except as expressly excluded in paragraphs (a), (b), (c), and (d) of this section, nothing herein shall prevent the registration of a mark used by the applicant which has become distinctive of the applicant's goods in commerce.").
37 *Id.* § 3 (codified at 15 U.S.C. § 1053 (2018)) ("[S]ervice marks shall be registrable, in the same manner and with the same effect as are trademarks, and when registered they shall be entitled to the protection provided . . . in the case of trademarks.").
38 *See* Lunney, *supra* note 1, at 375.
39 For a further discussion of the problems associated with broader subject matter, see Lisa P. Ramsey, *Protectable Trademark Subject Matter in Common Law Countries and the Problem with Flexibility*, *in* THE CAMBRIDGE HANDBOOK OF INTERNATIONAL AND COMPARATIVE TRADEMARK LAW 193, 203–08 (Irene Calboli & Jane C. Ginsburg eds., 2020).

a single color.[40] Prior to the U.S. Supreme Court case of *Qualitex Co. v. Jacobson Products Co.*,[41] color was not universally considered an appropriate subject matter of a trademark.[42] The Seventh and the Ninth Circuits had held that color was never protectable, whereas the Federal and the Eighth Circuits had held that color was per se protectable.[43] In addition, the U.S. Patent and Trademark Office (PTO) allowed colors to be registered as trademarks.[44]

However, in *Qualitex*, the Supreme Court resolved the split in the law in favor of a broader scope of protection. *Qualitex* concerned a dispute over the green-gold color for a laundry press pad. The plaintiff, Qualitex, had been using the color as a mark.[45] In 1990, Qualitex sued a competitor, Jacobson, for using the same green-gold color for its laundry press pads.[46] During the pendency of the trial, Qualitex's registration for the green-gold color was granted by the PTO.[47] Although the district court held that Qualitex's color trademark had been infringed, the Ninth Circuit reversed the ruling with respect to the validity of the color as a trademark.[48]

The Supreme Court reversed the Ninth Circuit by focusing on the statutory language in the Lanham Act:

> The language of the Lanham Act describes th[e] universe [of things that can qualify as a trademark] in the broadest of terms. . . . Since human beings might use as a "symbol" or "device" almost anything at all that is capable of carrying meaning, this language, read literally, is not restrictive.[49]

40 *See id.* Other examples are restaurant design and other forms of trade dress. *See generally* Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763 (1992).
41 Qualitex Co. v. Jacobson Prods. Co., 514 U.S. 159 (1995).
42 *See, e.g.*, A. Leschen & Sons Rope Co. v. Broderick & Bascom Rope Co., 201 U.S. 166, 171 (1906) ("[A] trade-mark which may be infringed by a streak of any color, however applied, is manifestly too broad."); James Heddon's Sons v. Millsite Steel & Wire Works, Inc., 128 F.2d 6, 9 (6th Cir. 1942) ("Color, except in connection with some definite, arbitrary symbol or in association with some characteristics which serve to distinguish the article as made or sold by a particular person is not subject to trademark monopoly.").
43 *Compare* NutraSweet Co. v. Stadt Corp., 917 F.2d 1024, 1027 (7th Cir. 1990) (holding that color alone should not be granted trademark protection as trade dress), *cert. denied*, 499 U.S. 983 (1991), *and* Qualitex Co. v. Jacobson Prods. Co., 13 F.3d 1297, 1302 (9th Cir. 1994) (same), *with* Master Distribs., Inc. v. Pako Corp., 986 F.2d 219, 221 (8th Cir. 1993) (holding that there is no rule prohibiting trademark protection of color by itself), *and In re* Owens-Corning Fiberglas Corp., 774 F.2d 1116, 1118 (Fed. Cir. 1985) (holding that pink for fiberglass could be protected as a trademark per se).
44 *See* Paul R. Morico, *Protecting Color Per Se in the Wake of* Qualitex v. Jacobson, 77 J. PAT. & TRADEMARK OFF. SOC'Y 571, 571 (1995).
45 Qualitex Co. v. Jacobson Prods. Co., No. 2:90-cv-01183, 1991 WL 318798, at *1 (C.D. Cal. Sept. 3, 1991).
46 *Qualitex*, 13 F.3d at 1300.
47 *Id.*
48 *Id.* at 1301, 1305.
49 Qualitex Co. v. Jacobson Prods. Co., 514 U.S. 159, 162 (1995).

Although the Supreme Court stopped short of holding that colors could be deemed to be "inherently distinctive," and proof was needed that consumers perceived it as a trademark, *Qualitex* increased the scope of trademark protection.[50]

The second provision in the 1946 Act that was also a significant departure from traditional trademark law was the ability to claim infringement for related goods, not just similar goods. In effect, the Act adopted a scope of protection that was expounded in the *Aunt Jemima Mills* case. A side-by-side comparison of the prior trademark law, the Trade-Mark Act of 1905, and the enacted provision in the 1946 Act reveals this significant shift. Section 16 of the Trade-Mark Act of 1905 provides:

> Any person who shall, without the consent of the owner thereof, reproduce, counterfeit, copy, or colorably imitate any such trademark and affix the same to merchandise of *substantially the same descriptive properties as those set forth in the registration*, . . . shall be liable to an action for damages therefor at the suit of the owner thereof . . . .[51]

Section 32(1) of the Lanham Act, enacted in 1946, provides:

> Any person who shall, in commerce, use, without the consent of the registrant, any reproduction, counterfeit, copy, or colorable imitation of any registered mark in connection with the sale, offering for sale, or advertising of any goods or services 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* . . . shall be liable to a civil action by the registrant for any or all of the remedies hereinafter provided . . . .[52]

The import of this change was to codify that federal trademark law would no longer simply protect diversion of trade but rather, would also protect trademark owners from those who veered too close to their mark. Take, for example, "V-8" beverages and "V-8" vitamins. Under a *Borden's Ice Cream* formulation of trademark law, the maker of "V-8" beverages would not succeed against a defendant who was making "V-8" vitamins because the two products were not similar.[53] However, under the new Lanham Act provision, such a lawsuit was successful because

50 As part of the Court's reasoning, Justice Breyer cited to PTO trademark registrations for the shape of the Coca-Cola bottle, NBC's three chimes, and the scent of plumeria flowers. *Id.*

51 Trade-Mark Act of 1905, ch. 592, § 16, 33 Stat. 724, 728, *repealed by* Lanham Act, ch. 540, § 46(a), 60 Stat. 427, 444 (1946) (emphasis added).

52 Lanham Act § 32(1)(a), 60 Stat. at 437–38 (1946) (codified as amended at 15 U.S.C. § 1114(1)(a) (2018)) (emphasis added).

