

Article

Tea and Donuts

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I will put on the clothes
laid out the night before
while the morning stains with traffic.
I will slice grapefruit
and wonder if distance
will give us back to ourselves.
—Lynda Hull¹

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1. Lynda Hull, *In Another Country*, BLACKBIRD ARCHIVE (Spring 2008), https://blackbird.vcu.edu/v7n1/poetry/hull_l/in_another_country.htm [<https://perma.cc/D57L-RDEU>].

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INTRODUCTION

A. TRAVELING IN CARS TO BUY DONUTS

The central story of trademark law is making identification of the source of a product or service easier. Consumers who see a coffee shop with the name “Starbucks” and a mermaid logo will know that their morning beverage comes from the chain with its headquarters in Seattle. This recognition by customers will encourage the Starbucks chain to invest in advertising to increase consumer association with the name and logo, secure in the knowledge that a competitor will not be able to free-ride on those efforts. This simple explanation provides the core rationale for establishing intellectual property rights in marks: consumers see or hear a mark, and associate it with a single source. However, that explanation is wrong, or at the very least incomplete.

Federal trademark law under the Lanham Act permits simultaneous use of the same mark by different producers with surprising frequency. This Article argues that trademark law's permissiveness towards concurrent use is harmful as a policy matter and internally inconsistent, if not outright contradictory, as a doctrinal one. Moreover, even if one were to accept concurrent use as a theoretical matter, the mechanism that trademark law has adopted to mediate such potentially conflicting uses—geographic proximity—is deeply flawed. To illustrate these shortcomings, consider two other staples of the morning commute for many Americans: cars and donuts.

In creating rules for concurrent use of brands, trademark law has spent a surprising amount of time considering donuts, cars, and the likelihood that consumers use the latter to travel to purchase the former. This Article argues that current trademark doctrine has made a series of missteps by using geography to manage concurrent use of marks, in a way that is contrary to theory, to economic development, to modern information flows, and to other aspects of trademark law itself. It proposes a menu of possible reforms to cure, or at least mitigate, the problems that result from these errors, including most prominently the elimination of protection for unregistered marks altogether. And the Article also defends these interventions as improving the law's notice function here—a consideration broadly accepted as important in other areas of intellectual property but neglected in trademark doctrine.

The missteps began a century ago in Jackson, Michigan, where the Dawn Donut Company began selling various pre-prepared mixes to bakeries in June 1922.² The firm inscribed its bags of donut mix with the moniker “Dawn,” and also used it for direct sales to consumers through a licensing arrangement with select bakers, who became “Dawn Donut Shops.”³ Dawn Donut registered its brand as a trademark with the U.S. Patent Office in 1927, and renewed it twenty years later.⁴ The 1947 renewal, under the then-new Lanham Act, provided Dawn Donut Company with nationwide rights to the mark.⁵ The Lanham Act created the first modern federal trademark system in the United

2. See *Dawn Donut Co. v. Hart's Food Stores, Inc.*, 267 F.2d 358, 361 (2d Cir. 1959).

3. *Id.*

4. *Id.* at 362; see DAWN DONUT, Registration No. 226,173.

5. *Dawn Donut*, 267 F.2d at 362.

States;⁶ registration under its provisions established constructive nationwide use⁷ and placed later adopters on notice of the registrant's exclusive rights.⁸ Thus, Dawn Donut gained nationwide protection for its trademark,⁹ even though it did not conduct business in every state.¹⁰ One state where Dawn Donut did employ the mark, at both the wholesale and retail levels, was New York. In the upstate city of Rochester, though, Dawn Donut sold only its mixes—it did not have a licensed “Dawn Donut Shop.”¹¹ Thus, only bakers saw the firm's Dawn mark.

The grocery chain Hart's Food Stores, also operating in upstate New York, set up an in-house bakery under the name “Dawn Bakeries” in April 1951.¹² It began selling donuts under the “Dawn” brand in December 1951.¹³ Distribution of Hart's Dawn donuts occurred only within forty-five miles of Rochester; hence, there was no literal overlap in retail sales with the original Dawn Donut.¹⁴ However, at the state level, retail sales were mixed: consumers near Rochester would buy Dawn donuts created by Hart's, but those outside the city area would buy ones created from the Michigan firm's mixes. Despite the putative nationwide rights that Dawn Donut Company enjoyed, and despite

6. See Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 YALE L.J. 1687, 1687 (1999) (noting that in 1949, “the modern era of trademark law had just begun”); Julius R. Lunsford, Jr., *The Lanham Trade-Mark Act—Conflict and Dissent*, 43 TRADEMARK REP. 995, 1004 (1953).

7. 15 U.S.C. § 1072.

8. 15 U.S.C. § 1115(a).

9. *Dawn Donut*, 267 F.2d at 362 (citing 15 U.S.C. §§ 1072, 1115(a)).

10. *Dawn Donut Co. v. Hart's Food Stores, Inc.*, Civil No. 6378, 1957 U.S. Dist. LEXIS 4561, at *2 (W.D.N.Y. Dec. 31, 1957) (finding sales from 1923–1930 almost exclusively within six states).

11. *Dawn Donut*, 267 F.2d at 361. The company evidently licensed a retailer in the mid-1920s, but then exited the direct-to-consumer market. *Id.*

12. *Id.* The Second Circuit erred in its description of how Hart's used the “Dawn” mark. Compare *id.* (describing incorporation of “Starhart Bakeries” by Hart's), with *Dawn Donut*, 1957 U.S. Dist. LEXIS 4561, at *1–2 (finding that “[t]here is no corporation named Starhart Bakeries, Inc. . . . [That name] is an assumed business name which the defendant has used on its bakery products since May 1948,” and “Dawn Bakeries, Inc. is a New York corporation engaged in the making of baked and fried goods sold under the name Starhart Bakeries” and is principally owned by Hart's).

13. *Dawn Donut*, 1957 U.S. Dist. LEXIS 4561, at *2.

14. *Id.*

Hart's constructive knowledge of those rights,¹⁵ the Michigan firm now had a competitor using an identical brand in a city where it, too, employed the mark (albeit at the wholesale level), and within a 100-mile drive of its retail outlets. Seeking to block that use, Dawn Donut sued Hart's Food Stores in 1954.¹⁶

Under the Lanham Act, the outcome seemed clear: Hart's used the same mark on similar pastries in the same state and even region, with constructive knowledge of the Michigan Dawn Donut's exclusive rights. Moreover, Hart's use of the "Dawn" mark extended well beyond Rochester's city limits by dint of the grocery chain's advertising on radio and television stations and in two Rochester newspapers.¹⁷ The Lanham Act authorizes federal courts to issue injunctions to prevent infringement, based upon a likelihood of consumer confusion, of a registered mark.¹⁸ Here, consumer confusion seemed far more than "likely."¹⁹ In upstate New York, when a consumer bought a "Dawn Donut," they were guaranteed to get one authorized by the Michigan producer and made from its mix—until Hart's entered the picture.

But this is where mistake entered the narrative. Both the New York Federal District Court and the Second Circuit Court of Appeals let Hart's Food Stores escape liability for trademark infringement and continue its concurrent use of the "Dawn" mark.²⁰ Their rationale was that consumers in Rochester proper would not be confused: after all, they only associated "Dawn" donuts with Hart's, not Dawn Donut Company.²¹ (Consumers in

15. Dawn Donut Company's renewed registration in 1947, under the just-enacted Lanham Act, created constructive nationwide notice of the firm's exclusive rights to the mark. *See supra* notes 4–10 and accompanying text.

16. *Dawn Donut*, 1957 U.S. Dist. LEXIS 4561, at *1.

17. *Dawn Donut*, 267 F.2d at 361.

18. 15 U.S.C. § 1116(a); 15 U.S.C. § 1114(1)–(2).

19. *See Dawn Donut*, 267 F.2d at 361 (describing use by Michigan firm near Rochester). Even if consumers were not confused—perhaps most donuts taste similar—this is nonetheless a classic case of "passing off." *See* Robert G. Bone, *Hunting Goodwill: A History of the Concept of Goodwill in Trademark Law*, 86 B.U. L. REV. 547, 571 (2006). (describing "passing off" as a defendant-business "misleading consumers into believing that its products came from the plaintiff").

20. *Dawn Donut*, 1957 U.S. Dist. LEXIS 4561, at *5; *Dawn Donut*, 267 F.2d at 365.

21. *Dawn Donut*, 267 F.2d at 365 ("[B]ecause plaintiff and defendant use the mark in connection with retail sales in distinct and separate markets and because there is no present prospect that plaintiff will expand its use of the mark at the retail level into defendant's trading area, we conclude that there is

New York, evidently, only bought donuts within sixty miles of home.) Moreover, Hart's had not acted in bad faith: it had no *actual* knowledge of Dawn Donut's prior use, and as such could not have intended to trade upon any reputation the Michigan company had attained.²² It was a narrow escape, though; the Second Circuit made clear that as soon as the Michigan company showed even "an *intent* to use the mark at the retail level in [Hart's] market area," it could obtain an injunction.²³ These results, though, make a mockery of the text of the Lanham Act, and indeed of the congressional efforts over decades to implement a robust system of truly nationwide trademark rights.²⁴ After the Second Circuit created the "*Dawn Donut* rule"—which was quickly adopted by nearly all other federal courts²⁵—a federal registrant formally had national exclusivity and priority, but in practice could only enforce those rights where it actually conducted business.²⁶ That, of course, effectively recreated the system of common law trademark rights that the Lanham Act sought to reform through its registration procedures.²⁷

no likelihood of public confusion arising from the concurrent use of the marks . . .").

22. *Id.* at 361–62.

23. *Id.* at 365 (emphasis added). Thus, the junior user (Hart's) acquired no rights in the mark against the senior user (Dawn Donut), and its interest would be more properly framed as a privilege. See Wesley Newcomb Hohfeld, *Some Fundamental Legal Conceptions as Applied in Judicial Reasoning*, 23 YALE L.J. 16, 32–44 (1913–14) (describing privileges as contrasted to duties).

24. See Stephen L. Carter, *The Trouble with Trademark*, 99 YALE L.J. 759, 760 (1990) ("Under the Lanham Act, a firm that obtains registration of a mark suddenly becomes the mark's proprietor in markets the firm has never entered and might indeed have no interest in entering."); *id.* at 777 ("Under the literal terms of the Act, the protection of a registered mark . . . is not limited to the particular geographic regions in which the registrant does business."); Rebecca Tushnet, *Registering Disagreement: Registration in Modern American Trademark Law*, 130 HARV. L. REV. 867, 910–11 (2017) (discussing the justification for nationwide registration of marks).

25. See, e.g., *Cir. City Stores, Inc. v. CarMax, Inc.*, 165 F.3d 1047, 1056–57 (6th Cir. 1999) (Jones, J., concurring) (noting that "[o]ver time, the *Dawn Donut* Rule gained acceptance in the majority of the circuits," and listing cases).

26. Joseph Michael Levy, *The Confusion of Trademark Territoriality*, 18 CHI.-KENT J. INTELL. PROP. 324, 333 (2019); see also Mark A. Lemley, *Did eBay Irreparably Injure Trademark Law?*, 92 NOTRE DAME L. REV. 1795, 1795–96 (2017) (arguing that injunctions should be the norm for victorious trademark owners).

27. See Graeme B. Dinwoodie, *Trademarks and Territory: Detaching Trade-*

The outcome in *Dawn Donut* is not grounded in the text of the federal trademark statutes, nor did the courts engage in any serious attempt to analyze whether consumers would be confused.²⁸ The District Court and Second Circuit alike simply assumed that, for donuts, what happens in Rochester stays in Rochester.²⁹ In so doing, they called back to a long common law tradition of using geography to mediate among competing users of a mark.³⁰ The *Tea Rose* doctrine, adopted by the U.S. Supreme Court in 1916,³¹ embodies this tradition: it holds that if two concurrent users of the same mark are sufficiently separate geographically, there can be no likelihood of confusion, and priority of appropriation³² is irrelevant—so long as the junior user acted

mark Law from the Nation-State, 41 HOUS. L. REV. 885, 897–98 (2004) (describing economic motivations behind the Lanham Act’s “more liberal scheme” of national registration).

28. See Lee Ann W. Lockridge, *Honoring International Obligations in U.S. Trademark Law: How the Lanham Act Protects Well-Known Foreign Marks (and Why the Second Circuit Was Wrong)*, 84 ST. JOHN’S L. REV. 1347, 1400–01 (2010).

29. *Dawn Donut Co. v. Hart’s Food Stores, Inc.*, 267 F.2d 358, 364 (2d Cir. 1959) (agreeing with the District Court’s contention that “retail purchasers of baked goods, because of the perishable nature of such goods, usually make such purchases reasonably close to their homes, say within about 25 miles . . . purchases of such goods beyond that distance are for all practical considerations negligible”). Evidently, in New York in 1959, no appreciable number of consumers purchased donuts while traveling by car.

30. See Dinwoodie, *supra* note 27, at 898 (arguing that the federal “[s]tatutory registration schemes thus overlay common law principles of territoriality”).

31. The facts in *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403 (1916), are slightly complicated, but the outcome is similar to that of *Dawn Donut*. Different flour producers engaged in simultaneous use of the name “Tea Rose” and a logo made up of three roses; neither mark was registered at either the federal or state level. *Hanover Star Milling*, 240 U.S. at 405–10. The Supreme Court held that an injunction against one of the later adopting firms must be reversed, because that company had selected the Tea Rose name and design without knowledge of the earlier adopting firm’s use, and because the two companies did not sell flour in the same geographic area. *Id.* at 419–20. As between the two companies that did do business in the same region, though, priority of use justified an injunction in favor of the first user. *Id.* at 421–24. Thus, the *Tea Rose* doctrine for unregistered marks effectively parallels the *Dawn Donut* rule for registered ones.

32. The default rule for rights in a mark is that first in time means first in rights: as between two competing claimants, the first to use the mark in commerce generally wins out. See *Columbia Mill Co. v. Alcorn*, 150 U.S. 460, 463–64 (1893); *New Eng. Duplicating Co. v. Mendes*, 190 F.2d 415, 417–18 (1st Cir. 1951).

in “good faith.”³³ In theory, the Lanham Act changed geography’s effects upon trademark rights.³⁴ On the ground, however, the mistake in *Dawn Donut* propagated rapidly, demonstrating the continued importance of geography.³⁵

There is some hope that geography will recede as the yardstick by which permissibility of concurrent use is measured. For example, the Sixth Circuit has rejected the *Dawn Donut* rule entirely, in a case about cars.³⁶ In 1990, a father and son incorporated CarMax to sell used cars in a suburb of Cleveland, Ohio.³⁷ However, they made little use, if any, of the CarMax mark until the mid-1990s. In 1991, the electronics chain Circuit City selected the brand “CarMax” for its nascent business of used car superstores.³⁸ Circuit City obtained federal registration of that mark in 1995.³⁹ In 1996, Circuit City sued the Ohio dealership for trademark infringement.⁴⁰ The situation seemed a perfect example of where the *Dawn Donut* rule would prevent liability.

33. See *Hanover Star Milling*, 240 U.S. at 415 (“[W]hen it appears, as it does, that the Hanover Company in good faith and without notice of the Allen & Wheeler mark has expended much money and effort in building up its trade in the south-eastern market, so that ‘Tea Rose’ there means Hanover Company’s flour and nothing else, the Allen & Wheeler Company is estopped to assert trade-mark infringement as to that territory.”); *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 100 (1918) (“The reason for the rule does not extend to a case where the same trademark happens to be employed simultaneously by two manufacturers in different markets separate and remote from each other.”).

34. See Lee Ann W. Lockridge, *Abolishing State Trademark Registrations*, 29 CARDOZO ARTS & ENT. L.J. 597, 607 (2012) (noting the Lanham Act creates nationwide constructive use priority and constructive notice).

35. See David S. Welkowitz, *The Problem of Concurrent Use of Trademarks: An Old/New Proposal*, 28 U. RICH. L. REV. 315, 335–38 (1994) (noting junior users who began using a mark before it was registered only retain use in the geographic area they occupied prior to registration); Thomas F. Cotter, *Owning What Doesn’t Exist, Where It Doesn’t Exist: Rethinking Two Doctrines from the Common Law of Trademarks*, 1995 U. ILL. L. REV. 487, 538–39 (arguing the common law of unregistered marks continued to consider geography). *But see* Graeme B. Dinwoodie, *Territorial Overlaps in Trademark Law: The Evolving European Model*, 92 NOTRE DAME L. REV. 1669, 1730 (2017) (arguing that rules enabling concurrent use based upon geography “may perhaps be even more valuable in today’s climate”).