53 Standard Brands, Inc. v. Smidler, 151 F.2d 34, 37 (2d Cir. 1945) (holding that there was trademark infringement where the plaintiff, makers of the "V-8" beverage, brought suit against defendants, who were making a "V-8" vitamin).

direct competition was no longer needed but simply proof that there was a likelihood of confusion as to the source of the goods. Professor McKenna notes that the shift in the statutory language led courts to further expand the idea of confusion and allow infringement claims against any type of confusion that would associate the trademark owner's mark with another's.[54]

The 1962 amendments to the Lanham Act continued this trend of expansion of the idea of confusion by deleting the phrase "purchasers as to the source of origin of such goods or services."[55] The current formulation of the infringement standard in the Lanham Act is simply a likelihood of confusion, regardless of the type of confusion.[56] This has led courts to interpret that many far-flung types of confusion, such as post-sale confusion or initial interest confusion, can be actionable.[57] This is true even where such confusion is dispelled before any purchase or sale, or even where the likelihood of confusion is not among potential purchasers.[58] Infringement claims that would have been dismissed prior to these expansions for failure to state a claim under the relevant law are now allowed under modern trademark law.

Another major expansion to trademark law through the Lanham Act came in 1996 with the passage of the Federal Trademark Dilution Act, and then again in 2006 with the Trademark Dilution Revision Act.[59] Although the concept of dilution had been advocated by a prominent scholar-practitioner at the time the debates of the Lanham Act were swirling, a federal dilution law had not been adopted in 1946.[60] Instead,

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54 McKenna, *supra* note 2, at 1902; *see also* Jessica Litman, *Breakfast with Batman: The Public Interest in the Advertising Age*, 108 YALE L.J. 1717, 1721–25 (1999).

55 1 MCCARTHY, *supra* note 7, § 5:6 (quoting Act of Oct. 9, 1962, Pub. L. No. 87-772, § 2, 76 Stat. 769, 769).

56 *See supra* note 52 and accompanying text.

57 *See* Litman, *supra* note 54, at 1722 ("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." (footnotes omitted)); *see also* Jeremy N. Sheff, *Veblen Brands*, 96 MINN. L. REV. 769 (2012) (discussing post-sale confusion); Mark A. Lemley & Mark McKenna, *Irrelevant Confusion*, 62 STAN. L. REV. 413, 436–46 (2010) (discussing expansion of confusion doctrine); Eric Goldman, *Deregulating Relevancy in Internet Trademark Law*, 54 EMORY L.J. 507 (2005) (discussing initial interest confusion).

58 *See, e.g.*, Soter Techs., LLC v. IP Video Corp., No. 1:20-cv-05007, 2021 WL 744511, at *11 (S.D.N.Y. Feb. 26, 2021) (upholding initial interest confusion as a properly pled form of confusion); City of New York v. Blue Rage, Inc., 435 F. Supp. 3d 472, 490 (E.D.N.Y. 2020) (upholding post-sale confusion as an actionable form of confusion).

59 Federal Trademark Dilution Act of 1995, Pub. L. No. 104-98, § 3, 109 Stat. 985, 985 (1996). Congress amended this act in 2006. Trademark Dilution Revision Act of 2006, Pub. L. No. 109-312, § 2, 120 Stat. 1730, 1730 (current version at 15 U.S.C. § 1125(c)).

60 Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813, 821–24 (1927). In addition, Mr. Schechter testified in favor of including an anti-dilution provision into the new federal trademark law in 1932. A version of the law that included such a provision was drafted but was not passed. *See* Walter J. Derenberg, *The Problem of Trademark Dilution and the*

a patchwork of state laws provided for heightened protection for "famous" marks until the Lanham Act was officially amended to do the same.[61]

Dilution provides a heightened level of trademark protection where a trademark owner can prove that an unauthorized use is likely to dilute its "famous" mark regardless of the relationship of product categories.[62] One striking example of this is *Louis Vuitton Malletier, S.A. v. Hyundai Motor America*, where Louis Vuitton was able to obtain an injunction against Hyundai Motor Company for including a Louis Vuitton-inspired basketball in its car commercial.[63] Even though the commercial showed the basketball for only a second, the basketball had an imitation of the famous Louis Vuitton "toile monogram" trademark on it.[64] The court found this sufficient to support a likelihood of dilution by blurring.[65]

Although fame is defined in a very specific manner by the Lanham Act,[66] this does not prevent trademark owners from claiming fame or attempting to enforce dilution of their marks against others.[67] In addition, one of the statutory factors in the dilution analysis is whether the trademark owner "exercises exclusive use of the marks."[68] The proof of "exercising exclusive use" that is often accepted by courts is the enforcement efforts by the trademark owner. For example, in the *Louis Vuitton* case, the court cited with approval that "Louis Vuitton has set forth evidence that in 2009, it 'initiated' 9,489 anti-counterfeiting raids and 26,843 anti-counterfeiting procedures. In 2010, it sent 499 cease-and-desist letters in response to Customs Seizure Notices, after sending 217 such letters in 2009."[69] The court concluded that this was sufficient to prove Louis Vuitton's exclusive use.[70] This acceptance by courts of such

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Antidilution Statutes, 44 CALIF. L. REV. 439, 449–50 (1956).

61 *See* Derenberg, *supra* note 60, at 451–61 (discussing the state anti-dilution laws passed as of the 1950s and the developments in the law therein). *See also* Eric A. Prager, *The Federal Trademark Dilution Act of 1995: Substantial Likelihood of Confusion*, 7 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 121, 125–26 (1996) (describing main differences between federal anti-dilution law and state dilution statutes).

62 15 U.S.C. § 1125(c)(2).

63 Louis Vuitton Malletier, S.A. v. Hyundai Motor Am., No. 1:10-cv-01611, 2012 WL 1022247 (S.D.N.Y. Mar. 22, 2012).

64 *Id.* at *1.

65 *Id.* at *6–13.

66 15 U.S.C. § 1125(c)(2)(A) ("[A] mark is famous if it is widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark's owner.").

67 *See, e.g.*, Monster Energy Co. v. Li-Wei Chih, 2016 WL 740936 (T.T.A.B. 2016) (Monster Energy claimed "fame" in product categories outside of energy drinks).

68 15 U.S.C. § 1125(c)(2)(B)(iii).

69 Louis Vuitton Malletier, S.A. v. Hyundai Motor Am., No. 1:10-cv-01611, 2012 WL 1022247, at *8 (S.D.N.Y. Mar. 22, 2012).