36. *Cir. City Stores, Inc. v. CarMax, Inc.*, 165 F.3d 1047, 1057 (6th Cir. 1999); Lockridge, *supra* note 28, at 1401.

37. *Cir. City Stores*, 165 F.3d at 1049.

38. *Id.*

39. *Id.* The registration’s priority date, based on an Intent to Use application, was June 22, 1993.

40. *Id.*

Circuit City did not operate a single CarMax store in Ohio, and while the chain claimed it had plans to open one in Cleveland by 1999, it was unable to adduce any real proof of this intent to expand into the defendant's area of trade.⁴¹ The circumstances mirror those of *Dawn Donut*: although Circuit City had constructive nationwide priority in the CarMax mark, it did not offer its goods in the same state as the defendants, let alone the same locality.

Yet the result was strikingly different. The district court found the Ohio dealership liable for trademark infringement based upon a likelihood of consumer confusion and issued an injunction blocking its use of "CarMax."⁴² The Sixth Circuit affirmed.⁴³ The appellate court rejected the *Dawn Donut* rule, holding that "a court need only find that a defendant is liable for infringement or unfair competition for it to award injunctive relief."⁴⁴ Likelihood of entry into the same geographic market was, the court ruled, only one factor in evaluating trademark infringement.⁴⁵ The concurring opinion in the case made the implications plain:

[O]ur society is far more mobile than it was four decades ago. For this reason, and given that recent technological innovations such as the Internet are increasingly deconstructing geographical barriers for marketing purposes[,] . . . a re-examination of precedents [in other circuits] would be timely to determine whether the *Dawn Donut* Rule has outlived its usefulness.⁴⁶

The Sixth Circuit's approach to concurrent use and geography is the better one, for several reasons. First, even though the *Dawn Donut* rule regarding remoteness is nominally about injunctive relief, it effectively converts geographic analysis about remedies into a decisive test for trademark infringement liability itself. Thus, geography displaces the standard, nuanced analysis courts employ when evaluating infringement.⁴⁷ Second, even if

41. *Id.* at 1052.

42. *Id.* The district court decision does not appear to be available from any reporter.

43. *Id.* at 1056.

44. *Id.*

45. *Id.*

46. *Id.* at 1057 (Jones, J., concurring).

47. See Levy, *supra* note 26, at 325–26 ("Because the whole goal of territoriality is to prevent consumer confusion, likelihood of confusion alone should establish a *prima facie* of trademark infringement sufficient to enjoin the junior user.") (emphasis in original); *id.* at 349 ("[T]here is no reason for a court to

Dawn Donut was correct in 1959, subsequent developments in trade and telecommunications have rendered its rule a harmful anachronism.⁴⁸ Third, the *Dawn Donut* rule risks the very confusion that trademark law seeks to prevent. If the Ohio dealership were allowed to continue to use “CarMax,” and Circuit City expanded operations into that state, consumers (at least in Cleveland) would be at risk of confusing the two used car outlets.⁴⁹ The same would be true if Ohio consumers saw Circuit City’s CarMax advertising on television and the internet. Lastly, the *Dawn Donut* rule is atextual: it finds no home in the text of the Lanham Act, but instead reflects a judicial override of the statute in favor of the familiar (but similarly misguided) common law *Tea Rose* doctrine. All of these reasons apply with similar force to the *Tea Rose* rule, with the added benefit that appellate courts can modify its common law holding without waiting for congressional intervention. Cars ought to triumph over donuts: travel itself means that consumers encounter and purchase goods and services well beyond their home environs.

B. DEPLETION, CONFUSION, AND CONCURRENT USE

In a broader context, these cases demonstrate the challenges trademark law confronts in balancing two risks with concurrent use: depletion⁵⁰ and confusion.⁵¹ The depletion problem is that there is a limited set of marks available to brand owners for both

determine territorial rights and then move onto a separate infringement discussion. Consumer awareness, and thus remoteness, will be entirely captured by the infringement analysis.”).

48. See, e.g., Jessica Amber Drew, *Death of Dawn Donut: The Demise of Concurrent Trademarks*, 2007 U. ILL. J.L. TECH. & POL’Y 145, 147–48, 151 (describing economic and communications changes since *Dawn Donut* case).

49. See Alfred C. Yen, *The Constructive Role of Confusion in Trademark*, 93 N.C. L. REV. 77, 107 (2014) (noting, in the analogous *Tea Rose* context, that “two potential rivals will occasionally use the same or similar marks on competing goods in separate markets. . . . [W]hen the two businesses finally meet in a shared market, consumer confusion is certain because the two rivals will sell competing products under the same mark.”).

50. See, e.g., Barton Beebe & Jeanne C. Fromer, *Are We Running Out of Trademarks? An Empirical Study of Trademark Depletion and Congestion*, 131 HARV. L. REV. 945, 950 (2018) (describing trademark depletion as “the process by which a decreasing number of potential trademarks remain unclaimed by any trademark owner”).

51. See *U.S. Pat. & Trademark Off. v. Booking.com*, 140 S. Ct. 2298, 2307 (2020) (discussing the relationship between distinctiveness and the likelihood of consumer confusion).

functional and aesthetic reasons.⁵² The confusion problem is that consumers may mistake one producer's goods or services for those from another if the two producers use similar marks.⁵³ To mitigate depletion, trademark doctrine must increasingly permit concurrent use of similar marks as the number of producers grows; to mitigate confusion, it must do the opposite.⁵⁴ American trademark law worries principally about depletion.⁵⁵ Unfortunately, trademark doctrine manages the risks of concurrent use—that consumers will become confused when they see the same mark on the goods or services of different producers—by employing geographic proximity as a proxy for that confusion.⁵⁶ The farther apart two concurrent users are physically, the less likely they are to confuse; at least, that is the conventional wisdom.⁵⁷ This is a poor choice, because even if it were once true that distance reduced confusion, that era is no more.

This Article challenges the conventional wisdom that geography is a useful proxy for consumer confusion. It argues that U.S. trademark law is incoherent from both an internal and external perspective. Internally, even if geography was once a reliable indicator of when consumer confusion was likely to occur, the development of an integrated national economy and sophisticated communications channels, such as the internet, means that physical proximity is no longer useful for that purpose.⁵⁸

52. See Daniel J. Hemel & Lisa Larrimore Oullette, *Trademark Law Pluralism*, 88 U. CHI. L. REV. 1025, 1026–28 (2021) (arguing depletion results in both proximity costs and distance costs).

53. See *KP Permanent Makeup, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 117 (2004) (asserting proof of infringement “requires a showing that the defendant’s actual practice is likely to produce confusion in the minds of consumers about the origin of the goods or services in question”).

54. See Hemel & Oullette, *supra* note 52, at 1073 (describing how permitting concurrent use of similar marks increases proximity costs, but decreases distance costs); Beebe & Fromer, *supra* note 50, at 950–51 (describing problems as “trademark depletion” and “trademark congestion”).

55. See Beebe & Fromer, *supra* note 50, at 952 (noting the increase in applications for “more complex marks, as measured by character, syllable, and word count”).

56. See *infra* Part III.A.2.

57. See, e.g., *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 415 (1916); *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 100 (1918).

58. See, e.g., David S. Barrett, *The Future of the Concurrent Use Doctrine in the Internet Age*, 23 HASTINGS COMM'NS & ENT. L.J. 687, 693–706 (2000) (exploring whether courts can use “Internet sales, Internet advertising, and web presence . . . to establish a zone of natural expansion into a *geographical* location”) (emphasis in original).

The putative availability of exclusive nationwide rights to users who obtain federal registration for their marks stands in stark contrast to the willingness of Congress and the courts alike to tolerate concurrent and often confusing use of those brands, including by later adopters with constructive knowledge of those exclusive rights. And the doctrine resulting from the law's focus on geography is both internally inconsistent and illogical.

Externally, this Article argues that the core function of trademark law is notice, to producers and consumers alike. The notice function is accepted without serious dispute in intellectual property for areas like patent and copyright,⁵⁹ but few scholars have paid it serious attention for trademarks,⁶⁰ even though managing overlapping claims of right is arguably even more important in this area.⁶¹ This Article remedies that shortcoming, and then explains why the geographic approach to managing concurrent use fares so poorly from a notice perspective. Next, it sets forth a menu of potential reforms that improve both the doctrinal consistency of trademark law and its ability to provide notice of the actual scope of rights in a given mark. These vary from minor tweaks to the status quo, such as altering the set of defenses available in an infringement suit involving an incontestable mark, up to significant overhaul of the structure of the larger trademark system, such as providing protection only to

59. See generally Annemarie Bridy, *Three Notice Failures in Copyright Law*, 96 B.U. L. REV. 777 (2016) (discussing notice failures in online copyright enforcement); Peter S. Menell & Michael J. Meurer, *Notice Failure and Notice Externalities*, 5 J. LEGAL ANALYSIS 1 (2013) (exploring causes of notice failure in intellectual property); Herbert Hovenkamp, *Notice and Patent Remedies*, 88 TEX. L. REV. 221 (2011) (asserting the importance of the patent notice system); Dan L. Burk & Mark A. Lemley, *Fence Posts or Sign Posts? Rethinking Patent Claim Construction*, 157 U. PA. L. REV. 1743 (2009) (claiming "the key feature of peripheral claiming" is "the 'notice function'"); Jeanne C. Fromer, *Claiming Intellectual Property*, 76 U. CHI. L. REV. 719 (2009) (describing how different types of claiming affect notice in copyright law); Henry E. Smith, *Institutions and Indirectness in Intellectual Property Law*, 157 U. PA. L. REV. 2083 (2009) (discussing notice in intellectual property).

60. For exceptions, see generally Jeanne C. Fromer & Mark P. McKenna, *Claiming Design*, 167 U. PA. L. REV. 123 (2018) (detailing notice issues in copyright law); Robert G. Bone, *Notice Failure and Defenses in Trademark Law*, 96 B.U. L. REV. 1245 (2016) (examining notice problems in trademark law).

61. See Dinwoodie, *supra* note 35, at 1671 (stating that "[r]esolving a conflict between two similar rights that overlap (whether territorially or otherwise) is perhaps more central to trademark law than other intellectual property regimes").

marks registered at the state or federal levels. Finally, it contends that changes to managing concurrency will not have the adverse distributional effects that critics envision. Registration is cheap, notice is beneficial, and the twilight world of trademark, where brands operate with only weak governance from formal legal rules, will continue largely unaffected.

This Article unfolds in five additional parts. Part I describes the challenges that a trademark system must address if it is to permit concurrent use of marks, and the reasons why it might permit simultaneous use despite these issues. Part II describes this Article's theoretical approach, which is grounded in notice theory, and which seeks to reconcile the other normative rationales of preventing consumer confusion and providing property rights to producers. Part III describes the problems of current U.S. concurrent use doctrine, both in terms of internal incoherence and of tension with the notice theory approach. Part IV describes a set of five potential interventions to remedy these problems—some minor and some more radical—and explores the trade-offs each one presents. The Conclusion describes future work that can be informed by this Article's analysis and how that might further rationalize U.S. trademark law.

I. THE CHALLENGES OF REGULATING CONCURRENT USE IN TRADEMARK LAW

A. CLAIMS AND SPACES

Trademarks are fundamentally information shortcuts: signals that help consumers identify goods or services from a producer at lower costs than they could otherwise.⁶² To be maximally effective, marks would be unique within a namespace and sufficiently different from other brands that there would not be even momentary error by consumers.⁶³ However, trademark

62. See U.S. Pat. & Trademark Off. v. Booking.com, 140 S. Ct. 2298, 2302 (2020) (“A trademark distinguishes one producer’s goods and services from another’s.”).

63. See Mark P. McKenna, *A Consumer Decision-Making Theory of Trademark Law*, 98 VA. L. REV. 67, 73–77 (2012) (demonstrating that distinct trademarks improve consumer efficiency and protect mark owners’ investments in goodwill); Barton Beebe, *Search and Persuasion in Trademark Law*, 103 MICH. L. REV. 2020, 2032 (2005) (“If a new mark appears that is similar to a preexisting and otherwise highly accessible mark, consumers are more likely to mistake that new mark for the mark they already know”); William M. Landes & Richard A. Posner, *The Economics of Trademark Law*, 78 TRADEMARK REP. 267,

namespaces are limited in at least three ways. The first constraint is language: some terms are more useful as marks because consumer recognition varies by lexicon.⁶⁴ Second, marks are limited internally by legal doctrine, if not externally by human cognition.⁶⁵ For example, generic terms cannot function as marks, theoretically because they do not enable people to distinguish among different producers.⁶⁶ But even if consumers could associate a generic term with one producer, trademark law places them off-limits because all producers need these signifiers to convey what their good or service comprises.⁶⁷ Either way, generic terms are unavailable members of the namespace. Third, the namespace includes terms that are unattractive for normative or cognitive reasons. Normative reasons include prior associations that make a term unappealing. No one will again launch an offering named “Edsel.”⁶⁸ Cognitive issues are demonstrated by the difficulties pharmaceutical firms encounter when launching new therapies.⁶⁹ Brand names such as “Anakinra” and “Xgeva” are unique, but not aesthetically attractive, which impedes consumer recognition.⁷⁰

These limitations mean the set of potential marks in a namespace is limited (and may not be large), and the marks’ varying appeal means there is likely to be competition for the better ones.⁷¹ Hence, trademark law must manage competing claims to marks. One strategy is to require near-absolute uniqueness,

270 (1988) (noting that “[t]o perform this economizing function, a trademark or brand . . . must not be duplicated,” and discussing time as search cost).

64. Foreign language terms are eligible for trademark protection even if consumers do not speak the language if there is sufficient recognition of the mark. *See, e.g.,* Grupo Gigante S.A. de C.V. v. Dallo & Co., 391 F.3d 1088, 1091 (9th Cir. 2004); ITC Ltd. v. Punchgini, Inc., 482 F.3d 135, 142 (2d Cir. 2007).

65. Beebe & Fromer, *supra* note 50, at 964–68; *see also* Jake Linford, *Are Trademarks Ever Fanciful?*, 105 GEO. L.J. 731, 747–54 (2017) (discussing “linguistic arbitrariness” and “sound symbolism” in seemingly fanciful trademarks).

66. *Booking.com*, 140 S. Ct. at 2301.

67. *Id.* at 2303; *see also* Hemel & Oullette, *supra* note 52, at 1026 (describing generic terms as part of the “linguistic commons”).

68. Beebe & Fromer, *supra* note 50, at 966, 970.

69. *See* Linford, *supra* note 65, at 762–63 (exploring sound symbolism in pharmaceutical names).

70. Hemel & Oullette, *supra* note 52, at 1027–28; *see generally* Mike Pile, *The Creative Science of Coining Drug Names*, STAT (Feb. 8, 2017), <https://www.statnews.com/2017/02/08/drug-names-process> [<https://perma.cc/9Y9J-39YE>] (explaining the process for choosing pharmaceutical names).

71. Beebe & Fromer, *supra* note 50, at 970.

such as was initially present in the domain name system.⁷² American trademark law has rejected this route except in the case of dilution, which is limited to the subset of famous marks, because of concerns about depleting the namespace.⁷³ This reduces the private property-like characteristics of marks because a given brand may be non-rivalrous.⁷⁴ Thus, trademark doctrine needs rules to manage concurrent usage, including when it is permitted and under what conditions. In general, trademark law operates on the standard American property rule of prior appropriation: the first to claim a mark has presumptively superior rights to it.⁷⁵

For constitutional,⁷⁶ historical,⁷⁷ and utilitarian⁷⁸ reasons, claiming has mostly required using a mark in commerce until recently, with the introduction of administrative/constructive claiming via an intent-to-use application under Section 1(b) of the Lanham Act.⁷⁹

72. This uniqueness has been greatly leavened, if not eliminated, by the introduction of new top-level domains, potentially allowing multiple claimants to utilize the same mark in their domain names. Joshua M. Borson, Note, *A World of Infinite Domain Names: Why ICANN's New GTLD Policy Inadequately Addresses Consumer Protection and Legitimate Trademark Concerns*, 58 WAYNE L. REV. 481, 483, 494–97 (2012).

73. See Thomas R. Lee, *Demystifying Dilution*, 84 B.U. L. REV. 859, 861–62 (2004).

74. The mark “Delta,” for example, is used by an airline, a dental insurance plan, a faucet manufacturer, and a moving company, among others.

75. *Columbia Mill Co. v. Alcorn*, 150 U.S. 460, 463–64 (1893).

76. See *Trade-Mark Cases*, 100 U.S. 82, 94 (1879) (“At common law, the exclusive right to [a trademark] grows out of its *use*, and not its mere adoption.”).

77. See Jessica Litman, *Edward S. Rogers, the Lanham Act, and the Common Law*, in RESEARCH HANDBOOK ON THE HISTORY OF TRADEMARK LAW (Robert G. Bone & Lionel Bentley eds., forthcoming 2023) (Univ. of Mich., Public Law Research Paper No. 21-030, 2022) (manuscript at 38), <https://ssrn.com/abstract=3932701> (discussing the history of trademark law in relation to unfair competition, with the purpose of trademark law being to “identify, distinguish, and discriminate” the source of goods or services to make freedom of choice possible).

78. See Stephen L. Carter, Comment, *The Trouble with Trademark*, 99 YALE L.J. 759, 780–81 (1990) (discussing concerns about warehousing trademarks, wherein a mark is stored without use until needed by the owner of the mark).

79. 15 U.S.C. § 1051(b).

Similarly, trademark law implements its concurrency methodology via use.⁸⁰ Common law and unregistered marks enjoy rights extending only as far as there has been actual use (sometimes extending to a penumbral zone of likely expansion).⁸¹ Actual use exists along several dimensions. The first is temporal: a claimant who ceases use for a sufficient period generally forfeits any rights.⁸² The second is economic: a mark's rights extend only to the goods or services for which it identifies their source.⁸³ The last, and most important, dimension is geographic. Use only covers the physical area within the United States⁸⁴ where goods and services are offered, marketed, or recognized under the mark.⁸⁵ Trademark doctrine emphasizes geographical distance as a measure of, or at least a proxy for, the likelihood that concurrent uses could confuse an appreciable number of consumers.⁸⁶ The Supreme Court established the common law "*Tea Rose*

80. See Mark P. McKenna & Brittany Von Rueden, *Registration and Federalization: 75 Years of the Lanham Act*, 39 CARDOZO ARTS & ENT. L.J. 987, 994–95 (2021) (explaining how trademark rights are largely created by use of a mark rather than its registration).

81. See, e.g., *Union Nat'l Bank v. Union Nat'l Bank*, 909 F.2d 839, 842–43 (5th Cir. 1990) ("Ownership of trademarks is established by use, not by registration.").

82. See 15 U.S.C. § 1127 (defining abandonment, with presumption after three consecutive years of non-use).

83. Modern trademark law often expands coverage to related goods and services. See, e.g., *Fleischmann Distilling Corp. v. Maier Brewing Co.*, 314 F.2d 149, 159–60 (9th Cir. 1963) (discussing requirements to extend a mark's coverage to related uses).

84. Foreign use may create rights within the United States. See *Grupo Gigante SA De CV v. Dallo & Co.*, 391 F.3d 1088, 1093 (9th Cir. 2004) ("[W]hen foreign use of a mark achieves a certain level of fame for that mark within the United States, the territoriality principle no longer serves to deny priority to the earlier foreign user.").

85. See *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 415 (1916) (stating common law trademark protection extends only to "whatever markets the use of a trade-mark has extended, or its meaning has become known"). Advertising and other information distribution beyond the zone of trade sometimes, but not always, qualifies as use. See *Nat'l Ass'n for Healthcare Commc'ns, Inc., v. Cent. Ark. Area Agency on Aging, Inc.*, 257 F.3d 732, 736 (8th Cir. 2001) (stating that a user's activities in a geographic area must be more than de minimis to qualify as use).

86. See *Hanover Star Milling*, 240 U.S. at 415 ("[W]here two parties independently are employing the same mark upon goods of the same class, but in separate markets wholly remote the one from the other, the question of prior appropriation is legally insignificant . . ."); Levy, *supra* note 26, at 325–26 ("If the marks are used remotely, then the court stops the inquiry without looking to likelihood of confusion.").

doctrine,” employing geography in this fashion, in 1916 and reinforced it in 1918.⁸⁷ The widespread adoption of the *Dawn Donut* rule did the same for federally registered marks.⁸⁸ Prior appropriation became effectively localized: trademark rights went to the first producer employing the mark for sales in a given area, rather than nationally.⁸⁹

Using geography to regulate concurrency worked tolerably well for much of American history because consumer recognition closely tracked the physical offerings of goods and services.⁹⁰ Nationwide transportation and communication was slow, unreliable, and expensive. However, technological changes beginning at the end of the nineteenth century and accelerating after the Second World War meant that both trade and communication were increasingly national and international in scale.⁹¹ Producers could offer goods and services through a nationwide distribution network of growing sophistication, and the birth of the modern advertising industry enabled them to make their offerings known even in places where that network had not yet taken root.⁹²

The Lanham Act sought to address these technological advances by offering comprehensive national rights to brand owners who successfully registered their marks on the Principal Register of the United States Patent & Trademark Office

87. The marks at issue in *Hanover Star Milling* were the words “Tea Rose” and a symbol consisting of three such roses, leading to the adoption of this shorthand moniker for the larger trademark rule. See *Hanover Star Milling*, 240 U.S. at 415; see also *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 101 (1918) (citing the *Hanover Star Milling* approach with approval).

88. See *supra* note 25 and accompanying text.

89. See *Rectanus*, 248 U.S. at 97 (describing the first producer to use a mark overall, but the second in a particular geography, as the “last to enter the competitive field”).

90. See *Levy*, *supra* note 26, at 335–41 (analyzing consumer awareness under the common law); *Bone*, *supra* note 19, at 575–82 (analyzing the influence of the growth of national markets and national advertising on the connection between goodwill and trademark law).

91. See discussion *infra* Part III.B (detailing historical technological developments which led to the growth of an international market).

92. See *Bone*, *supra* note 19, at 579–82 (describing how the shift to psychological advertising in the early twentieth century forged a connection between goodwill, advertising, and trademark law); cf. *Rectanus*, 248 U.S. at 95 (mentioning advertisement in newspaper immediately after initial shipment arrived in geographic area).

(USPTO).⁹³ Registration similarly created constructive nationwide notice to all subsequent users of the registrant's priority and claim.⁹⁴ The statute did implement geographic restrictions in some provisions, such as creating an exception to the registrant's nationwide rights for anyone who used the same mark before the relevant filing.⁹⁵ Similarly, it provided a *Tea Rose*-like defense against infringement, even of incontestable marks,⁹⁶ if the accused infringer adopted that mark before the plaintiff's registration and without knowledge of the plaintiff's prior use.⁹⁷ This framework for federally registered marks inevitably meant that the system of nationwide rights and the historical doctrines regulating concurrent use through geography would clash.

B. THE SCOPE OF THE PROBLEM

The concurrency problem has worsened over time and is likely to continue its downward spiral. The difficulties are impossible to quantify precisely, but there are useful proxies that provide estimates of the problem's scale. The first is to examine statistics about federal trademark litigation. Querying the Lexis "All Federal" database in January 2022 for decisions containing

93. See 15 U.S.C. § 1057(c); McKenna & Von Rueden, *supra* note 80, at 993 ("Most significantly, the [Lanham Act] gave registrants nationwide priority . . .").

94. 15 U.S.C. § 1115(a) (stating that registration of a mark on the Principal Register constitutes prima facie evidence of the mark's validity and the registrant's exclusive right to use the registered mark in commerce).

95. See 15 U.S.C. § 1057(c); McKenna & Von Rueden, *supra* note 80, at 993 (explaining the effect of the Lanham Act on nationwide rights).

96. A mark can attain incontestable status five years after its registration if it remains in use in commerce; if that use has been continuous for the five year period; if there has been no final decision adverse to the owner's right to use or register the mark; if there is no such pending proceeding that could result in an adverse decision regarding those rights; if the owner files an affidavit with the USPTO within one year of the expiration of the five-year period setting forth the goods and/or services upon which the mark is used and declaring that the conditions previously listed have been met. 15 U.S.C. § 1065. Generic marks cannot attain incontestable status. *Id.* § 1065(4). Incontestable status reduces the set of defenses that an alleged infringer can advance in litigation—for example, an alleged infringer cannot defend on the ground that the claimed mark is descriptive and lacks secondary meaning. See *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 205 (1985) ("We conclude that the holder of a registered mark may rely on incontestability to enjoin infringement and that such an action may not be defended on the grounds that the mark is merely descriptive.").

97. 15 U.S.C. § 1115(b)(5).

the terms “tea rose” and “trademark” returned 102 results.⁹⁸ The same query in Westlaw’s database of federal cases returned 118 cases. Ten of those involved the same case at different levels in the court system. Of the 108 that remained, though, approximately sixty percent involved the defendant advancing a defense to alleged infringement based upon the *Tea Rose* doctrine. The same query in both the Lexis and Westlaw “All State” databases in January 2022 produced only two relevant cases, both nearly a century old.⁹⁹ These data alone are not particularly impressive. However, when the Lexis search included a significant temporal constraint, by limiting results to cases decided since 1991, eighty cases remained. More impressively, a Westlaw query in the “All Federal” database in February 2022 for decisions containing the terms “dawn donut” and “trademark” since 1991 returned 1,376 results. A review of a sample of the cases indicated an average of forty-five percent were cases discussing *Dawn Donut* substantively.¹⁰⁰ Simply as a matter of casual empiricism, adjudication of geographic-based concurrency cases for trademarks is a significant, sizeable, and continuing concern.

The second proxy is anecdotal: in relevant cases, courts are increasingly confused about the geographic rules that govern concurrent use. For example, the Third Circuit struggled mightily, and unsuccessfully, with a concurrent use question involving two charitable organizations in New Jersey.¹⁰¹ The Second Cir-

98. From 1996 to 2018, the federal district courts averaged approximately 3,500 trademark cases per year. *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#figures_map [https://perma.cc/Z2Z5-CFNE]. Roughly sixty percent settle, and twenty-five percent are resolved via default judgment. Gaston Kroub, *3 Lessons on Data from Trademark Cases*, ABOVE THE L. (Dec. 12, 2017), <https://abovethelaw.com/2017/12/3-lessons-on-data-from-trademark-cases> [https://perma.cc/Q42L-7XG7]. Hence, reported opinions are relatively infrequent.

99. One was an Ohio case which has since been reversed. *Griggs, Cooper & Co. v. U.S. Printing & Lithograph Co.*, 161 N.E. 789 (Ohio Ct. App. 1926). The other was an Illinois case that has not been cited in fifty years. *Ambassador Hotel Corp. v. Hotel Sherman Co.*, 226 Ill. App. 247 (Ill. App. Ct. 1922).

100. We sampled sixty cases (4.4%) and classified thirty-three as substantive/relevant.

101. See *Kars 4 Kids Inc. v. Am. Can!*, 8 F.4th 209, 220 (3d Cir. 2021) (holding ultimately that the court will not review the plaintiff’s concurrent use argument).

cuit met a similar fate with two well-known restaurants in Manhattan and New Orleans.¹⁰² District courts have muddled the problem as well.¹⁰³ Some courts have sought to explicate the doctrine even in cases where it is not relevant, with no greater success.¹⁰⁴ District court judges have begun to complain about the problem, hoping that their appellate courts will clean up the doctrines.¹⁰⁵

The third proxy is economic theory. Concurrent use creates the risk of inefficient holdouts. In theory, a mark user could obtain exclusive use by buying out any other user, including those who are geographically remote.¹⁰⁶ While this solution is conceptually appealing, since it uses market mechanisms to determine which user places the highest value on the mark, it is fraught with insuperable practical difficulties. The other users of the mark might engage in strategic behavior, refusing to sell unless

102. *Brennan's, Inc. v. Brennan's Rest., L.L.C.*, 360 F.3d 125, 135 (2d Cir. 2004) (“[I]n the absence of actual confusion or bad faith, substantial geographic separation remains a significant indicator that the likelihood of confusion is slight.”).

103. *See, e.g., Dudley v. Healthsource Chiropractic, Inc.*, 883 F. Supp. 2d 377 (W.D.N.Y. 2012) (“By allowing concurrent use of a mark, the trademark laws tolerate a certain amount of confusion.”). *Compare* *Russell Rd. Food & Beverage, LLC v. Spencer*, No. 12-CV-01514, 2013 WL 321666 (D. Nev. Jan. 28, 2013) (holding there was no likelihood of success on the merits of plaintiff’s claim as plaintiff’s and defendant’s similarly-named but geographically-distant strip clubs created no likelihood of confusion), *with* *Baskim Holdings v. Two M, Inc.*, No. 16-CV-01898, 2017 WL 4248136 (D. Nev. Sept. 25, 2017) (reaching an opposite result on similar facts).

104. *See* *Irwin Holdings, LLC, v. Weigh to Wellness, LLC*, No. 18-CV-00774, 2021 U.S. Dist. LEXIS 247379, at *14 n.8 (N.D. Ala. Dec. 29, 2021) (attempting to address question of whether a party asserting a statutory prior user defense must prove it was using its mark in a “remote” area when neither party raised the issue).

105. *See, e.g., Wilson v. Tessmer L. Firm*, 483 F. Supp. 3d 416, 426 (W.D. Tex. 2020) (“*Dawn Donut* must still be applied regardless of the increasing irrelevance of geographic borders in commerce until the Fifth Circuit rules otherwise.” (quoting *Cross Trailers, Inc. v. Cross Trailer Mfg. & Sales, LLC*, 363 F. Supp. 3d 774, 782 (W.D. Tex. 2018))); *Vanguard L. Grp., LLP v. Fla. Vanguard Att’ys, LLC*, No. 13-CV-1274-T-35TGW, 2014 WL 12620818, at *3 (M.D. Fla. May 2, 2014) (“The *Dawn Donut* rule has been criticized by many recent courts in light of the increasingly connected world we now live with the advent of the internet and other forms of mass communication and advertising.”).

106. *Cf. Daniel Klerman, Trademark Dilution, Search Costs, and Naked Licensing*, 74 *FORDHAM L. REV.* 1759, 1760 (2006) (exploring transactional solutions to non-competing users of same mark).

the registrant overcompensates them.¹⁰⁷ The problem may be worsened by information asymmetry or cognitive bias on either side.¹⁰⁸ This leaves the registrant with unpleasant options: pay the extortionate rate, commence operations in the same area, or risk confusion (which harms consumers as well).¹⁰⁹ The problem is not merely abstract—consider, for example, the Burger King in Mattoon, Illinois that has no relationship with the worldwide fast-food chain.¹¹⁰ Newcomers to Mattoon are often taken aback when visiting the restaurant and learning that a Whopper is not available.¹¹¹

107. See James Gibson, *Risk Aversion and Rights Accretion in Intellectual Property Law*, 116 YALE L.J. 882, 943 (2007) (“This presents a classic holdout problem, as the rights-holder demands payment greatly in excess of the value that the intellectual property represents to the new project.”). This problem is familiar from real property law, where developers who want to purchase a set of parcels to create a larger tract of land to build upon often must do so covertly, because the last parcel owner has the power to hold up the entire project unless the developer pays their asking price (up to the value of the project itself). See Sara Rimer, *Some Seeing Crimson at Harvard Land Grab*, N.Y. TIMES (June 17, 1997), <https://www.nytimes.com/1997/06/17/us/some-seeing-crimson-at-harvard-land-grab.html> [<https://perma.cc/4QNH-32VR>] (describing an example of this concept wherein Harvard shielded its identity to secretly acquire 52.6 acres of land so it could “pay nothing more than fair market value” for each individual parcel).

108. See generally Robert W. Emerson, *Transparency in Franchising*, 2021 COLUM. BUS. L. REV. 172, 210–11 (explaining a person’s own cognitive biases impact cost-benefit analyses, and that costs generally deter actions).

109. Of course, sometimes the power dynamic can operate in the other direction. See, e.g., June Thomas, *When Amazon Went to War with Lesbians*, SLATE (Oct. 21, 2013), <https://slate.com/human-interest/2013/10/amazon-com-versus-amazon-bookstore-the-1999-legal-tussle-was-rancorous.html> [<https://perma.cc/E4L6-5KUN>] (describing a case when a senior user of the mark “Amazon” for a bookstore in Minnesota sued the national firm); Amy Goetzman, *The Stuff of Herstory: Original Amazon Bookstore to Close*, MINNPOST (June 5, 2008), <https://www.minnpost.com/arts-culture/2008/06/stuff-herstory-original-amazon-bookstore-close> [<https://perma.cc/7Q7D-9J8Z>] (recounting a suit by a store employee, who related that “[w]e sued [Amazon.com] for trademark infringement, but ultimately we agreed to both use the name, and we had to settle out of court It was a matter of who had the deepest pockets, so obviously, we really couldn’t go on with it.”).