70 *Id.* ("Based on the record, Louis Vuitton has set forth evidence supporting its exclusive use of its marks, and Hyundai has failed to come forward with evidence that Louis Vuitton does not maintain exclusive use of its marks."). Another example of this is found in Lifeguard Licensing Corporation's enforcement efforts. *See* Declaration of Ruben Azrak at 4, Lifeguard Licensing Corp.

enforcement activities incentivizes trademark owners to over-enforce their marks as an avenue to fame and dilution protection.[71]

Altogether, these changes in federal trademark law through the Lanham Act have expanded the scope of trademark protection far beyond its historical focus on trade diversion. Given that trademark owners are able to claim trademark protection over any form of mark and any form of confusion, and they have a heightened reason to seek fame, it should only be expected that trademark enforcement has increased since 1946.[72] Trademark owners are increasingly incentivized by the statutory provisions to do so. The recent Supreme Court interpretation of the Lanham Act in *Romag Fasteners* has potentially amplified this trend. Before addressing the impact of this decision, Part III will first connect these changes in trademark law to incentives in trademark enforcement.

III. TRADEMARK ENFORCEMENT AND STATUTORY INCENTIVES

When a trademark owner is considering whether to enforce their trademark against a use they believe is unauthorized, there are many factors at play. Depending on how the trademark is being used by the third party (in a comparative commercial or parody), how the owner discovered the infringement (via the legal department through its watch service or via the sales department through irate retailers), and who the allegedly infringing user is (a blogger or a competitor), the emotional reaction and existing cognitive biases of the trademark owner will likely be a major factor.[73] Putting aside the emotions involved in making a legal decision, other considerations include the costs of enforcement, existence of legally plausible deterrents, the relative merits of one's case, and the benefits to such trademark enforcement.[74] These latter two considerations tie directly into the trademark changes discussed above.

A. *Costs of Trademark Enforcement*

Trademark enforcement can range from the very informal, such as a phone call, to the informal, such as a cease-and-desist letter, to the

v. Kozak, 371 F. Supp. 3d 114 (S.D.N.Y. 2019) (No. 1:15-cv-08459) [hereinafter Azrak Declaration] (claiming to have sent approximately 100 cease-and-desist letters to alleged infringers).

71 Courts generally accept similar evidence in cases involving validity claims, which incentivizes trademark owners to over-enforce, as well. *See* Deven R. Desai & Sandra L. Rierson, *Confronting the Genericism Conundrum*, 28 CARDOZO L. REV. 1789, 1791, 1834–42 (2007).

72 *See* 1 MCCARTHY, *supra* note 7, §§ 5:5–5:11.

73 *See, e.g.*, Jessica M. Kiser, *To Bully or Not to Bully: Understanding the Role of Uncertainty in Trademark Enforcement Decisions*, 37 COLUM. J.L. & ARTS 211, 242 (2014) (discussing the overvaluation of trademarks by their owners).

74 *See* William T. Gallagher, *Trademark and Copyright Enforcement in the Shadow of IP Law*, 28 SANTA CLARA COMPUT. & HIGH TECH. L.J. 453, 471–81 (2012) (discussing factors that attorneys use when analyzing whether an enforcement in trademark and copyright cases is worth it).

formal, such as an opposition or cancellation proceeding filed with the Trademark Trial and Appeals Board (TTAB) at the PTO, all the way to the very formal, such as a lawsuit filed with a federal district court.[75] The relative costs involved match the formality of the enforcement mechanism. Depending on who is making the phone call, for example, the in-house counsel or brand manager working at the trademark owner, a phone call to the alleged infringer could be virtually costless.[76] A cease-and-desist letter may cost the trademark owner relatively nothing (if drafted internally), or a few hundred dollars in billable time if services of outside counsel are required, whereas litigation could cost hundreds of thousands of dollars.[77]

While it is difficult to definitively document the myriad ways enforcement happens, research suggests that the majority of trademark enforcement happens informally.[78] Additionally, there is evidence to suggest that ex parte proceedings at the PTO (trademark oppositions of pending trademark applications) and informal "letters of protest" are on the rise as other avenues of enforcement.[79] This means that trademark litigation statistics that utilize filed lawsuits or the inter partes proceedings in front of the TTAB are only a portion of the enforcement taking place on a daily basis.[80] And statistics that measure the reported decisions of terminated lawsuits are likely an even smaller fraction of trademark enforcement activity.[81]

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75 *See* Grinvald, *supra* note 18, at 414–16 (discussing the cease-and-desist letter process); DEP'T OF COM., TRADEMARK LITIGATION TACTICS AND FEDERAL GOVERNMENT SERVICES TO PROTECT TRADEMARKS AND PREVENT COUNTERFEITING 9–13 (2011), https://www.uspto.gov/sites/default/files/trademarks/notices/TrademarkLitigationStudy.pdf [https://perma.cc/PL9H-D58L].

76 Many entities with large trademark portfolios have in-house legal departments, as well as brand managers, who oversee their trademark enforcement. *See* Leah Chan Grinvald, *Resolving the IP Disconnect for Small Businesses*, 95 MARQ. L. REV. 1491, 1529 (2012).

77 *See* Glynn S. Lunney, Jr., *Two-Tiered Trademarks*, 56 HOUS. L. REV. 295, 322 (2018) (citing the American Intellectual Property Law Association report on litigation costs); Brad Walz, *Breakdown of Trademark Infringement Litigation Costs*, TRADEMARK BOB (Apr. 24, 2018), https://www.trademarkbob.com/blog/trademark-litigation-costs/ [https://perma.cc/K57G-7KNA] (breakdown of costs of taking a case to the TTAB).

78 *See* Grinvald, *supra* note 18, at 414; Gallagher, *supra* note 74, at 467 (concluding from qualitative empirical work that most trademark cases settle).

79 *See TTAB Incoming Filings and Performance Measures for Decisions*, *supra* note 8; TMEP § 1715 (Oct. 2018) ("A letter of protest is an informal procedure created by and existing at the discretion of the USPTO, whereby third parties may bring to the attention of the USPTO evidence bearing on the registrability of a mark."). The filing of these letters has almost doubled over the course of two fiscal years, from 2,726 in FY 2017 to 4,106 in FY 2019. *See* Trademark Fee Adjustment, 85 Fed. Reg. 73,197, 73,205 (Nov. 17, 2020). Based on this increase, the PTO has begun to charge a fee for the filing of such letters. *Id.* at 73,198.

80 *See Just the Facts: Intellectual Property Cases—Patent, Copyright, and Trademark*, U.S. CTS. (Feb. 13, 2020), https://www.uscourts.gov/news/2020/02/13/just-facts-intellectual-property-cases-patent-copyright-and-trademark [https://perma.cc/U65G-HK29]; *TTAB Incoming Filings and Performance Measures for Decisions*, *supra* note 8.