110. See Elizabeth Atkinson, *Will the Real Burger King Please Stand Up?*, EATER (Apr. 4, 2019), <https://www.eater.com/2019/4/4/18290865/original-burger-king-mattoon-illinois-restaurant-whopper-trademark-lawsuit> [<https://perma.cc/7DEW-JT88>] (telling the story of a small restaurant which registered the “Burger King” mark seven years before the international chain began franchising).

111. *Id.*

Concurrent use may also have adverse distributional consequences. Even brand users who do not plan to register their claimed mark must engage in some practical trademark clearance work, both as a defensive matter¹¹² (to reduce the risk that they will be sued by a prior user) and to make use of advertising modalities like Google AdWords¹¹³ and domain names¹¹⁴ that are either completely or highly rivalrous. While it is comparatively easy and inexpensive to check the Principal Register, or relevant state registries, the user who discovers a prior registrant must either bear the risk of infringement litigation or switch brands.¹¹⁵ The clearance challenge is greater for unregistered marks, since the user must retain a trademark search firm or conduct their own research to unearth unregistered brands.¹¹⁶ Both sets of costs impose a relatively larger burden on smaller users.

There is one way in which the problem may, ironically, be less profound than these metrics suggest, which is that legal disputes over brands are relatively rare and largely confined to users with significant resources. There are tens of millions of businesses in the United States, nearly all classified as small

112. See Kelley Keller, *10 Small Business Trademark Mistakes That Cost You Money*, SMALL BUS. TRENDS (July 6, 2015), <https://smallbiztrends.com/2015/07/small-business-trademark-mistakes.html> [<https://perma.cc/M876-3YBG>] (listing ten tips for small businesses building a brand, including defensively receiving a trademark registration to put others on notice of one's valid mark).

113. See Will Oremus, *Google's Big Break*, SLATE (Oct. 13, 2013), <https://slate.com/business/2013/10/googles-big-break-how-bill-gross-goto-com-inspired-the-adwords-business-model.html> [<https://perma.cc/4NC7-YQTN>] (describing the history of "Google AdWords," a product which allows individual businesses to purchase text ads on Google search-result pages).

114. See Juliet M. Moringiello, *False Categories in Commercial Law: The (Ir)Relevance of (In)Tangibility*, 35 FLA. ST. U. L. REV. 119, 154 (2007) ("Like tangible assets, a domain name is rivalrous.").

115. See Beebe & Fromer, *supra* note 50, at 1034 ("Where a party searching the register uncovers a similar mark . . . that party may incur a variety of resulting costs and burdens, such as changing plans to avoid use . . . , or cancellation proceedings or other litigation to resolve a dispute over the mark."); Tushnet, *supra* note 24, at 876–77 ("While large producers regularly do investigate multiple possible marks, the small producers who would in theory benefit most from concentrating information in a registry seem less likely to go through the search process.").

116. See Beebe & Fromer, *supra* note 50, at 970–71 (describing trademark clearance search strategies and costs).

businesses under the relevant federal government criteria,¹¹⁷ and yet only about two and a half million federally registered marks.¹¹⁸ State registrations are sufficiently small so as to constitute a rounding error.¹¹⁹ Thus, the overwhelming majority of businesses do not spend the paltry sum of money (typically under \$100 for a state mark registration,¹²⁰ and around \$1,000 for a federal one)¹²¹ to protect perhaps their most important asset: their brand.¹²² The Lanham Act's protections for unregistered marks could shield these firms from use by competing producers.¹²³ This is a risky strategy, though: if their chosen brand is not sufficiently distinctive to indicate source, or if they are not the first in their geographic area to use it, then the firm may

117. See *infra* Part IV.G (comparing the number of small businesses to large businesses and their respective rates of trademark registration).

118. See *World Intellectual Property Indicators Report: Worldwide Trademark Filing Soars in 2020 Despite Global Pandemic*, WORLD INTELL. PROP. ORG. (Nov. 8, 2021), https://www.wipo.int/pressroom/en/articles/2021/article_0011.html [<https://perma.cc/V5EH-MXA2>] (comparing the number of active trademark registrations around the world, showing the United States at 2.6 million active trademarks compared to India's 2.4 million, but paling in comparison to China's 30.2 million active marks).

119. See *infra* Part IV.G (comparing rates of trademark registration at both the federal and the state level, with there being very few state registrations in comparison to the number of businesses in a state).

120. See, e.g., *Business Filings & Trademarks Fee Schedule*, TEX. SEC'Y OF STATE, <https://direct.sos.state.tx.us/help/help-corp.asp?pg=fee> [<https://perma.cc/CHP7-9P2R>] (listing \$50 per class to register in Texas); *Application to Register a Trademark*, N.Y. STATE DEPT OF STATE, <https://dos.ny.gov/application-register-trademark#top> [<https://perma.cc/MAL4-LCWZ>] (listing \$50 per class to register in New York).

121. See, e.g., Josh Gerben, *How Much Does It Cost to Register a Trademark?*, GERBEN L., <https://www.gerbenlaw.com/blog/how-much-does-it-cost-to-register-a-trademark> [<https://perma.cc/7Y65-LVB6>] (quoting a flat legal fee of \$950 to register a trademark on the Principal Register in a single class, plus expenses, including the flat \$350 USPTO filing fee); Nicholas Wells, *How Much Does It Cost to Register a United States Trademark*, WELLS IP L., <https://wellsiplaw.com/how-much-does-it-cost-to-register-a-united-states-trademark> [<https://perma.cc/LH76-HXC7>] (citing flat rates of \$300–1,000 for a federal application).

122. See Heidi Scrimgeour, *A Guide to Branding Your Small Business*, GUARDIAN (Dec. 8, 2015), <https://www.theguardian.com/small-business-network/2015/dec/08/beginners-guide-to-branding-small-business> [<https://perma.cc/ZH73-CJQ2>] (“Get your branding right, and your business could reap the dividends for decades to come . . .”).

123. See 15 U.S.C. § 1125(a)(1) (establishing federal rights for the assertion of unregistered marks).

have no rights at all.¹²⁴ Even if an unregistered mark is valid, success may be short-lived. If the mark owner cannot pressure competitors into abandoning similar marks, they will have to hire an attorney (and litigation is expensive), or retreat.

The combination of these factors means there are in actuality two trademark systems operating in parallel. The first one operates formally, in the open, under the statutes and doctrines familiar to trademark attorneys. It usually involves trademark clearance before adopting a brand.¹²⁵ Participation means that the brand owner sees sufficient value in that identity to expend resources *ex ante* to protect it. In this system, registering one's mark upon the Principal Register of the USPTO is the only sensible course of action.¹²⁶ The second system operates not in the law's shadow but in its gloaming. Participants—and there are tens of millions of them in the United States—adopt brands without any significant investigation into how the formal system will respond if a competitor selects the same mark, whether for aesthetic reasons or to purloin the first user's reputation.¹²⁷ Even if legal recourse is formally available to the first user, they

124. *Id.*

125. See Beebe & Fromer, *supra* note 50, at 970–72 (“Particularly over the past decade, trademark clearance has become significantly less expensive and time-consuming. . . . For this reason, we would expect such applicants to be increasingly likely to avoid applying to register trademarks that conflict, at least directly, with already-registered marks.”).

126. See Lockridge, *supra* note 34, at 605 (describing the “incentives to pursue federal registration, which are now so significant as to make federal registration indispensable for any owner making an informed decision about its trademark rights,” and stating that “federal registration is the only rational choice”); Tushnet, *supra* note 24, at 876–78 (“[E]ven if *trademark* is a matter of consumer protection, trademark *registration* is a matter of industrial policy, contributing to a national unified market by providing incentives for registration, including nationwide priority over other users.”) (emphasis in original). One interesting current exception is brands related to cannabis: the USPTO refuses registration to all such marks as a matter of course. See U.S. PAT. & TRADEMARK OFF., EXAMINATION GUIDE 1-19: EXAMINATION OF MARKS FOR CANNABIS AND CANNABIS-RELATED GOODS AND SERVICES AFTER ENACTMENT OF THE 2018 FARM BILL (2019) (“The United States Patent and Trademark Office (USPTO) refuses to register marks for goods and/or services that show a clear violation of federal law, regardless of the legality of the activities under state law.”). Thus, state-based registration is the only option for cannabis-related brands.

127. See Tushnet, *supra* note 24, at 877 (“[T]he small producers who would in theory benefit most from concentrating information in a registry seem less likely to go through the search process.”).

are unlikely to have the resources to vindicate their rights.¹²⁸ The interventions proposed in this Article are unlikely to affect the operation of the twilight trademark system; thus, the problems described above can be seen as either more or less serious, depending on whether one wants to move brand users from the informal to the formal system.

In short, the geography-based system for managing concurrent trademark use is out of date and getting worse. The next Part describes the ways in which the system disserves a core goal of trademark doctrine: providing notice of rights to producers and consumers alike.

II. MARKS AND NOTICE THEORY

Originally, trademark law developed as an aspect of unfair competition doctrine; its role was to mitigate the effects of deceptive or misleading information and thereby prevent one producer from passing off its wares as those of another.¹²⁹ Thus, unlike patent and copyright law, trademark doctrine is not grounded in incentives to produce *more* information—its goal is to produce *better* information.¹³⁰ This theoretical rationale mirrors the constitutional basis for federal trademark law, which derives from

128. Estimates of the cost of trademark litigation are notoriously imprecise, but few small businesses are likely to have the capacity to spend tens of thousands of dollars on attorneys' fees alone. *See, e.g.*, Mallory King, *Four Thoughts Before Bringing a Trademark Infringement Lawsuit*, TRAVERSE LEGAL (July 14, 2022), <https://www.traverselegal.com/blog/four-thoughts-before-bringing-a-trademark-infringement-lawsuit> [https://perma.cc/KJX9-X4ZP] (estimating minimum cost of trademark infringement lawsuits to be \$120,000); Richard S. Mandel & Joel Karni Schmidt, *Trade Mark Litigation in the United States: Overview*, THOMSON REUTERS (Aug. 1, 2017), [https://uk.practicallaw.thomsonreuters.com/w-009-7807?transitionType=Default&contextData=\(sc.Default\)&firstPage=true](https://uk.practicallaw.thomsonreuters.com/w-009-7807?transitionType=Default&contextData=(sc.Default)&firstPage=true) [https://perma.cc/3Q5A-UPXE] (finding an average cost of \$354,000 for lawsuits where the amount at issue was less than \$1 million, based on a 2015 survey by the American IP Law Association).

129. *See* Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 NOTRE DAME L. REV. 1839, 1848 (2007) (“[A] trademark owner was entitled to relief only against competitors that dishonestly marked their products and passed them off as those of the mark owner.”); *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 413 (1916) (“In fact, the common law of trade-marks is but a part of the broader law of unfair competition.”); *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 97 (1918) (“The law of trade-marks is but a part of the broader law of unfair competition . . .”).

130. McKenna, *supra* note 129, at 1880 n.184 (“[T]he goal is merely better information.”).

Congress's Commerce Clause authority rather than its Intellectual Property Clause powers.¹³¹ The *Tea Rose* and *Dawn Donut* doctrines fit neatly within a consumer protection focus, since geographic remoteness is supposed to measure whether customers are at risk of confusion due to concomitant use of the same mark.¹³²

In the twentieth century, though, trademark law was increasingly assimilated as part of a seemingly coherent field of intellectual property,¹³³ which emphasized and broadened the rights owners enjoyed over marks.¹³⁴ The property rights approach comes close to treating a mark simply as res—an asset that can be sold, licensed, or hypothecated so long as the owner

131. See *Trade-Mark Cases*, 100 U.S. 82 (1879) (establishing that trademark law cannot derive from the Intellectual Property Clause in foundational case). See generally Zvi S. Rosen, *Federal Trademark Law: From Its Beginnings*, LANDSLIDE, Mar.–Apr. 2019, at 34, 34 (outlining the history of federal trademark law, including historical developments, statutory renditions, and foundational case law). There are, of course, deontological rationales for trademark law. See William Fisher, *Theories of Intellectual Property*, in *NEW ESSAYS IN THE LEGAL AND POLITICAL THEORY OF PROPERTY* 168, 171–72 (Stephen R. Munzer ed., 2001) (applying Kantian and Hegelian property theories to intellectual property to state “intellectual property rights may be justified either on the ground that they shield from appropriation or modification artifacts through which authors and artists have expressed their ‘wills’ . . . or on the ground that they create social and economic conditions conducive to creative intellectual activity, which in turn is important to human flourishing”). See generally ROBERT P. MERGES, *JUSTIFYING INTELLECTUAL PROPERTY* 31–136 (2011) (discussing Lockean and Kantian theories of property to determine the underlying goals of intellectual property protection).

132. See *supra* Part I.B (discussing geographic remoteness as a factor in the likelihood of confusion analysis).

133. Trade secret law underwent a similar transmutation in its underlying rationale. See Mark A. Lemley, *The Surprising Virtues of Treating Trade Secrets as IP Rights*, 61 *STAN. L. REV.* 311, 313 (2008) (proposing an argument that “trade secrets can be justified as a form, not of traditional property, but of *intellectual property*”) (emphasis in original).

134. See McKenna, *supra* note 129, at 1899–915 (describing the expansion of trademark law into the general realm of intellectual property and accompanying legal developments). Robert Bone emphasizes the shift from property theory focused on the mark, which prevailed in the nineteenth century, to property theory focused on the owner's goodwill, which he argues rose to prominence in the twentieth century. See Bone, *supra* note 19, at 560–72 (describing the historical transition of the theories underlying trademark law from a traditional property theory to a theory rooted in the property interests of a trademark owner's goodwill).

follows a few formalistic rules.¹³⁵ And the ostensible coherence of intellectual property as a (semi)-unified field may have pushed trademark law towards full-fledged property rights.

This Article contends that the concept of notice, which is at the heart of other areas of intellectual property, unifies these disparate historical rationales and should guide the development of trademark doctrine. The goal of notice is straightforward: it seeks to delineate, as clearly as possible, the scope of rights that an IP owner actually enjoys (optimally) or at least claims (more practically).¹³⁶ This enables others to avoid infringement when developing their own intellectual creations. Improved notice was a principal goal for the Lanham Act, although one that has only been partially realized at best.¹³⁷ Notice to consumers builds upon marks' function as cognitive shortcuts, enabling shoppers to seek or avoid interacting with a particular supplier.¹³⁸ Marks delineate a metaphorical set of boundaries in the marketplace, reliably separating items from different producers.¹³⁹ Marks may also provide notice of the characteristics of goods or services from a given supplier.¹⁴⁰ Consumers are likely

135. See 15 U.S.C. § 1055 (providing that the use of marks by companies related to an owner inures to owner's benefit, so long as the use does not deceive the public); 15 U.S.C. § 1127 (defining "related company" as used in § 1055); *In re Roman Cleanser Co.*, 43 B.R. 940, 947 (Bankr. E.D. Mich. 1984) (noting that "there can be a valid assignment of a trademark and good will without the simultaneous transfer of any tangible assets of the business" as long as "goodwill" is conveyed with the mark).

136. See Fromer, *supra* note 59, at 761 ("[N]otice to the public . . . is valuable so that the public can avoid improper use of the [set of embodiments protected by the IP right] without permission and can, concomitantly, understand what is free for the taking . . .").

137. See McKenna & Von Rueden, *supra* note 80, at 988–89 (describing public notice issues due to a lack of registrations prior to the passage of the Lanham Act, and original proposals for the Lanham Act which would have required federal registration to ameliorate the notice problem).

138. See Landes & Posner, *supra* note 63, at 270–71 ("[A] trademark conveys information that allows the consumer to say to himself, 'I need not investigate the attribute of the brand I am about to purchase because the trademark is a shorthand way of telling me that the attributes are the same as that of the brand I enjoyed earlier.'").

139. *Id.*

140. See Hemel & Ouellette, *supra* note 52, at 1070 ("[T]rademarks are used to convey information not only about the identity of a product but also about the nature and quality of that product . . .").

to recognize that both the Big Mac¹⁴¹ and the Filet-O-Fish¹⁴² are produced by McDonald's.¹⁴³ Using individual brands for different McDonald's products lets pescatarians order the correct sandwich more easily (and, perhaps, to remember to ask the server to hold the tartar sauce if they do not care for that condiment). Marks thus operate at two different levels of notice: one differentiating producers, and the other differentiating products.

Notice of producers enables suppliers to select brands that do not tread upon another's rights or siphon their reputational assets.¹⁴⁴ Trademark law warns competitors that a particular word, symbol, or device is not merely aesthetically pleasing, but carries embedded and economically meaningful semantic information.¹⁴⁵ Newer theories of liability such as dilution establish even firmer boundaries, and hence stronger notice, for marks, as infringement by dilution does not require consumer confusion as a predicate.¹⁴⁶

Thus, from the perspective of notice theory, marks are intended simultaneously to attract customers seeking a particular producer and to repel competitors who might want to become imitators.

Current U.S. trademark doctrine disserves notice theory in that it is simultaneously underinclusive and overinclusive. First, trademark law effectively rewards overclaiming. For example, there is no penalty for claiming unregistered rights in a brand, such as by including the "TM" signal with it, even if that brand does not qualify as a mark.¹⁴⁷ At most, a rival user may be able

141. M BIG MAC, Registration No. 0989692. The original Big Mac registration has since expired and been superseded. BIG MAC, Registration No. 1,126,102.

142. FILET-O-FISH, Registration No. 1,131,912. "Filet-O-Fish" was originally registered in 1973. FILET-O-FISH, Registration No. 968,275.

143. The restaurant mark was first registered in 1963. MCDONALD'S, Registration No. 762,441.

144. See Beebe & Fromer, *supra* note 50, at 954–55 ("Trademarks enable producers to build goodwill, and trademark protection prevents others from trading on that goodwill.")

145. See Landes & Posner, *supra* note 63, at 272 (enumerating the advantages of brand protection under trademark law as both a signal to consumers of the source and quality of a brand, as well as a signal to competitors that their brand is protected).

146. See Lee, *supra* note 73, at 868–72 (explaining the history of dilution under the Lanham Act, as well as the current state of the law on dilution).

147. The "TM" designation itself confers no rights for the claimant and cannot convert an otherwise ineligible mark into one that is protected. See *In re*

to obtain an injunction blocking the designation, although this is quite rare.¹⁴⁸ This form of strategic overreach exploits the key characteristic of unregistered marks: there is no analysis of the merits of the claim until there is a risk of infringement. As the Queen of Hearts said in *Alice in Wonderland*, “Sentence first—verdict afterwards.”¹⁴⁹ Managing concurrent use through geography worsens the problem. Multiple claimants may legitimately be able to claim a mark in different areas, even for the same good or service.

Current trademark law also enables underclaiming. While registered marks, at either the state or federal level, are readily verified by inspecting the appropriate register, there is no official way to designate an unregistered mark, even if that mark has previously been adjudicated to function as a designation of source.¹⁵⁰ Underclaiming puts subsequent users of a brand (which they may not know is a mark) at risk, not only of having continued use blocked by an injunction, but also of being liable for monetary damages.¹⁵¹ Even if the subsequent user acted in good faith, it may be liable for damages or lost profits if consumers were actually confused.¹⁵² Here, too, the permissiveness of the doctrine on geographic concurrent use toward multiple claimants is harmful. Producers must bear increased search costs to ensure that they can operate under a mark since there is no single point of verification that they can check to assure themselves that they are not at risk of liability. Neither state nor federal registries will list unregistered marks, and while trademark clearance firms have comprehensive databases, their records are not exhaustive.

Nosler Bullets, Inc., 169 U.S.P.Q.2d 62, 64 (T.T.A.B. 1971) (“The mere fact that it may at times use the designation TM in connection with the term does not make an otherwise unregistrable term a trademark.”); cf. Jason Mazzone, *Copyfraud*, 81 N.Y.U. L. REV. 1026, 1028–30 (2006) (discussing the problem of false claims in copyright).

148. See *Hamm v. Knocke*, 374 F. Supp. 1183, 1190 (E.D. Cal. 1973) (enjoining claimant of descriptive mark lacking secondary meaning from using “TM” or “SM” designations with it).

149. LEWIS CARROLL, *ALICE’S ADVENTURES IN WONDERLAND* 187 (1998 ed.).

150. See *supra* note 143 (showing an example of a cancelled registration); see also *Crash Dummy Movie v. Mattel*, 601 F.3d 1387, 1391–92 (Fed. Cir. 2010) (finding Mattel had enforceable common law rights in trademark despite USPTO canceling its registration and non-use of mark for six years).

151. See 15 U.S.C. §§ 1116(a) (establishing injunctive relief for trademark infringement), 1117(a) (establishing damages for trademark infringement).

152. *E.g.*, *Cashmere & Camel Hair Mfrs. Inst. v. Saks Fifth Ave.*, 284 F.3d 302, 311 n.9 (1st Cir. 2002).

The notice function of trademark law is underappreciated but vital. The present approach to concurrent use undermines it. The next Part explains how these problems have been exacerbated by technological and economic advances.

III. PROBLEMS OF CONCURRENT USE

The problems caused by the concurrent use of identical or highly similar marks have worsened over time: first gradually, with the growth of a tightly knit national economy and advertising ecosystem, and then suddenly, with the debut of the internet and the Information Age. The following subsections deal with two related problems: internal inconsistencies within current U.S. trademark doctrine, and the ever-growing discord between law that remains doggedly local and a societal context that is ever more global.

A. DOCTRINAL INCONSISTENCIES

There are four doctrinal inconsistencies, each of which is discussed in detail below. We summarize them here.

First, the nationwide contours of trademark doctrine as set forth in the Lanham Act provide that marks should not necessarily be limited to their geographic zones of actual use. One key benefit of federal registration is the expansion of protection nationwide. However, the cases construing the Lanham Act have led to a Swiss cheese version of nationwide protection, with holes carved out where the registrant does not do business. The rise of brand use on the internet has deepened this problem, with inconsistent decisions in the courts on both protection and available remedies for internet conflicts.

Second, the last few decades of court decisions have created a significant divergence of thought on how the “geographically remote use” defenses of the *Tea Rose* and *Dawn Donut* doctrines should be applied.

Third, current trademark law is internally inconsistent regarding the imposition of a “good faith” requirement to make concurrent use of a mark permissible. Some courts require “good faith” in the adoption of a trademark before a *Tea Rose* or *Dawn Donut* defense will be allowed to proceed, while other courts essentially dispense with any good faith requirement.

Fourth, courts again have divided into two camps on the requirement of “remoteness” for a *Tea Rose* or *Dawn Donut* defense. Some require proof of “remoteness” for the defenses, while others state that no such requirement exists.

1. Remoteness, Good Faith, and Market Expansion

Trademark doctrine was originally a creature of state law, with its genesis in consumer protection.¹⁵³ The classic violations were passing off,¹⁵⁴ which involved presenting the defendant's goods or services as those of a different vendor (usually one with a better reputation or higher quality), or reverse passing off, involving the opposite deception: claiming that a competitor's wares were one's own.¹⁵⁵ The first trademark case to be heard in federal court (because the plaintiffs were based in England) did not occur until 1844.¹⁵⁶ Moreover, states were responsible for many of the doctrinal innovations in trademark law, such as anti-dilution statutes (the first of which was adopted in Massachusetts in 1947), and state law often provided for wider protections than federal law, such as covering trade names. The drawback, of course, was that enforcement stopped at the state line. As the national economy began to develop in the second half of the nineteenth century, this shortcoming became more acute for entities trying to distribute more widely and hence also protect their reputations as embodied in marks more widely.¹⁵⁷

After the conclusion of the Civil War, the federal government recognized the need for a nationwide regime to protect brands and marks.¹⁵⁸ As part of a general overhaul of federal intellectual property, Congress passed a statute in 1870 that added translations as protected subject matter to the Copyright Act;¹⁵⁹ reorganized the Patent Office; and for the first time cre-

153. Rosen, *supra* note 131.

154. *See id.* (noting that "passing off" doctrines were well established by the 1850s).

155. *See Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 30–31 (2003) (noting that all federal circuits consider reverse passing-off to be a trademark violation); *Williams v. Curtiss-Wright Corp.*, 691 F.2d 168, 172–73 (3d Cir. 1982) (noting that reverse-passing off violates Lanham Act).

156. *See Taylor v. Carpenter*, 23 F. Cas. 742 (C.C.D. Mass 1844).

157. *See Bone*, *supra* note 19, at 576–79 (explaining how industrialization and first transcontinental railroad enabled companies to distribute and advertise products nationwide, leading to ascendance of the value and importance of trademarks).

158. *See id.* (noting Congress's adoption of first Trademark Act in 1870).

159. Act of July 8, 1870, ch. 230, § 86, 16 Stat. 198, 212. Translations were henceforth treated as derivative works. This followed the infamous denial of liability when Harriet Beecher Stowe sued over an unauthorized translation of *Uncle Tom's Cabin* into German; the court held that such translations were beyond the copyright owner's control. *See Stowe v. Thomas*, 23 F. Cas. 201 (C.C.E.D. Pa. 1853).

ated federal trademark protection.¹⁶⁰ Six years later, Congress passed criminal penalties for counterfeiting marks.¹⁶¹ For trademarks, though, both the specific and the omnibus approaches had a fatal flaw: nine years after the Act's adoption, the Supreme Court struck down the trademarks aspects, holding that they were beyond the grant of authority to Congress under the IP Clause of the Constitution.¹⁶²

Chastened, but not entirely deterred, Congress passed a more minimalist trademark scheme in 1881 that focused on commerce with foreign nations and Native American tribes.¹⁶³ In 1905, additional legislation expanded federal trademark regulation,¹⁶⁴ but it was not until 1946 that the modern, nationwide contours of trademark doctrine emerged with the Lanham Act.¹⁶⁵ The history of U.S. trademark law is one of evolution in parallel at both the state and federal levels. Unlike the Copyright Act or the Patent Act, the Lanham Act does not preempt competing state laws, although it does effectively override them in places (e.g., dilution).¹⁶⁶ Federal law, grounded as it is in the Commerce Clause, mandates use of a mark in order to protect it, although the introduction of the Intent To Use (ITU) application in 1988 significantly softened this requirement.¹⁶⁷ Use is still necessary, but it need not precede registration, and an ITU application confers priority over other users as of its filing date even if use comes later (as much as three years later).¹⁶⁸ The Lanham Act initially protected only registered marks, but later evolved to protect unregistered or "common law" ones. The scope

160. See §§ 77–84, 16 Stat. at 210–12.

161. Act of Aug. 14, 1876, ch. 274, 19 Stat. 141.

162. Trade-Mark Cases, 100 U.S. 82 (1879). In short, a mark does not need to be invented or novel to achieve protection; thus, it is not a "discovery" for the purposes of the IP Clause. *Id.* at 93–94. Similarly, a mark need not demonstrate human creativity or originality, and hence is not a "writing" under the same provision. *Id.* at 94.

163. Act of Mar. 3, 1881, ch. 138, 21 Stat. 502.

164. Act of Feb. 20, 1905, ch. 592, 33 Stat. 724.

165. Trademark Registration Act of 1946, Pub. L. No. 79-489, 60 Stat. 427.

166. See 15 U.S.C. § 1125(c)(6)(B)(i) (establishing dilution procedures).

167. See Trademark Law Revision Act of 1988, Pub. L. No. 100-667, 102 Stat. 3935 (amending usage requirements).

168. See 15 U.S.C. § 1051(d)(2) (allowing applications for up to a thirty-month extension beyond the initial six-month window).

of trademark law also grew over time to create liability for false advertising and, eventually, dilution of famous marks.¹⁶⁹

Trademark doctrine sought, and still seeks, to chart a middle path: neither limiting registered marks to their zones of actual trade (which would flout the text of the Lanham Act) nor granting genuinely effective nationwide rights to them (which could leave large swathes of the country off-limits to similar marks even if the registrant did not do business there). The results have been consistently unsatisfactory, especially when internet use is concerned: courts especially have been unable to articulate a consistent approach to online use of brands, which is theoretically available everywhere but, practically, has far more limited impact. Indeed, a number of courts have engaged in internet exceptionalism, treating cyberspace as a separate geography or place as far as confusion and remedies are concerned.¹⁷⁰

2. The Divergent Applications of the *Tea Rose* and *Dawn Donut* Doctrines

The “geographically remote use” defenses of the *Tea Rose* and *Dawn Donut* doctrines were likely sensible in the earlier part of the nation’s history. Geographically distant uses of similar or identical marks meant the likelihood that consumers would be confused was quite low, and thus *Tea Rose* and its ilk could helpfully economize the oft-lengthy analysis required to assess likelihood of confusion.

Not only have those doctrines become outmoded by modern technology, communication, and transportation advances, there is also a significant divergence among the circuit courts on how both the *Tea Rose* and *Dawn Donut* doctrines should be interpreted and applied. The varying viewpoints and the cases expressing them will be discussed in more detail below but can be summarized as follows.

169. See Bone, *supra* note 19, at 604–16 (historicizing evolution of anti-dilution law); POM Wonderful LLC v. Coca-Cola Co., 573 U.S. 102, 105–06 (2014) (recognizing a false advertising claim under the Lanham Act).

170. See generally Alan M. Trammell & Derek E. Bambauer, *Personal Jurisdiction and the “Interwebs,”* 100 CORNELL L. REV. 1129 (2015) (exploring the Supreme Court’s “bifurcated” approaches to harm); Dan Hunter, *Cyberspace as Place and the Tragedy of the Digital Anticommons*, 91 CALIF. L. REV. 439 (2003) (examining developing doctrine regarding computer-based offenses).

In the Ninth Circuit, according to the latest pronouncement by that court, the *Tea Rose* requirement of “good faith” is satisfied by the simple proof that the junior user had no knowledge of another’s prior use of the mark.¹⁷¹ However, an earlier, not-overruled decision by the Ninth Circuit held that knowledge of another’s use of a mark is not necessarily the same thing as knowledge of another’s *superior rights* in that mark.¹⁷² Whether another’s prior rights are considered “superior” or not in the junior user’s mind has no clear test.¹⁷³ To add further confusion, an earlier decision by a California district court held that a *Tea Rose* defense is defeated when the second adopter has selected the mark with “some design inimical” to the interests of the first user¹⁷⁴—a test that is directly at odds with the latest Ninth Circuit decision, but again, a case which has not been overruled.

In the Fifth and Tenth Circuits, and in the Court of Customs and Patent Appeals, knowledge (or lack thereof) of a senior user is only one factor in a larger analysis of whether the junior user adopted the mark with some improper intent, such as to trade on the reputation or restrict the geographic expansion of the senior user.¹⁷⁵

Yet a third view was set forth in the Seventh Circuit, which held that knowledge of prior use is not “bad faith” as long as that knowledge is limited to merely conflicting state registrations and pending or otherwise not-yet-effective federal registrations.¹⁷⁶

171. *Stone Creek, Inc. v. Omnia Italian Design, Inc.*, 875 F.3d 426, 437 (9th Cir. 2017).

172. *Quiksilver, Inc. v. Kymsta Corp.*, 466 F.3d 749, 755 (9th Cir. 2006) (citing *Yocum v. Covington*, U.S.P.Q. 210, 216–17 (T.T.A.B. 1982)).

173. *See id.*

174. *Urb. Home, Inc. v. Cordillera Inv. Co.*, No. CV 13-08502, 2014 WL 3704031, at *6 (C.D. Cal. June 19, 2014).

175. *C.P. Ints., Inc. v. Cal. Pools, Inc.*, 238 F.3d 690, 700 (5th Cir. 2001); *see also GTE Corp. v. Williams*, 904 F.2d 536, 541 (10th Cir. 1990) (“While a subsequent user’s adoption of a mark with knowledge of another’s use can certainly support an inference of bad faith, mere knowledge should not foreclose further inquiry. The ultimate focus is on whether the second user had the intent to benefit from the reputation or goodwill of the first user.”) (citations omitted); *Weiner King, Inc. v. Weiner King Corp.*, 615 F.2d 512, 519–22 (C.C.P.A. 1980) (examining several factors to determine respondent’s intent in using mark at issue, focusing on whether they evidenced “an attempt to ‘palm off’ or trade on the reputation” of plaintiff).

176. *Money Store v. Harriscorp Fin., Inc.*, 689 F.2d 666, 671–72, 675 (7th Cir. 1982).

Finally, the Fifth Circuit has held that the Lanham Act codification of *Tea Rose* in Section 33(b)(5) did not eliminate the requirement that the concurrent users be in “remote” areas,¹⁷⁷ while the Ninth and Fourth Circuits have held that Section 33(b)(5) has indeed eliminated any requirement of “remoteness.”¹⁷⁸

Turning to the *Dawn Donut* doctrine that a registered trademark owner is not entitled to enjoin a junior user in a market where the registrant has no business presence, until the registrant actually expands into that market,¹⁷⁹ the courts diverge on two points: what constitutes geographic remoteness, and what proves an intent to expand into the new market. The Seventh Circuit has held that geographic separation is not dispositive if the nature of the business is such that it attracts the traveling public.¹⁸⁰ Opposing this view is the Second Circuit, which has held that a substantial geographic separation is a significant indicator that the likelihood of confusion is slight.¹⁸¹ The Fifth Circuit holds that geographic remoteness is only one factor in a likelihood of confusion analysis,¹⁸² while one district court in the Ninth Circuit has held that even states a thousand miles apart are not geographically remote if the parties use the same marketing channels, including the internet and social media.¹⁸³

On the issue of expansion by a senior user into the market area of a junior user, the District Court of Nevada has remarkably ruled in two opposite ways in two very similar cases. In the first case, the court held that establishing a *Dawn Donut* likelihood of expansion requires evidence of an immediate, impending entry of the federal registrant into the junior user’s territory,

177. See *Peaches Ent. Corp. v. Ent. Repertoire Assocs., Inc.*, No. 92-3193, 1993 WL 534016, at *1 n.1 (E.D. La. Dec. 13, 1993), *aff’d in part, modified in part, and remanded*, 62 F.3d 690 (5th Cir. 1995) (noting that the Lanham Act did not eliminate a junior user’s burden of proof for pleading remoteness).