81 *See* Gallagher, *supra* note 74, at 456.

This evidence, combined with the likely strain on overall legal budgets due to the COVID-19 pandemic,[82] would appear to point to a reasonable conclusion that trademark owners are utilizing less expensive methods of trademark enforcement where possible. Based on this conclusion, it is safe to infer that the costs of the majority of trademark enforcement activities are likely fairly minimal, in relative terms, to an overall legal budget of a large or well-resourced entity.[83] Therefore, when weighing whether to enforce one's trademark against an allegedly infringing use, the costs of such enforcement would not be a detraction in such cost-benefit analysis. And, given that there are few deterrents that would be likely to increase potential enforcement costs (discussed next), it would appear that large entities are rarely disincentivized from doing so.

B. *Legally Plausible Deterrents*

The factor that would add to the costs of trademark enforcement are counter-mechanisms by which the targeted entity in the enforcement action could fight back or statutory provisions that attempt to pose a deterrent to unreasonable trademark claims. However, in the realm of trademark enforcement, legally plausible deterrents (meaning those that would be taken seriously as a deterrent) are few and far between. For example, when a trademark owner sends a threatening or abusive cease-and-desist letter,[84] they are opening themselves up to a declaratory judgment action filed by the target.[85] One of the markers of a threatening or abusive cease-and-desist letter is a seriously worded threat of legal action against the recipient of the letter, which provides grounds for the recipient to file suit first.[86] However, while this is a legally plausible occurrence, it is far from reality in many cases. Given this, it is likely not considered a serious counter-mechanism by large trademark owners, particularly where their targets are small businesses or individuals.[87]

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82 *See, e.g.*, Nina Trentmann, *Finance Chiefs Are on the Move as Pandemic Adds Strain*, WALL ST. J. (Aug. 14, 2020), https://www.wsj.com/articles/finance-chiefs-are-on-the-move-as-pandemic-adds-strain-11597397401 [https://perma.cc/2WZ9-6F9Q].

83 *See* Grinvald, *supra* note 18, at 428.

84 *See id.* at 420–26 (defining an abusive cease-and-desist letter).

85 *See* 28 U.S.C. § 2201(a) (2018) ("In a case of actual controversy within its jurisdiction . . . any court of the United States . . . may declare the rights and other legal relations of any interested party seeking such declaration, whether or not further relief is or could be sought.").

86 *See* Marta R. Vanegas, *You Infringed My Patent, Now Wait Until I Sue You: The Federal Circuit's Decision in* Avocent Huntsville Corp. v. Aten International Co., 92 J. PAT. & TRADEMARK OFF. SOC'Y 371, 384 (2010) ("Congress enacted the Declaratory Judgment Act to eliminate uncertainty in situations where one of the parties threatens to sue but does not proceed. . . . Congress was especially mindful of the problems presented in patent, trademark, and copyright infringement cases." (footnote omitted)).

87 *See* Grinvald, *supra* note 18, at 441.

In addition, although the Lanham Act allows for a court to award attorney's fees and costs against plaintiffs who lose their lawsuits,[88] courts do not often award them.[89] The last sentence of Section 35(a) of the Lanham Act states, "The court in exceptional cases may award reasonable attorney fees to the prevailing party."[90] This is identical to the language of the Patent Act,[91] which the Supreme Court interpreted in 2014 in *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*[92] In *Octane*, the Court clarified that the "totality of the circumstances" of the case should be considered, "in the rare case in which a party's unreasonable conduct—while not necessarily independently sanctionable—is nonetheless so 'exceptional' as to justify an award of fees."[93] While this somewhat more "lenient" standard (as compared to the prior interpretation by the courts of this provision) has been applied to trademark cases,[94] in reality, it appears that courts are still not awarding attorney fees where, arguably, they are warranted.[95] Therefore, even though the possibility of an attorney's fee award has been cited as a statutory provision that deters abusive litigation,[96] the specter of paying attorney's fees is so low in trademark cases that it does not appear to serve as a deterrent.[97]

C. *Relative Merits of a Case*

When analyzing the legal merits of a trademark case, consideration is given to the statutory provisions, how courts have interpreted such provisions, any legal defenses that defendants may have, as well as the size of the target. The relative merits of one's particular case are directly related to the changes and expansions in trademark law described in Part

88 15 U.S.C. § 1117(a).
89 *See* Port, *supra* note 5, at 624.
90 15 U.S.C. § 1117(a).
91 35 U.S.C. § 285 ("The court in exceptional cases may award reasonable attorney fees to the prevailing party.").
92 Octane Fitness, LLC v. ICON Health & Fitness, Inc., 572 U.S. 545 (2014).
93 *Id.* at 555.
94 *See, e.g.*, Penshurst Trading Inc. v. Zodax LP, No. 1:14-cv-02710, 2015 WL 4716344, at *2 (S.D.N.Y. Aug. 7, 2015) ("[W]hether or not the Court applies the slightly more lenient standard set forth in *Octane Fitness* to Plaintiffs [sic] Lanham Act claims, the Court concludes that this case is not 'exceptional' as necessary to justify the award of attorneys' fees."), *aff'd sub nom.* Penshurst Trading Inc. v. Zodax L.P., 652 F. App'x 10 (2d Cir. 2016).
95 *See, e.g.*, Louis Vuitton Malletier, S.A. v. My Other Bag, Inc., No. 1:14-cv-03419, 2018 WL 317850, at *2 (S.D.N.Y. Jan. 8, 2018) (holding that even though defendant's bags were found to be "obvious" parodies, Louis Vuitton's legal arguments or enforcement behavior were not "frivolous or a mere shakedown" (quoting *Penshurst Trading*, 652 F. App'x at 12)), *aff'd*, 764 F. App'x 39 (2d Cir. 2019). *See also* Patrick H.J. Hughes, *Louis Vuitton Should Pay for Suit Against 'Obvious Parody,' Professors Say*, WESTLAW J. INTELL. PROP., July 18, 2018, at 8.
96 *See* DEP'T OF COM., *supra* note 75, at 13 ("[T]he potential for an award of attorneys' fees is an existing deterrent to misuse of the litigation process in trademark disputes.").
97 The "American" rule of each party paying their own legal fees is typically applied across claimants. Professor Port's research into decided trademark litigation cases shows that on the whole, attorney's fees are also not awarded very frequently. *See* Port, *supra* note 5, at 624.

II. With statutory provisions having been expanded in favor of a trademark plaintiff, it is fairly easy to put together a claim of trademark infringement that can be "squeezed" through a crack.[98] As long as a trademark owner can somehow connect the defendant's use of a trademark to the owner, courts will consider the claim reasonable.[99] In addition, there is evidence to show that trademark owners can win their lawsuits approximately fifty percent of the time,[100] which, depending on the trademark owner, may be a relatively good probability.[101]

Although there are a few statutory defenses that can assist a defendant,[102] these can only be of assistance when the enforcement matter is brought to court. Where the matter stays extra-judicial, the statutory defenses are unlikely to be persuasive, particularly in the case of trademark bullying.[103] The other factor that works hand-in-hand with the inability to utilize statutory defenses is the size of the enforcement target. Where the target is a small business or individual, they are unlikely to afford an attorney who would be able to explain their legal position to them. Or, if the target does have access to any legal assistance, the likely advice will be to capitulate to the demands due to the inability of the small business or individual to fight back.[104] Therefore, in the realm of informal legal dispute settlements, the statutory provisions and descriptions of judicial interpretations of them are subject to the proponent's narrative and framing.[105] For example, some cease-and-desist letters claim that if the alleged infringer does not stop their activity, they will likely be subjected to paying damages and attorney's fees.[106] As discussed above,

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98 *See, e.g.*, EON Corp. IP Holdings LLC v. Cisco Sys. Inc., No. 3:12-cv-01011, 2014 WL 3726170, at *5 (N.D. Cal. July 25, 2014) (holding that unreasonable claims are those where no party "could see an opening . . . through which the argument[s] could be squeezed").

99 *See id.* Additionally, as Professor Jim Gibson notes, trademark licensing practices have incrementally changed what is considered potentially confusing by consumers. *See* James Gibson, *Risk Aversion and Rights Accretion in Intellectual Property Law*, 116 YALE L.J. 882, 907–23 (2007).

100 Port, *supra* note 5, at 631.

101 *See* Kiser, *supra* note 73, at 235–44 (discussing and applying prospect theory to trademark owner decisions to enforce).

102 *See* 15 U.S.C. § 1115 (2018). Scholars have also noted that these defenses are not as fulsome as they need to be. *See generally* Graeme B. Dinwoodie, *Developing Defenses in Trademark Law*, 13 LEWIS & CLARK L. REV. 99 (2009) (arguing for courts to adopt stronger affirmative trademark defenses); Michael Grynberg, *Things Are Worse Than We Think: Trademark Defenses in a "Formalist" Age*, 24 BERKELEY TECH. L.J. 897 (2009) (arguing for statutory amendments to encapsulate stronger trademark defenses); William McGeveran, *Rethinking Trademark Fair Use*, 94 IOWA L. REV. 49 (2008) (arguing for a stronger fair-use defense).

103 *See* Grinvald, *Shaming*, *supra* note 16, at 630–31.

104 *See, e.g.*, GRPNY, *Matt and "The Monster"—Rock Art Brewery vs. Monster Energy Drink*, YOUTUBE, at 2:38 (Oct. 14, 2009), https://youtu.be/kbG_woqXTeg (last visited Mar. 4, 2021) (owner of a craft brewery relaying advice of his attorney to simply change the name of his beer based on bullying from Monster Energy, despite the attorney acknowledging that no infringement occurred).

105 *See* Gallagher, *supra* note 74, at 478.

106 *See, e.g.*, Letter from Jason A. Champion, Counsel to Monster Energy Co., to Eric Klettlinger, MPT Autobody 6 (Oct. 8, 2020), https://assets.documentcloud.org/documents/20491792/2020-10-

the probability that this is likely to happen is slim. But, where the target is a small business or individual, this type of language is likely to be persuasive.[107] Even where the target takes a defensive posture and declines to capitulate to the trademark owner's demands, the enforcement action is not detrimental to the owner. Simply taking action without seeing any return can still be helpful, as is discussed below. Therefore, taken altogether, a trademark owner's relative merits of the case can typically be interpreted as positive.

D. *Benefits of Bringing an Enforcement Action*

Another consideration in the analysis of whether to bring an enforcement action is whether there are any benefits, such as favorable treatment of one's trademark or damage awards. Here, too, the expansions in trademark law are directly in support. Given the expanded protection for famous marks,[108] along with the emphasis on "exclusive control" over the mark, entities can benefit from over-enforcing their marks.

Some entities utilize enforcement measures to build a foundation upon which to claim they have a "famous" mark. A good example of this is Monster Energy Company.[109] Monster Energy Company is an energy drink manufacturer that claims that its "Monster" and "M" marks are famous and attempts to enforce its marks accordingly. It has brought enforcement actions against many varied users of the terms "Monster" and "M" and even users of the green and black colorway, the colors that Monster Energy claims to have protectable trade dress in.[110] It continues this enforcement strategy, notwithstanding that it does not have registration for the mark "MONSTER" apart from "MONSTER

08-jvc-letter-to-klettlinger-hanb11868m.pdf [https://perma.cc/92WV-ELF4] ("MPT's actions are willful, intentional, and calculated to take advantage of Monster's reputation and customer goodwill in its valuable trademarks. The deliberate nature of this conduct may entitle Monster to claim enhanced damages and attorneys' fees in any action required to enforce its intellectual property rights against MPT.").

107 *See* Gallagher, *supra* note 74, at 478 (relaying that the small size of a target was a factor in favor of bringing an enforcement action because threats were effective); Lemley, *supra* note 12, at 5; Azrak Declaration, *supra* note 70, at 4 (claiming to have received more than a quarter of a million dollars over the course of a decade arising out written settlements with alleged infringers).

108 *See generally* Leah Chan Grinvald, *Contracting Trademark Fame?*, 47 LOY. U. CHI. L.J. 1291, 1305–11 (2016) (discussing benefits of trademark fame); *see also* Monster Energy Co. v. Li-Wei Chih, 2016 WL 740936, at *10 (T.T.A.B. 2016) ("When a prior user's mark is found to be famous, this plays a significant role in the likelihood of confusion analysis because famous marks enjoy a broad scope of protection.").

109 For a sampling of articles related to Monster Energy Company's trademark enforcement practices, see Search Results for Stories About "Monster Energy," TECHDIRT, https://www.techdirt.com/blog/?company=monster+energy [https://perma.cc/N2YZ-VJ3Z] (last visited Mar. 18, 2021).

110 *See, e.g.*, *Monster Energy Co*., 2016 WL 740936, at *3 (opposing trademark applications over stylized "M" and the use of "Monster" as part of applicant's "Monsterfishkeeper" mark); Letter from Champion to Klettlinger, *supra* note 106 (claiming protectable trade dress in the green and black combination).