178. *Quicksilver, Inc.*, 466 F.3d at 761; *Emergency One, Inc. v. Am. Fire Eagle Engine Co.*, 332 F.3d 264, 272 n.4 (4th Cir. 2003).

179. *Dawn Donut Co. v. Hart’s Food Stores*, 267 F.2d 358, 360 (2d Cir. 1959).

180. *Tisch Hotels, Inc. v. Americana Inn, Inc.*, 350 F.2d 609, 613 (7th Cir. 1965).

181. *Brennan’s, Inc. v. Brennan’s Rest., LLC*, 360 F.3d 125, 134 (2d Cir. 2004).

182. *Cross Trailers, Inc. v. Cross Trailer Mfg. & Sales, LLC*, 363 F. Supp. 3d 774, 783 (W.D. Tex. 2018) (citing *All. for Good Gov’t v. Coal. for Better Gov’t*, 901 F.3d 498, 509 (5th Cir. 2018)).

183. *Baskim Holdings, Inc. v. Two M, Inc.*, No. 16-CV-01898, 2017 WL 4248136, at *4 (D. Nev. 2017).

and that mere negotiations for licensing, which do not bear fruit, are not enough to establish a bona fide likelihood of expansion.¹⁸⁴ But just four years later, the same court held that a prior exploration of the possibility of entering the junior user's market may be sufficient to establish a *Dawn Donut* right to injunctive relief.¹⁸⁵

Courts in both the Fifth and Eleventh Circuits have noted that twentieth and twenty-first century changes in communication and technology have likely rendered *Dawn Donut* obsolete, but have nevertheless considered cases applying *Dawn Donut* in their circuits as continuing binding precedent.¹⁸⁶ Meanwhile, the Sixth Circuit has declined to follow *Dawn Donut* at all.¹⁸⁷

3. *Tea Rose* and Good Faith

Current trademark law is internally inconsistent regarding the imposition of a “good faith” requirement to make concurrent use of a mark permissible. As a prerequisite to allowing concurrent use of a mark under the aegis of the Lanham Act, courts examine whether the defendant (usually the alleged infringer) adopted that mark “in good faith.”¹⁸⁸ However, the doctrine languishes in a zone of trademark incommensurability: good faith means different things to different courts, in ways that can be outcome-determinative. For example, some circuits evaluate whether one party knew of another's use of the same mark. If the party lacks that requisite knowledge, then the *Tea Rose* defense is in play. Other circuits have a less stringent standard: the issue is not whether the party at issue knew about the other's

184. *Russell Rd. Food & Beverage, LLC v. Spencer*, No. 12-CV-01514, 2013 WL 321666, at *3 (D. Nev. 2013).

185. *Baskim Holdings, Inc.*, 2017 WL 4248136, at *4–5.

186. *Wilson v. Tessmer L. Firm*, 483 F. Supp. 3d 416, 426 (W.D. Tex. 2020); *Vanguard L. Grp., LLP v. Fla. Vanguard Att'ys, LLC*, No. 13-CV-1274-T-35TGW, 2014 WL 12620818, at *3 (M.D. Fla. May 2, 2014).

187. *Cir. City Stores, Inc. v. CarMax, Inc.*, 165 F.3d 1047, 1056–57 (6th Cir. 1999).

188. *See Hanover Star Milling v. Metcalf*, 240 U.S. 403, 419 (5th Cir. 1916) (examining lack of knowledge or notice as prerequisite for good faith); *see also* *4SEMO.com Inc. v. S. Ill. Storm Shelters, Inc.*, 939 F.3d 905 (7th Cir. 2019) (framing lack of knowledge as part of the good faith defense), *cert. denied*, 140 S. Ct. 2642 (2020). *But see* *C.P. Ints., Inc. v. Cal. Pools, Inc.*, 238 F.3d 690, 700 (5th Cir. 2001) (noting that, in the Fifth Circuit, knowledge of prior use of a mark is only one factor in the good faith inquiry).

usage, but whether they had “some design inimical to the interests of the first user.”¹⁸⁹ Intent is thus the core concern. Both approaches seem divorced from the bellwether of trademark infringement, which is whether a sufficiently large number of consumers might be confused by the dual usage. Perhaps, as with criminal law, trademark doctrine assesses state of mind for deterrence purposes: entities that know someone else is using the same mark may be more likely to infringe, and those who deliberately copy one may be harder to dissuade. But *Tea Rose* is a defense to infringement, not a measure for the remedy to be awarded. In any case, it is unclear how the good faith requirement interacts, or is meant to interact, with the modern likelihood of confusion analysis of the Lanham Act.

As first set forth in *Hanover Star Milling v. Metcalf*,¹⁹⁰ there are two prongs of the *Tea Rose* doctrine. First, both the senior user and junior user are using the same trademark on the same goods, but in remote markets.¹⁹¹ Second, the junior user must have adopted the trademark “in perfect good faith, with no knowledge that anybody else was using or had used those words in such a connection.”¹⁹² It is this second prong that has split the courts since then, largely because of other language contained in the *Hanover* case. The court said:

In the ordinary case of parties competing under the same mark in the same market, it is correct to say that prior appropriation settles the question. But where two parties independently are employing the same mark upon goods of the same class, but in separate markets wholly remote the one from the other, the question of prior appropriation is legally insignificant, unless at least it appear that the second adopter has selected the mark with some design inimical to the interests of the first user, such as to take the benefit of the reputation of his goods, to forestall the extension of his trade, or the like.¹⁹³

The portion of this statement that has proven to be so troublesome—“some design inimical to the interests of the first user”—was actually mere dictum because the evidence established that the junior user, Hanover Star Milling, had proved by “affidavits fairly showing” that it had adopted the *Tea Rose* trademark “in good faith without knowledge or notice that the name ‘Tea Rose’ had been adopted or used by the Allen &

189. *Hanover Star Milling*, 240 U.S. at 415.

190. *Id.*

191. *Id.* at 412.

192. *Id.*

193. *Id.* at 415.

Wheeler firm, or by anybody else.”¹⁹⁴ There was simply no issue of whether Hanover Star Milling had adopted the trademark to interfere with the rights of the senior user. Hanover Star Milling had adopted the trademark “in perfect good faith, with no knowledge” of anyone else using the mark.¹⁹⁵ Nevertheless, this dictum fomented a circuit court split.

Hovering above this split, however, is a more basic question—should there even be a special trademark defense based on the defendant’s intention, i.e., good or bad faith? Good faith is not normally a defense to trademark infringement. While good or bad faith is one factor in the multifactor *Polaroid* and *Sleekcraft* likelihood of confusion tests,¹⁹⁶ it is not a dispositive factor. Otherwise in infringement cases, good or bad faith is generally considered only in assessing the proper measure of damages. The *Tea Rose* doctrine’s good faith test is an outlier in trademark law, potentially offering a complete defense to infringement or a bar to injunctive relief, but only if the junior user of the trademark adopted it in “good faith.” The fact that the courts have been unable to agree on what is or is not good faith is a significant signal that the *Tea Rose* doctrine is not doctrinally logical.

In truth, the conflict in the courts should have been laid to rest long ago, after the Supreme Court held in *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.* that the *Tea Rose* doctrine was superseded by the Lanham Act’s constructive notice effect, which “modifies the common-law rule that allowed acquisition of concurrent rights by users in distinct geographic areas if the subsequent user adopted the mark without knowledge of prior use.”¹⁹⁷ Three years after the *Park 'N Fly* decision, the Trademark Law Revision Act of 1988 incorporated the *Tea Rose* doctrine as one of the defenses available to a party accused of infringing an incontestable mark. Section 33(b)(5) of the Lanham Act provides a defense to a conflicting trademark “adopted without knowledge of the registrant’s prior use and . . . prior to . . . the date of constructive use of the mark established pursuant to section 1057(c)

194. *Id.* at 410.

195. *Id.* at 412

196. *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961) (reciting a long list of variables that the court could consider in trademark infringement cases), *cert. denied*, 368 U.S. 820; *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348–49 (9th Cir. 1979) (listing defendant’s intent as only one of eight factors to consider).

197. *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 199–200 (1985).

of this title”¹⁹⁸ The Lanham Act thus fully covers the ground of the *Tea Rose* doctrine, and because the Act requires only a lack of knowledge by the junior concurrent user, with no need for any other proof of “good faith,” the law should be clear. Unfortunately, as the split in federal circuits shows, it is not.

The Fifth Circuit stands on the side of lack of knowledge being just one factor in a good faith analysis. In *El Chico, Inc. v. El Chico Cafe*,¹⁹⁹ the court examined concurrent uses of the trademark “El Chico.” The plaintiff operated the El Chico nightclub in New York, which had opened in 1925, serving Spanish food, decorated in Spanish style, and offering nightly entertainment.²⁰⁰ The club enjoyed widespread fame because of the entertainers appearing there.²⁰¹ The club received considerable publicity, and it was the location for extensive radio and television broadcasts of the entertainers.²⁰² However, the plaintiff never sought a federal registration for the trademark.²⁰³

The defendants opened an El Chico Café in Dallas in 1940, and later opened six more El Chico Cafés in Texas and Louisiana.²⁰⁴ The cafés were Mexican in décor and food service, not Spanish, and were solely operated as restaurants, with no nightclub aspect and no entertainment.²⁰⁵ In November 1949, the defendants filed a federal registration application.²⁰⁶ The plaintiff learned of this when it was published for opposition, and the plaintiff then sued for common law infringement and unfair competition.²⁰⁷

To decide the case, the appellate court applied a normal likelihood of confusion analysis.²⁰⁸ Its primary finding was that “El Chico” was a very weak trademark. The district court had found that there were twenty-seven trademark registrations of Chico, El Chico and similar names for various products and articles, several of them prior to 1925, when plaintiff’s restaurant was first founded: a Moorish king of Granada in the fifteenth century

198. 15 U.S.C. § 1115(b)(5).

199. 214 F.2d 721 (5th Cir. 1954).

200. *Id.* at 722.

201. *Id.*

202. *Id.*

203. *Id.*

204. *Id.* at 722–23.

205. *Id.* at 723.

206. *Id.* at 723–24.

207. *Id.* at 724.

208. *Id.* at 725.

was called El Chico; Chico was frequently used both as a surname and as the first name or nickname of persons;²⁰⁹ there were numerous geographic areas in Mexico, the United States, the Philippines, and Argentina called El Chico or Chico; and there were other restaurants in New York City, New York State, West Virginia, Pennsylvania, and Illinois bearing the name El Chico, plus an El Chico Market in Newark, New Jersey. The district court found that the mark was so weak, it could be freely used by anyone “without infringement in the absence of actual confusion or intent to deceive, especially where the marketing territories were different.”²¹⁰

The plaintiff argued that the defendants had indeed adopted the mark with fraudulent intent because the defendants knew about the plaintiff’s famous New York nightclub. The Fifth Circuit rejected that argument, saying,

[T]hough the defendants knew of plaintiff’s use of the name, they further knew that the plaintiff did not have an exclusive right to such use as against a noncompeting business, where there was no likelihood of confusion as to source, and in the absence of an intent to benefit from the reputation or good will of the plaintiff.²¹¹

In other words, mere knowledge of another’s use of a trademark is not bad faith if the junior user believes that the senior user has no exclusive right to the mark.

Although the *El Chico* case was not actually a *Tea Rose* doctrine case, the Fifth Circuit has subsequently cited it as authority that mere knowledge of a senior user’s adoption and use of a trademark does not defeat a *Tea Rose* defense. In *C.P. Interests, Inc. v. California Pools, Inc.*,²¹² the defendant, California Pools, Inc., was a California corporation engaged in construction of swimming pools and spas in several western states. It had been in business since 1952, and it obtained a federal trademark registration for the mark “California Pools & Spas, Inc.” in 1995.²¹³ In 1997, California Pools sought to open a branch office in Houston, Texas, but encountered a Texas corporation incorporated as “C.P. Interests, Inc.” and doing business as “California Pool

209. *Id.* at 725. “Chico” translates variously as “boy,” “kid,” “guy,” “young,” and “little.” *Chico*, SPANISHDICT.COM, <https://www.spanishdict.com/translate/chico> [<https://perma.cc/C47A-W7MR>].

210. *El Chico*, 214 F.2d at 725.

211. *Id.* at 726.

212. 238 F.3d 690 (5th Cir. 2001).

213. *Id.* at 692.

Repair & Service Company.”²¹⁴ C.P. Interests operated exclusively in Houston in the business of pool construction.²¹⁵ California Pools informed C.P. Interests of its intention to enter the Houston market and requested that C.P. Interests cease using the “California Pools” name.²¹⁶ C.P. Interests filed suit, claiming use of the mark “California Pools” since 1961 and arguing that it was a remote junior user and had rights to the mark under the *Tea Rose* doctrine.²¹⁷ At trial, the district court instructed the jury that “mere knowledge of defendant’s use of the mark does not defeat good faith, though it is a factor you may consider if you find that plaintiff had knowledge of the time of its first use.”²¹⁸ California Pools disagreed with this instruction and suggested “if plaintiff had knowledge of defendant’s prior use of the mark at the time of its adoption, then plaintiff’s adoption was not in good faith.”²¹⁹ California Pools asserted that its proposed jury instruction accurately reflected the *Tea Rose* doctrine.²²⁰ The Fifth Circuit disagreed, saying,

California Pools is correct that many courts examining the good faith issue have held that, as per the *Tea Rose–Rectanus* doctrine, a junior user’s knowledge of a senior appropriator’s use of a mark is itself sufficient to defeat a claim of good faith. [citation omitted]. The Fifth Circuit, however, has not expressly joined this majority view, and our past precedent implies a test to the contrary—specifically, that knowledge of use is but one factor in a good faith inquiry. *See El Chico, Inc. v. El Chico Cafe*, 214 F.2d 721, 726 (5th Cir.1954) (holding that knowledge of use is not dispositive in the absence of evidence of “an intent to benefit from the reputation or good will of the [senior user].”).²²¹

With the *C.P. Interests* decision, the Fifth Circuit clearly joined the camp of courts holding that “bad faith” under the *Tea Rose* doctrine requires more than knowledge of use.

The Court of Customs and Patent Appeals aligned with this view in *Weiner King, Inc. v. Weiner King Corp.*²²² In that case, the senior user was the plaintiff, Weiner King, Inc., which opened one hot dog restaurant in Flemington, New Jersey, in 1962, and then expanded by opening some other restaurants

214. *Id.*

215. *Id.*

216. *Id.*

217. *Id.*

218. *Id.* at 700.

219. *Id.*

220. *Id.*

221. *Id.* (citation omitted).

222. 615 F.2d 512 (C.C.P.A. 1980).

within that same town.²²³ It did not seek to expand beyond Flemington, nor did it advertise outside that market area. The defendant, WKNC, first adopted the mark for a hot dog restaurant in North Carolina, but then expanded by franchises to more than 20 states.²²⁴ WKNC obtained federal trademark registrations, then sought to amend its registrations by excluding Weiner King's market area, acknowledging Weiner King as a concurrent user.²²⁵ Citing the *Hanover Star Milling* and *Rectanus* cases, the court said,

Weiner King was the first to adopt and use its mark WEINER KING. Later, WKNC innocently adopted its mark WIENER KING in a market area remote from that of Weiner King's market area. Under such circumstances, it is settled law that each party has a right to use its mark in its own initial area of use.²²⁶

However, after WKNC became aware of Weiner King, WKNC continued to expand its franchise.²²⁷ Weiner King argued that this was bad faith because WKNC knew about the senior user, but the Court of Customs and Patent Appeals disagreed, saying, "mere knowledge of the existence of the prior user should not, by itself, constitute bad faith."²²⁸ It held that the more important question was whether the junior user was attempting to trade on the goodwill of the senior user and "box it in" to its market area, or whether the junior user was expanding on its own reputation and goodwill.²²⁹ Finding the latter, the court ruled in favor of WKNC.²³⁰ But the court did not stop there. In addition to holding that knowledge alone will not defeat a *Tea Rose* defense, the court held that the *Tea Rose* cases "are based on the theory that the prior user in each case abandoned its right to expand its trade when it failed to exercise that right."²³¹ Thus, according to the Court of Customs and Patent Appeals, the *Tea Rose* doctrine is not just a defense to infringement by concurrent use of a mark in a remote geographic area, it is also a bar to any business expansion when a party has previously failed to expand.