ENERGY," nor does it have registered trade dress in just the green and black colors.[111] In addition, the TTAB has found that neither of its famous marks are in fact famous outside of the energy drink market and that "MONSTER" was not famous for purposes of dilution.[112] But, if Monster Energy can convince other entities to stop using its purported marks, over time, it may obtain enough support that it has exclusivity, and therefore fame, in product categories beyond energy drinks. This would qualify its marks for the expanded protection under trademark infringement, as well as for dilution protection.

In addition, in order to provide proof of "exclusive control," entities often submit their enforcement record, both informal and formal. For example, in *Louis Vuitton v. Hyundai*, Louis Vuitton's annual enforcement record was used by the district court to support a finding that Louis Vuitton had exclusive control over its "toile monogram" mark.[113] During 2009, Louis Vuitton conducted 9,489 anti-counterfeiting raids, was involved in 26,843 anti-counterfeiting procedures, and sent 217 cease-and-desist letters in response to receiving seizure notices from the U.S. Customs and Border Patrol agency.[114] In 2010, it sent 499 such letters.[115] This was accepted as good evidence by the court at face value, without further evidence as to whether any of the actions were successful or any inquiry into whether there were any adverse judicial findings based on these enforcement actions.[116] This would seem to indicate that other trademark owners could be similarly successful.

Further, a potential benefit of bringing enforcement actions is the probability of recovering damages, defendant's profits, or attorney's fees,

111 Monster did have a trademark application, U.S. Trademark Application Serial No. 87,925,577 (filed May 17, 2018) for "M MONSTER ENERGY," which claims "The color(s) green, black, silver, and white . . . as a feature of the mark. The mark consists of a stylized letter 'M' in the form of a claw displayed in green above the stylized word 'MONSTER' which appears in the color white with a silver outline, which is above the word 'ENERGY' which appears in the color green, all on a black background." But there is no registration or pending application for just the green and black color combination by itself, as it claims in the letter to Mr. Klettlinger. *See* Letter from Champion to Klettlinger, *supra* note 106, at 4 ("[G]iven MPT's use of green and black and an emphasized, stylized 'M,' there is a strong likelihood that potential customers viewing the MPT Logo will mistakenly believe that there is some affiliation or connection with Monster, which is false.").

112 *Monster Energy Co.*, 2016 WL 740936, at *23. Granted, this finding of non-fame was as of 2010, which was the point at which Monster Energy's marks needed to have been considered famous for purposes of the opposition against "Monsterfishkeepers." It could be that "MONSTER" and "M" have become famous in the interim, but it should be noted that Monster Energy still does not have any registered trade dress in simply green and black.

113 Louis Vuitton Malletier, S.A. v. Hyundai Motor Am., No. 1:10-cv-01611, 2012 WL 1022247, at *8 (S.D.N.Y. Mar. 22, 2012).

114 *Id.*

115 *Id.*

116 *See id.* ("Based on the record, Louis Vuitton has set forth evidence supporting its exclusive use of its marks, and Hyundai has failed to come forward with evidence that Louis Vuitton does not maintain exclusive use of its marks . . . ."). Note that Louis Vuitton does not win in all of its enforcement matters. *See, e.g.*, Louis Vuitton Malletier, S.A. v. My Other Bag, Inc., 674 F. App'x 16 (2d Cir. 2016); Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC, 507 F.3d 252 (4th Cir. 2007).

either through settlement with the alleged infringer or in a court award. For example, some trademark owners include demands of attorney's fees in their cease-and-desist letters as a condition to settling the claim against the recipient.[117] While there are no statistics to document how often this condition is fulfilled, given the near costless nature of such letters, even if one recipient out of ten were to pay the demanded fees, this would be a boon to the sender. For court awards, some evidence suggests that a damage award in a successful lawsuit can average approximately $738,000 for the plaintiff.[118] Although the chances of prevailing in a lawsuit are approximately 50%, the likelihood of obtaining a damages award is approximately 5.5%.[119] This low probability is likely a detractor for some plaintiffs but may not be for others.[120]

One downside to over-enforcement may cause the balance of benefits to sway the other way—the potential for shaming by the trademark owner's consumers or the broader public.[121] In these days of over-sharing on social media, it is easy for recipients of abusive cease-and-desist letters to post them or share that they have received such demands.[122] Unfortunately, though, the prospect of shaming or being labeled a "#trademarkbully" does not deter all entities, and additionally, not all shaming is successful.[123] Given that there are no provisions in the Lanham Act that penalize entities for over-enforcing their marks, some entities could see only benefits to enforcement. Post-*Romag*, these benefits have potentially increased.

IV. *ROMAG FASTENERS* AND FUTURE ENFORCEMENT INCENTIVES

The Supreme Court has been quite active in weighing in on trademark matters in the last few years. For historical perspective, from 1911 to 2011, the Supreme Court decided approximately forty trademark-related cases.[124] By contrast, from 2011 to the present, the Supreme Court has decided ten cases.[125] The latest, *Romag Fasteners, Inc. v. Fossil*

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117 *See, e.g.*, Letter from Champion to Klettlinger, *supra* note 106, at 6.
118 *See* Port, *supra* note 5, at 624.
119 *See id.* at 631.
120 *See, e.g.*, Ian Weinstein, *Don't Believe Everything You Think: Cognitive Bias in Legal Decision Making*, 9 CLINICAL L. REV. 783, 797–817 (2003) (describing various forms of cognitive bias that impact how clients and lawyers view litigation probabilities).
121 *See generally* Grinvald, *Shaming*, *supra* note 16 (discussing shaming as a non-judicial tool to fighting back against trademark bullies).
122 *See, e.g.*, Paul Martello, *#Trademarkbully. . . Who Me? A Practical Guide for Attorneys on How to Avoid the Label*, 20 U.C. DAVIS BUS. L.J. 165 (2020).
123 *See* Grinvald, *Shaming*, *supra* note 16, at 665–68 (describing the factors needed for success in shaming); Kiser, *supra* note 73, at 232–44 (explaining why some entities bully).
124 *See* Edward Vassallo & Kristin B. Hogan, *A Century of Supreme Court Trademark Law*, 101 TRADEMARK REP. 113, 113 (2011).
125 Already, LLC v. Nike, Inc., 568 U.S. 85 (2013); Lexmark Int'l, Inc. v. Static Control Components, Inc., 572 U.S. 118 (2014); Pom Wonderful v. Coca-Cola, Co., 573 U.S. 102 (2014); Hana Fin., Inc. v. Hana Bank, 574 U.S. 418 (2015); B&B Hardware, Inc. v. Hargis Indus., Inc.,