223. *Id.* at 515.

224. *Id.* at 516.

225. *Id.*

226. *Id.* at 522.

227. *Id.* at 516.

228. *Id.*

229. *Id.*

230. *Id.* at 525–26.

231. *Id.* at 523.

The Tenth Circuit planted its flag in the “knowledge is not enough” camp, addressing the “good faith” prong of the *Tea Rose* doctrine head-on in *GTE Corp. v. Williams*.²³² The senior user, GTE Corporation, owned a network of telephone operating companies, most of which had names beginning with “General Telephone Company of,” followed by a geographic modifier.²³³ All of the telephone subsidiaries employed “General Telephone” as a trade name, trademark, and service mark.²³⁴ The junior user, Williams, had adopted “General Telephone” as a trade name, trademark, and service mark for mobile telephone and paging services in the Wasatch Front area.²³⁵ Although at the time he adopted the mark, he had heard of a company called “General Telephone and Electronics of California,” the district court found that Williams “had no knowledge that GTE used or claimed to use ‘General Telephone’ as a trade or service mark, or that any other entity used or claimed to use that mark” and that Williams did not intend to benefit from GTE’s reputation and goodwill.²³⁶

In June 1981, GTE applied to register “General Telephone” for provision of telecommunications services.²³⁷ The mark was registered in October 1982, and GTE filed suit against Williams shortly thereafter, alleging infringement of a federally registered mark and false designation of origin.²³⁸ The district court found Williams was entitled to concurrent registration for the Wasatch Front and exclusive use in that region, specifically finding that Williams was a good faith junior user in a remote area, despite his knowledge of another user.²³⁹ The Tenth Circuit affirmed.²⁴⁰ After citing several authorities which held that knowledge of a prior user is sufficient to destroy good faith of a junior user, the court expressly rejected them, saying,

While a subsequent user’s adoption of a mark with knowledge of another’s use can certainly support an inference of bad faith [*citations omitted*], mere knowledge should not foreclose further inquiry. The ultimate focus is on whether the second user had the intent to benefit from the reputation or goodwill of the first user.²⁴¹

232. 904 F.2d 536, 541–42 (10th Cir. 1990).

233. *Id.* at 537.

234. *Id.*

235. *Id.*

236. *Id.* at 541.

237. *Id.* at 537.

238. *Id.*

239. *Id.* at 538.

240. *Id.* at 542.

241. *Id.* at 541.

On the opposite side of this circuit split are the Ninth and Seventh Circuits, where recent decisions definitively establish that knowledge of a senior user by itself is enough to eliminate a *Tea Rose* defense. The problem is that even in those circuits there are earlier decisions, never overruled, that hold something more than mere knowledge is required.

The most recent case comes from the Seventh Circuit. In *4SEMO.com Inc. v. Southern Illinois Storm Shelters, Inc.*,²⁴² the plaintiff granted a limited license to the defendant to use the mark “Life Savers” for underground storm shelters, but the defendant used the mark more broadly, in violation of the agreement.²⁴³ When the plaintiff sued, the defendant asserted the *Tea Rose* doctrine as one defense, but the court rejected it, saying,

[The defendants] clearly did not act in good faith when they appropriated 4SEMO’s marks. As we explained in *Money Store*, “[a] good faith junior user is one who begins using a mark with no knowledge that someone else is already using it.” *Id.*; see also *Hanover Star*, 240 U.S. at 412 (explaining that the junior user adopted the mark ‘in perfect good faith, with no knowledge that anybody else was using or had used those words’). The defense shields those who unwittingly develop a mark that duplicates another, not intentional counterfeiters.²⁴⁴

While this would seem to be a good, clear case on this issue, it is muddied by the facts and holding of the cited case, *Money Store v. Harriscorp Finance, Inc.*²⁴⁵ There, the plaintiff was a New Jersey corporation offering lending and financial services.²⁴⁶ It began using the mark “Money Store” in New Jersey in January, 1972.²⁴⁷ Prior to filing for federal registration, the plaintiff’s lawyer conducted a trademark search and found a pending federal application by Henry J. Kaufman & Associates for advertising services, as well as several state registrations: in Utah for financial services (owned by Peoples Finance in Utah, used since 1959); in Virginia for financial services (owned by Diversified Mountaineer Corporation, used since 1966); in West Virginia for advertising services (owned by Diversified, used since 1965); and in Minnesota for financial services (owned by Wilson Loan Plan, Inc., used since 1963).²⁴⁸ Despite all these conflicting prior users, the trademark lawyer concluded there

242. 939 F.3d 905 (7th Cir. 2019), *cert. denied*, 140 S. Ct. 2642 (2020).

243. *Id.* at 907.

244. *Id.* at 912.

245. 689 F.2d 666 (7th Cir. 1982).

246. *Id.* at 668.

247. *Id.*

248. *Id.* at 668–69.

was no conflict with Kaufman's pending federal application because of different services, and simply advised the plaintiff that its rights might be limited by prior state rights in the four various states.²⁴⁹ The plaintiff proceeded to file its federal application, and its officer executed the Section 1051 statutory oath that:

[N]o other person, firm, corporation, or association, to the best of his knowledge or belief, has the right to use such mark in commerce either in the identical form thereof or in such near resemblance there as to be likely, when applied to the goods of such other person, to cause confusion, or to cause mistake, or to deceive.²⁵⁰

The Trademark Office found no conflict with the Kaufman mark, which had in the interim become federally registered. Registration for "The Money Store" issued to the plaintiff on April 2, 1974.²⁵¹

Defendant Harriscorp conducted a trademark search in mid-1973, which found the same state registrations, Kaufman's federal registration, and plaintiff's pending federal application.²⁵² However, because Harriscorp had not found anyone using "The Money Store" in Chicago, the defendant adopted the mark.²⁵³ A bit later, the defendant discovered that United Bank had been using the mark "The Money Store" in Chicago since August 1972 (eight months after the plaintiff's first use in New Jersey in January, 1972).²⁵⁴ In January 1974, United Bank assigned its rights in the trademark to the defendant.²⁵⁵ In December 1974, the defendant began using "The Money Store" mark in three locations in Chicago.²⁵⁶ The conflict arose in January 1975, when the plaintiff sent Harriscorp a letter requesting it to cease and desist from using the mark.²⁵⁷ "After a five-month exchange of letters between the parties, a meeting was held in New York," but it did not resolve the dispute.²⁵⁸ For the next twenty-two months, the plaintiff "did not communicate with Harriscorp regarding use of the mark," and during that period, Harriscorp "ex-

249. *Id.* at 669.

250. *Id.* (alteration in original).

251. *Id.*

252. *Id.*

253. *Id.*

254. *Id.*

255. *Id.*

256. *Id.* at 670.

257. *Id.*

258. *Id.*

pended a considerable sum to advertise the mark” and made numerous business decisions, allegedly based on its conclusion that its use of “The Money Store” would not be challenged.²⁵⁹ However, in April 1977, the plaintiff renewed its infringement claim, and the suit was filed in August of that year.²⁶⁰

The district court enjoined the plaintiff’s use of the mark in the Chicago area, cancelled the plaintiff’s federal registration, and awarded damages because it found that the plaintiff had “made a false and fraudulent oath that no person, to the best of its knowledge and belief, had the right to use the mark in commerce.”²⁶¹ The judge concluded that Peoples and Kaufman were prior users of the mark, that the plaintiff was aware of that usage at the time its representative signed the federal trademark application oath, that the plaintiff had no reason to believe that these prior users were not using the mark in commerce, and that the plaintiff “intentionally failed to make the simple inquiries that would have revealed the facts.”²⁶²

On appeal, the Seventh Circuit first found that there was no fraud committed by the plaintiff in signing the application oath.²⁶³ Because the pending Kaufman federal application was for advertising services, not for financial services, the court found it was not a bar to the plaintiff’s application.²⁶⁴ Further, the court held that the state registrants were limited in their markets to those states and said, “We have found no authority, however, for the proposition that one cannot obtain federal registration of a mark that is registered and used in a single state.”²⁶⁵

The Seventh Circuit then went on to examine whether defendant Harriscorp could assert a *Tea Rose* defense as a good faith junior user based on its assignment from United Bank.²⁶⁶ The court held that it could.²⁶⁷ The court first said, “A good faith junior user is one who begins using a mark with no knowledge

259. *Id.*

260. *Id.*

261. *Id.*

262. *Id.*

263. *Id.* at 679.

264. *Id.* at 672.

265. *Id.* at 672.

266. *Id.* at 675.

267. *Id.*

that someone else is already using it.”²⁶⁸ Because Harriscorp’s predecessor’s use in Chicago had preceded the plaintiff’s federal registration by eight months, the court held there was no constructive knowledge.²⁶⁹ Remarkably, the court also said there was no evidence proving any actual knowledge,²⁷⁰ a conclusion that flies in the face of Harriscorp’s trademark search, which had revealed the plaintiff’s pending federal registration and several state registrations. While there was technically no constructive knowledge until the plaintiff’s federal registration issued, it was disingenuous to say that Harriscorp had no actual knowledge of the plaintiff’s prior use, not to mention prior use by several others in Utah, Virginia, West Virginia, and Minnesota. Was the court influenced by Harriscorp’s expenditure of advertising funds and other business decisions during the twenty-two months that the plaintiff sat on its rights? If so, the case should have been decided on an estoppel theory. Instead, by grounding its decision on the *Tea Rose* defense, the *Money Store* decision created a new variation on the test for “good faith”—knowledge of prior use will not be “bad faith” as long as that knowledge is limited to conflicting state registrations and not-yet-effective federal registrations. When the Seventh Circuit later decided the *4SEMO.com v. Southern Illinois* case and held that the *Tea Rose* defense only “shields those who unwittingly develop a mark that duplicates another, not intentional counterfeiters,”²⁷¹ it would seem that it impliedly overruled the *Money Store* decision, and yet it cited *Money Store* as authority for its statement on “good faith.” So in the Seventh Circuit, which is it? Is absolute lack of knowledge of prior users required, or is there a carve-out for pending federal applications and state registrations?

In the Ninth Circuit, the most recent case is *Stone Creek, Inc. v. Omnia Italian Design, Inc.*²⁷² There, the defendant, Omnia Italian Design, a licensee of plaintiff Stone Creek, frankly admitted copying the plaintiff’s trademark and selling the same goods (furniture) under that mark.²⁷³ Applying the *Sleekcraft*

268. *Id.* at 674 (citing *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 415 (1916)).

269. *Id.* at 675.

270. *Id.*

271. *4SEMO.com, Inc. v. S. Ill. Storm Shelters, Inc.*, 939 F.3d 905, 912 (7th Cir. 2019), *cert. denied*, 140 S. Ct. 2642 (2020).

272. 875 F.3d 426 (9th Cir. 2017).

273. *Id.* at 429.

multifactor test, the district court held that defendant did not infringe Stone Creek's trademark because there was no likelihood of confusion.²⁷⁴ The Ninth Circuit reversed, holding that the district court had misapplied the *Sleekcraft* test because "identical marks paired with identical goods can be case-dispositive,"²⁷⁵ and because "Stone Creek" was a conceptually strong fanciful or arbitrary mark.²⁷⁶

Turning to the defendant's *Tea Rose* defense, the court held that, "there is no good faith if the junior user had knowledge of the senior user's prior use."²⁷⁷ Analyzing the *Hanover Star Milling* and *Rectanus*²⁷⁸ cases, the Ninth Circuit focused on the "notice" aspect and concluded that "good faith" means lack of notice of the senior user's rights. The court distinguished the Tenth and Fifth Circuits' positions that knowledge is only one aspect of "good faith," saying the "brief reference [in *Hanover* and *Rectanus*] to 'design inimical' does not override the central focus on knowledge."²⁷⁹ The court further stated that the "notice" function serves the public policy interest because the "doctrine operates to protect a junior user who unwittingly adopted the same mark and invested time and resources into building a business with that mark,"²⁸⁰ whereas a junior user who adopts with knowledge of the senior user has not spent such time and resources in building up a business.²⁸¹ Finally, the court held that the "notice" test of good faith comports with Lanham Act Section 33(b)(5). The court said, "[T]he Lanham Act displaces the *Tea Rose-Rectanus* defense by charging later users with knowledge of a mark listed on the federal register. If constructive notice is sufficient to defeat good faith, it follows that actual notice should be enough too."²⁸²

It is hard to imagine a clearer statement about "good faith" for the *Tea Rose* doctrine. However, a 2006 Ninth Circuit case

274. *Id.* at 444.

275. *Id.* at 432.

276. *Id.* at 432-33.

277. *Id.* at 437.

278. *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90 (1918).

279. *Stone Creek*, 875 F.3d at 438.

280. *Id.* at 438-39 (first citing *Rectanus*, 248 U.S. at 103; and then citing *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 419 (1916)).

281. *Id.* at 439 (explaining that a junior user with "affirmative knowledge" has not built up their own brand).

282. *Id.*

had gone the other way, and it was neither overruled nor explained in *Stone Creek*, thus creating some confusion. That earlier case, *Quiksilver, Inc. v. Kymsta Corp.*, held that knowledge of another's use of a mark is not necessarily the same thing as knowledge of another's *superior rights* in that mark.²⁸³ Construing the plaintiff's federal trademark application and the oath by its CEO that he believed Quiksilver to be the owner of the "Roxy" trademark, the court said that,

[M]ere knowledge of the existence of the [defendant's] "ROXY-WEAR" mark does not constitute fraud. *See Yocum v. Covington*, 216 U.S.P.Q. 210, 216–17 (T.T.A.B.1982) ("[T]he statement of an applicant that no other person 'to the best of his knowledge' has the right to use the mark does not require the applicant to disclose those persons whom he may have heard are using the mark *if he feels that the rights of such others are not superior to his.*") (emphasis added).²⁸⁴

Under this case, the Ninth Circuit's *Stone Creek* test of "good faith" is complicated because a junior user can knowingly adopt a mark already in use if the junior user feels that the senior user's rights are not superior. This is similar to the result from the Seventh Circuit in the *Money Store* case that knowledge of prior use will not be "bad faith" if it is limited to conflicting state registrations and not-yet-effective federal registrations.²⁸⁵

On top of this, in *Urban Home, Inc. v. Cordillera Investment Co.*, a California District Court case decided after *Quiksilver* but before *Stone Creek*, the court held that "there is an exception to the *Tea Rose–Rectanus* defense when 'the second adopter has selected the mark with some design inimical to the interests of the first user'"²⁸⁶ Again, this case was not overruled by *Stone Creek* (nor even cited), so it now also stands in the Ninth Circuit as a conflict with the *Stone Creek* pronouncement of what constitutes good faith for a *Tea Rose* defense.

In sum, the court decisions on the "good faith" prong of *Tea Rose* are all over the map. Yet, Lanham Act Section 33(b)(5) clearly defines lack of knowledge as the only requirement for a junior concurrent user's defense. Consequently, the common law

283. *See* 466 F.3d 749, 755 (9th Cir. 2006).

284. *Id.*

285. *Money Store v. Harriscorp Fin., Inc.*, 689 F.2d 666, 671–72 (7th Cir. 1982).

286. *Urb. Home, Inc. v. Cordillera Inv. Co.*, No. CV 13-08502, 2014 WL 3704031, at *5 (C.D. Cal. June 19, 2014) (quoting *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 415 (1916)).

Tea Rose element of “good faith” is not only outmoded and supplanted by statute; it is doctrinally inconsistent in both concept and application.

4. *Tea Rose* and Remoteness

In this section, another doctrinal inconsistency will be discussed: if there was originally a “remoteness” requirement in the *Tea Rose* defense, as set forth in the *Hanover Milling* case, was that requirement eliminated by Lanham Act Section 33(b)(5), or does it continue despite Section 33(b)(5)? On that issue, there are again two camps, divided over the construction of Section 33(b)(5).