Group, Inc., attempts to clarify when a successful plaintiff in a trademark infringement lawsuit can obtain profits that accrued to the defendants based on their infringing conduct.[126] Prior to *Romag*, the circuit courts were split as to whether a plaintiff had to prove that a defendant was willful in its infringing conduct before a court could award defendant's profits to the plaintiff.[127] Some circuits, like the Second Circuit, required that willfulness be shown prior to such disgorgement of profits.[128] Profits were less likely to be awarded in the circuits that imposed this requirement.[129]

The plaintiff in *Romag*—a "fastener" supplier to Fossil Group for handbags—discovered that the manufacturers of the Fossil handbags were using counterfeit Romag fasteners instead of authentic ones.[130] Romag brought suit against Fossil and won on the issue of trademark infringement at trial, with the jury awarding Romag profits under theories of unjust enrichment and deterrence.[131] But the jury did not find that the defendants had acted "willfully," and based on Second Circuit precedent, the district court reversed the jury award of approximately $6.8 million.[132] The only issue on appeal to the Supreme Court was whether a requirement of "willfulness" was a requirement for a court to award defendant's profits to a successful plaintiff.[133]

The Supreme Court reversed the lower courts, holding that "willfulness" is not such a requirement.[134] The analysis in *Romag* shows the importance of clear statutory text to the current Court. Although the specific provision in the Lanham Act—Section 35 was all but the same

575 U.S. 138 (2015); Matal v. Tam, 137 S. Ct. 1744 (2017); Iancu v. Brunetti, 139 S. Ct. 2294 (2019); Lucky Brand Dungarees, Inc. v. Marcel Fashions Grp., Inc., 140 S. Ct. 1589 (2020); U.S. Pat. & Trademark Off. v. Booking.com B.V., 140 S. Ct. 2298 (2020); Romag Fasteners, Inc. v. Fossil, Inc., 140 S. Ct. 1492 (2020).

126 *Romag Fasteners, Inc.*, 140 S. Ct. 1492.

127 *Compare* 4 Pillar Dynasty LLC v. N.Y. & Co., 933 F.3d 202, 212–14 (2d Cir. 2019) (deeming willfulness to be a prerequisite for profits), *with* Retractable Techs., Inc. v. Becton Dickinson & Co., 919 F.3d 869, 876 (5th Cir. 2019) (treating willfulness as one of six factors to be considered).

128 *See, e.g.*, *Pillar Dynasty LLC*, 933 F.3d at 212–14; *see also* Pamela Samuelson, John M. Golden & Mark P. Gergen, *Recalibrating the Disgorgement Remedy in Intellectual Property Cases*, 100 B.U. L. REV. 1999, 2008–23 (2020) (discussing the disgorgement rules in trademark law); Mark A. Thurmon, *Confusion Codified: Why Trademark Remedies Make No Sense*, 17 J. INTELL. PROP. L. 245, 254 (2010).

129 Thurmon, *supra* note 128, at 254.

130 Romag Fasteners, Inc. v. Fossil, Inc., 29 F. Supp. 3d 85, 91–94 (D. Conn. 2014), *aff'd*, 817 F.3d 782 (Fed. Cir. 2016), *cert. granted*, *judgment vacated*, 137 S. Ct. 1373 (2017), *and vacated in part*, 686 F. App'x 889 (Fed. Cir. 2017).

131 *Id.* at 90. There were a number of other issues in the lower court cases including patent infringement, as well as counterclaims of laches and unclean hands. *Id.* Although the plaintiff apparently had evidence of the counterfeit snaps being used in May 2010, it did not fully investigate the matter until October 2010, and then waited until "Black Friday" to file a temporary restraining order (TRO) against Fossil. *Id.* at 93–95. The TRO neglected to include the history of the discovery. *Id.* at 94–96.

132 *Id.* at 90, 112. The district court applied the Second Circuit's precedent on this issue. *Id.* at 107.

133 Romag Fasteners, Inc. v. Fossil, Inc., 140 S. Ct. 1492, 1494 (2020).

134 *Id.* at 1497.

as when it was initially enacted in 1946, the Court inferred the same intent from that language as it did with the language that was passed in 1996 for a different form of infringement—dilution—under Section 43(c).[135] According to Section 43(c), courts have the discretion to award profits to a successful plaintiff if the defendant "willfully intended" to dilute the plaintiff's trademark.[136] Although the language of Section 35 subjects the decision to award profits to the principles of equity, the specific language of Section 35 does not reference any level of mental state required before courts could consider such an award.[137] Therefore, the Court concluded that "this Court [does not] usually read into statutes words that aren't there."[138]

Instead, willfulness for a trademark infringement claim "is a principle long reflected in equity practice where district courts have often considered a defendant's mental state, among other factors, when exercising their discretion in choosing a fitting remedy."[139] While this holding does not preclude the ability of courts to consider willfulness as a prerequisite to an award of profits, it is relegated to but one factor courts should take into account.[140] This could mean, then, that profits can be awarded even where a defendant is an "innocent infringer."[141] According to Justice Sotomayor's concurrence, this is not consistent with the principles of equity because, under equity, there were a wide range of "culpable mental states."[142] However, these states did not include those who acted in good faith nor those who were simply negligent.[143] In *Romag*, for example, while Fossil's conduct did not necessarily rise to

135 *Id.* at 1495.
136 15 U.S.C. § 1125(c)(5) (2018).
137 *Id.* § 1117(a) ("When a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, a violation under section 1125(a) or (d) of this title, or a willful violation under section 1125(c) of this title, shall have been established . . . , the plaintiff shall be entitled, subject to the provisions of sections 1111 and 1114 of this title, and subject to the principles of equity, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action."). The original version of Section 35 is substantially the same as the current version.
138 *Romag Fasteners, Inc.*, 140 S. Ct. at 1495.
139 *Id.* at 1497.
140 Justice Alito wrote a concurring opinion on this point: "The relevant authorities, particularly pre-Lanham Act case law, show that willfulness is a highly important consideration in awarding profits under § 1117(a), but not an absolute precondition. I would so hold and concur on that ground." *Id.* (Alito, J., concurring).
141 *See* Samuelson et al., *supra* note 128, at 2015 n.91 ("Justice Gorsuch's majority opinion was not averse to the idea of profits disgorgement in cases of innocent infringement, although it recognized that a defendant's mental state was a 'highly important consideration' in applying the disgorgement remedy."); *see also* Ben Wagner, *Supreme Court's Unanimous Decision in* Romag Fasteners *Resolves Split on Trademark Infringers' Profits, But Raises Questions*, IP WATCHDOG (Apr. 23, 2020), https://www.ipwatchdog.com/2020/04/23/supreme-courts-unanimous-decision-romag-fasteners-resolves-split-trademark-infringers-profits-raises-questions/ [https://perma.cc/57N3-33JX].
142 *Romag Fasteners, Inc.*, 140 S. Ct. at 1498 (Sotomayor, J., concurring).
143 *Id.* ("Courts of equity, however, defined 'willfulness' to encompass a range of culpable mental states—including the equivalent of recklessness, but excluding 'good faith' or negligence.").

the level of being "willful," the jury did find it acted with "callous disregard."[144] This may or may not result in a profit award on remand, particularly since the district court found Romag's pre-trial behavior to be sanctionable, which may neutralize the equities.[145]

While it is too early to know the full impact of *Romag*, the lack of a requirement to prove defendants' intentions before being awarded profits may increase trademark enforcement efforts, and possibly even incentivize them.[146] Although *Romag* does not have any bearing on whether plaintiffs will win more, the ruling increases the probability that they would be awarded profits when they do win.[147] This may increase the benefits calculation for certain plaintiffs considering bringing formal enforcement actions. While proving damages is fraught with difficulty,[148] calculation of profits under Section 35 is written in favor of the plaintiffs—plaintiffs only need to prove defendant's sales. It is up to the defendant to bring proof of how the sales relate to the infringing conduct and which expenses should be deducted from the profits.[149] While this rule makes practical sense (defendants have better knowledge of their overall business expenses and access to their receipts and other documentation), this still tips the scale in favor of plaintiffs. The Court acknowledged Fossil's policy arguments—"that stouter restraints on profits awards are needed to deter 'baseless' trademark suits"—could have a point.[150] But the Court punted the needed policy clarification over to Congress.[151]

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144 *Id.* at 1494 (majority opinion).
145 Romag Fasteners, Inc. v. Fossil, Inc., 29 F. Supp. 3d 85, 104–06 (D. Conn. 2014), *aff'd*, 817 F.3d 782 (Fed. Cir. 2016), *cert. granted*, *judgment vacated*, 137 S. Ct. 1373 (2017), *and vacated in part*, 686 F. App'x 889 (Fed. Cir. 2017); Samuelson et al., *supra* note 128, at 2022–23.
146 *But see* Eileen McDermott, *Trademark Bar Cheers for 'Good News in a Gloomy Time' with High Court's* Romag Fasteners *Holding*, IP WATCHDOG (Apr. 23, 2020), https://www.ipwatchdog.com/2020/04/23/trademark-bar-cheers-for-good-news-in-a-gloomy-time-with-high-courts-romag-fasteners-holding/ [https://perma.cc/KSJ4-2PNA] (compiling trademark practitioner thoughts on the impact of *Romag*).
147 *See* Theodore H. Davis Jr., Joseph Petersen & Rita Weeks, *The Supreme Court Abrogates Willfulness as a Bright-Line Prerequisite for Accountings of Profits Under the Lanham Act*, KILPATRICK TOWNSEND (Apr. 24, 2020), https://www.kilpatricktownsend.com/en/Insights/Alert/2020/4/The-Supreme-Court-Abrogates-Willfulness-as-a-Bright-Line-Prerequisite-for-Accountings-of-Profits-Under-the-Lanham-Act [https://perma.cc/FL5K-RZF4] ("A possible accounting of its profits therefore can present a greater concern to a defendant accused of having violated the Lanham Act than the risk of an award of the plaintiff's actual damages.").
148 *See id.* ("[A]lthough a prevailing plaintiff may receive an award of its actual damages upon a showing of liability, proving the quantum of those damages can be difficult, especially if the plaintiff cannot introduce evidence of a material amount of confusion or deception caused by the defendant's conduct.").
149 15 U.S.C. § 1117(a) (2018) ("In assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost or deduction claimed.").
150 Romag Fasteners, Inc. v. Fossil, Inc., 140 S. Ct. 1492, 1497 (2020) ("Maybe, too, each side has a point.").
151 *Id.* ("But the place for reconciling competing and incommensurable policy goals like these is before policymakers. This Court's limited role is to read and apply the law those policymakers have ordained, and here our task is clear.").

In addition, this increase in the probability of being awarded profits will assist trademark owners in their informal enforcement efforts. Trademark owners will now be able to cite to *Romag* as good support that, if the alleged infringer loses at a trial, profits will most likely be awarded to the trademark owner.[152] This will assist them in negotiating a higher settlement amount because they can point to what a likely profit award would be in the event the alleged infringer loses. Particularly where the alleged infringer is in a non-competing field, this argument will carry weight. Under the pre-*Romag* regime, damages in a case where the defendant was in a non-competing field were extremely difficult to prove and therefore, the specter of paying damages was low. But post-*Romag*, non-competing defendants now have to worry about profit awards, which, as mentioned above, are easier to prove for plaintiffs.

Finally, the increased probability in profit awards could incentivize attorneys who work on a contingency fee basis to represent plaintiffs who they may not have agreed to represent previously. Prominent trademark practitioners have opined that after *Romag*, "Potential defendants . . . should expect the risk of facing lawsuits in those circuits [where willfulness had been required] to increase in the opinion's wake, including suits brought by contingency-fee counsel willing to roll the dice on a monetary judgment."[153] Although contingency-fee-based attorney assistance can provide needed access to legal counsel for those who would not otherwise be able to afford it,[154] it has the potential to incentivize greater levels of enforcement.

CONCLUSION

Trademark law has greatly evolved from its origins as a narrow, strict liability regime for direct trade diversion. It has expanded to protect forms of marks, uses, and potential harms that are far beyond what anyone could have imagined even in the early twentieth century. On its diamond anniversary, the Lanham Act has provided for much of this expansion through its statutory provisions. While much of trademark enforcement these days has moved out of the courtroom and into the realm of private dispute settlements, we should not forget that the statutory provisions continue to incentivize such enforcement efforts. We need to be cognizant that the harm of over-enforcement and bullying is felt most by small businesses and individuals. Therefore, we need to

[152] *See, e.g.*, Letter from Champion to Klettlinger, *supra* note 106 (citing demands in cease-and-desist letter).
[153] Davis et al., *supra* note 147.
[154] *See* Angela Wennihan, *Let's Put the Contingency Back in the Contingency Fee*, 49 S.M.U. L. REV. 1639, 1645–46 (1996) (describing history of contingency fees); John Leubsdorf, *The Contingency Factor in Attorney Fee Awards*, 90 YALE L.J. 473, 477–78 (1981).

continue the conversation around how to alleviate this harm, whether through encouraging different judicial or regulatory interpretation or through further statutory reform.