In *Peaches Entertainment Corp. v. Entertainment Repertoire Associates, Inc.*,²⁸⁷ the Eastern District of Louisiana offered its view that for the Section 33(b)(5) defense “[t]he junior user has the burden of pleading and proving . . . remoteness . . .”²⁸⁸ Likewise, in *Champions Golf Club, Inc. v. The Champions Golf Club, Inc.*, the Sixth Circuit held that if the senior user has achieved a nationwide recognition of its symbol, then the Section 33(b)(5) defense is not available for a junior user anywhere in the nation because the respective uses of the contested mark are not “remote.”²⁸⁹

However, the Ninth Circuit held in *Quiksilver, Inc. v. Kymsta Corp.*²⁹⁰ that remoteness is not an element of a Section 33(b)(5) defense because the text of the statute does not contain a remoteness element.²⁹¹ The Fourth Circuit agreed with that view as well, holding in *Emergency One, Inc. v. American Fire Eagle Engine Co.* that the *Tea Rose* defense and a Section 33(b)(5) defense are not identical because the latter “appears to have eliminated ‘remoteness’ as a requirement for the defense.”²⁹²

This dispute over whether “remoteness” is or is not a required element of either a *Tea Rose* or Section 33(b)(5) defense

287. No. 92-3193, 1993 WL 534016, at *1 n.1 (E.D. La. Dec. 13, 1993), *aff'd in part, modified in part, and remanded*, 62 F.3d 690 (5th Cir. 1995).

288. *Id.*

289. *Champions Golf Club, Inc. v. The Champions Golf Club, Inc.*, 78 F.3d 1111, 1124 (6th Cir. 1996) (citing J. THOMAS MCCARTHY, MCCARTHY ON TRADE-MARKS AND UNFAIR COMPETITION § 26.06 (Clark Boardman Callagan ed., 3d ed. 1995)).

290. 466 F.3d 749, 761 (9th Cir. 2006).

291. *Id.*

292. 332 F.3d 264, 272 n.4 (4th Cir. 2003).

raises its own sticky questions: What does “remoteness” mean? How “remote” is remote? Is a separate part of a state (northern vs. southern California) enough? Or does remoteness require the parties to be in different states, and if so, how far away must they be? Is California remote from Arizona, or Texas from Louisiana? Should “remoteness” only be found if the parties are entirely across the country from each other? The courts have not defined “remoteness,” if that is indeed an element of the *Tea Rose* defense, and a definition may be impossible, especially in today’s world, where concurrent use parties will likely have both websites and social media presences, thereby rendering “remoteness” entirely fictional.

5. *Dawn Donut* Remoteness and Market Expansion Problems

The *Dawn Donut* rule states that an owner of a registered trademark, who should have nationwide rights under the registration provisions of the Lanham Act, will not be entitled to enjoin a prior user of the mark in a market area in which the registrant neither has business activity nor has established a reputation, unless and until the registrant expands into that market area.²⁹³ This doctrine necessarily has two elements: the prior user must be geographically separate from the registrant’s established market area; and the prior user must establish that the registrant is not likely to expand into its market. On the meaning and application of these two elements, courts are divided.

Dawn Donut rested on the court’s conclusion that donuts do not travel well and that the public only purchases donuts and other baked goods “reasonably close to their homes, say within about 25 miles.”²⁹⁴ Because the court found there was no likelihood of confusion between the plaintiff’s registered mark and the defendant’s identical mark, inasmuch as the defendant’s market was limited to the immediate Rochester area where the plaintiff had no retail activity, the court denied injunctive relief.²⁹⁵ But what about goods or services that do travel, or consumers who themselves travel to where such goods and services are offered?

293. See *Dawn Donut Co. v. Hart’s Food Stores, Inc.*, 267 F.2d 358, 364 (2d Cir. 1959).

294. *Id.*

295. See *id.* at 366.

Only six years after *Dawn Donut* was decided, the Seventh Circuit addressed this question in *Tisch Hotels, Inc. v. Americana Inn, Inc.*,²⁹⁶ a dispute involving the use of the identical mark “Americana” by plaintiff’s hotels in Florida, New York, and Puerto Rico, and defendant’s motels in Chicago. Plaintiff, as the registered owner of the mark, sought to enjoin the defendant’s use of the mark. The district court found for the defendants, but the Seventh Circuit reversed. The court held that the geographic separation of the plaintiff’s and defendant’s markets did not preclude an injunction because the defendant was specifically seeking to attract the traveling public, a public which might well be confused by an identical mark used on similar lodging services by both plaintiff and defendant.²⁹⁷

Forty years later, the Second Circuit essentially rejected this “traveling public” idea, instead sticking to the view that geographic separation typically eliminates likely public confusion. *Brennan’s, Inc. v. Brennan’s Restaurant, LLC*,²⁹⁸ involved the famous Brennan’s restaurant in New Orleans and Terrance Brennan’s Seafood & Chop House in New York. Discussing *Dawn Donut*, the court said,

Certain businesses such as hotels, and to a lesser degree restaurants, attract the traveling public. Courts have recognized that even businesses that are separated by large distances may attract overlapping clientele due to the ease of travel. See, e.g., *Tisch Hotels, Inc. v. Americana Inn, Inc.*, 350 F.2d 609, 613 (7th Cir.1965) (geographic separation is not dispositive if the nature of the business, e.g., hotels, is such that it attracts the traveling public). We do not disagree with this possibility, but only note that, in the absence of actual confusion or bad faith, substantial geographic separation remains a significant indicator that the likelihood of confusion is slight.²⁹⁹

Regardless of their view on whether geographic separation will prevent injunctive relief, the courts agree that the registrant can enjoin the prior user if the registrant enters or is likely to enter the prior user’s market area. However, different courts—and even the same court at different times—have set different tests for what will establish such likelihood of entry.

For example, in *Russell Road Food & Beverage, LLC v. Spencer*,³⁰⁰ the District of Nevada examined a dispute between strip clubs. The defendant had run Crazy Horse strip clubs in

296. 350 F.2d 609 (7th Cir. 1965).

297. *Id.* at 613.

298. 360 F.3d 125 (2d Cir. 2004).

299. *Id.* at 135.

300. No. 12-CV-01514, 2013 WL 321666 (D. Nev. Jan. 28, 2013).

Ohio since 1978. The plaintiff ran a strip club in Las Vegas called Crazy Horse III, beginning in 2009. The defendant engaged in licensing negotiations with the plaintiff, but they were not successful. The plaintiff then brought a declaratory action for non-infringement of the defendant's Crazy Horse mark. On the defendant's motion for preliminary injunction, the court applied the *Sleekcraft* likelihood of confusion test and found that the test favored the defendants but, citing *Dawn Donut*, ruled that the defendants had not shown a likelihood of expansion into Las Vegas. The court said the evidence needed to establish a *Dawn Donut* likelihood of expansion would be,

[A]n immediate, impending entry of the federal registrant into the junior user's territory.' For instance, a federal registrant may prove that it has leased premises and is ready to begin sales, or that it has licensed the mark for the disputed territory. Spencer and CHC have not advanced any evidence of this type.³⁰¹

The court went on to say,

Courts search for bona fide likelihood of expansion evidence in part because they are wary of trademark licensing shakedowns. A remote federal registrant should not be able to hold the threat of injunction over a junior user in order to extract licensing fees where the registrant has no actual intent of expanding into the junior user's market. . . . Where a less well-known federal registrant seeks to expand into the market of a more well-known junior user, more than talk is necessary to demonstrate a 'strong probability' of expansion.³⁰²

But only four years later, the District of Nevada court heard a very similar case, again involving competing strip clubs, this time with the plaintiff's club being located in New Orleans, with licensed clubs also in New Jersey and Texas, and the defendants' club located in Las Vegas.³⁰³ The plaintiff had advertised its New Orleans strip club in magazines, on the internet (on its own website and on third party websites), on social media, and on billboards. The defendants also advertised their Las Vegas strip club on billboards, on their websites, and on social media. The plaintiff registered its "Babe's Cabaret" trademarks in 2015. The plaintiff attempted to license a club in Las Vegas, but the negotiations failed when the prospective licensee noted that the defendants were already operating a "Babe's Cabaret" strip club there. The plaintiff then sued.

301. *Id.* at *3 (citations omitted).

302. *Id.* at *4.

303. *Baskim Holdings, Inc. v. Two M, Inc.*, No. 16-CV-01898, 2017 WL 4248136, at *1 (D. Nev. Sept. 25, 2017).

The defendants asserted *both* a *Tea Rose* defense and a *Dawn Donut* defense. On *Tea Rose*, the court denied the defendants' motion for summary judgment because it found a genuine issue of fact about whether Las Vegas was "geographically remote" from New Orleans, basing this surprising result on the fact that both parties used the same marketing channels, including the internet and social media.³⁰⁴ On the *Dawn Donut* defense, the court said summary judgment was improper because the plaintiff had "presented evidence from which a reasonable jury could find that there is a likelihood that [plaintiff] will expand into the Las Vegas market given its prior exploration of the possibility, including as recently as earlier this year."³⁰⁵ In so holding, the court not only misconstrued the *Dawn Donut* rule, it also ruled contrary to its own decision in *Russell Road Food & Beverage*.³⁰⁶ *Dawn Donut* held that *until* the registered owner expands into the market the junior user should not be enjoined, but the District of Nevada effectively ruled in the *Baskim* case that the mere *prospect* that the registered user will expand into the junior user's market area is sufficient.

By stark contrast, the Sixth Circuit has rejected the *Dawn Donut* rule entirely, holding that likelihood of entry into the same geographic market is only one factor in an eight-point analytical framework for evaluating trademark infringement.³⁰⁷

District courts in both the Fifth Circuit and Eleventh Circuit have seriously questioned whether *Dawn Donut* continues to have validity in the age of the internet, but they have not gone as far as the Sixth Circuit and rejected the doctrine outright.³⁰⁸ This Article contends that the Sixth Circuit is correct and other circuits should follow its lead.

304. *Id.* at *4.

305. *Id.* at *5.

306. *Russell Rd. Food & Beverage*, 2013 WL 321666.

307. *Cir. City Stores, Inc. v. CarMax, Inc.*, 165 F.3d 1047, 1057 (6th Cir. 1999) (questioning "whether the *Dawn Donut* Rule has outlived its usefulness").

308. *Vanguard L. Grp., LLP v. Fla. Vanguard Att'ys, LLC*, No. 13-CV-1274-T-35TGW, 2014 WL 12620818, at *3 (M.D. Fla. May 2, 2014) ("[T]he *Dawn Donut* rule has been criticized by many recent courts in light of the increasingly connected world we now live with the advent of the internet and other forms of mass communication and advertising."); *Wilson v. Tessmer L. Firm, PLLC*, 483 F. Supp. 3d 416, 426 (W.D. Tex. 2020) ("*Dawn Donut* must still be applied regardless of the increasing irrelevance of geographic borders in commerce until the Fifth Circuit rules otherwise." (quoting *Cross Trailers, Inc. v. Cross Trailer Mfg. & Sales, LLC*, 363 F. Supp. 3d 774, 782 (W.D. Tex. 2018))).

B. TECHNOLOGICAL DEVELOPMENTS

Both the market and information environments within which trademark laws operate have changed drastically since the *Tea Rose* and *Dawn Donut* doctrines debuted. Commerce is increasingly national and international in character, for both producers and consumers. Large-scale distributors such as Walmart and Amazon facilitate widespread sale of goods and services far beyond what individual firms could achieve. Individual consumers shop at national chains both at home and away from it, and are ever more likely to relocate geographically during the course of their lives. The reduction in transaction costs is even more acute for information. The advent of digital data transmitted over high-speed telecommunications connections and located via ubiquitous search means that even small businesses can avail themselves of a “town crier with a voice that resonates farther than it could from any soapbox,”³⁰⁹ or local newspaper. In short, marks and the items or services they designated began increasingly to travel along diverging paths. The economic assumptions upon which the *Tea Rose* compromise and the *Dawn Donut* remedy restriction were founded have been upended. As such, these doctrines increasingly undercut the notice function of trademark law rather than protecting it.

When *Hanover Star Milling v. Metcalf* was decided in 1916, commerce between the states was still very limited due to the difficulty of transporting goods. This tended to create a natural geographic boundary for marketing of goods to local areas, and that likewise limited the boundary of consumer awareness of trademarks used for marketing those goods.

During the eighteenth century, water transportation was the primary link between farmers or craftspeople and their markets.³¹⁰ Farm produce and other goods traveled downstream by river systems to port cities, and from there to the transatlantic trade, but travel upstream in rivers was slow.³¹¹ By the mid-1700s, post roads had been built between the colonies, but transport was still expensive and took a great deal of time. The early nineteenth century brought the innovation of steamboats,

309. *Reno v. ACLU*, 521 U.S. 844, 870 (1997).

310. *Effects of Transportation on the Economy*, NAT'L GEOGRAPHIC (July 19, 2022), <https://www.nationalgeographic.org/article/effects-transportation-economy> [<https://perma.cc/F69A-8Q43>] (looking at the way goods were transported in the transatlantic trade industry).

311. *Id.*

making upstream river travel more feasible, as well as the digging of the Erie Canal, connecting the Great Lakes to the Hudson River and the Atlantic. Other canals followed, but these transportation links really benefitted only the East Coast and Midwest (as far as Chicago), while transportation between the northern and southern states was still limited to post roads. The introduction of railway systems moved interstate commerce further forward, and the first transcontinental line was established in 1869 when the Central Pacific and Union Pacific lines met, but again, the majority of railroad development was in the northern states. While the railways lowered the cost of transporting many kinds of goods, this occurred mostly in cities, such as New York and Chicago, and strategically located towns like Buffalo, New York; Cleveland, Ohio; Pittsburgh, Pennsylvania; and St. Louis, Missouri.³¹²

In the early twentieth century, trucking as a means of transporting goods was becoming more feasible, due to the invention of the first trailer truck in 1899, but trucks were still mostly used as railroad support, transporting goods from rail stations to outlying towns and smaller areas.³¹³ In 1914 (two years before the *Hanover Star Milling* decision), trucks traveling America's roads and highways could only attain maximum speeds of fifteen miles per hour, due to the poor condition of rural roads and tires that were solid instead of flexible.³¹⁴ Trucks rarely traveled the long distances from urban centers to rural areas.

The need for more efficient transportation during World War I resulted in the development of inflated tires, increasing tire stability and durability and allowing vehicles to travel at higher speeds, so by 1920, there were more than a million trucks on American roads.³¹⁵ However, as there was no adequate national road system, the transport of goods between the states remained relatively limited. That finally began to change in 1956, with the enactment of the Federal-Aid Highway Act under the influence of President Eisenhower. That Act provided for the planning, funding, and construction of the interstate highway

312. *Id.*

313. See *History of the Trucking Industry in the United States*, DILIGENT DELIVERY SYS., <https://www.diligentusa.com/history-of-the-trucking-industry-in-the-united-states> [<https://perma.cc/64WM-XZ7T>].

314. *Id.*

315. *Id.*

system, intended to cover 40,000 miles and connect all American cities with a population higher than 50,000.³¹⁶

The interstate highway system substantially changed the nature of interstate commerce. By increasing speed and expanding access, freight costs were substantially reduced, and the travel time and reliability of shipment by interstate highway meant interstate delivery could occur with reduced warehousing costs and greater manufacturing efficiency. This broadened the geographical range and options of shoppers, which in turn increased retail competition, resulting in larger selections and lower consumer prices. The interstate highway system helped create a national domestic market with companies able to supply their products to much larger geographical areas.³¹⁷

In 1916, before these innovations in interstate delivery occurred, it was certainly possible, and indeed likely, that there could be concurrent users of a trademark in remote geographical areas with no potential for consumer confusion. The facts of *Hanover Star Milling* bear this out.³¹⁸ Hanover Star Milling's flour market was limited to southern states, while the defendant's market was limited to northern states.³¹⁹ There was no awareness by consumers in the differing states of the other producer's goods. But by the mid-1960s, with the advances of the trucking industry and the construction of the interstate highways, goods were being distributed over greater geographical areas, so the likelihood of different companies' markets being truly geographically remote was greatly diminished.

About this same time, another innovation was conceived which would dramatically reduce transportation time and cost, further enabling rapid commerce among the states. In 1965, Yale University undergraduate Frederick W. Smith wrote a term paper proposing a transportation system specifically designed to accommodate time-sensitive shipments such as medicine, computer parts, and electronics.³²⁰ Smith's professor didn't see the revolutionary implications of Smith's thesis, and the paper received just an average grade.³²¹ But Smith didn't give up on the

316. *Id.*

317. *Id.*

318. *See generally* *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403 (1916).

319. *Id.* at 406–07.

320. *See FedEx History*, FEDEX, <https://www.fedex.com/en-us/about/history.html> [<https://perma.cc/J65T-XXQH>].

321. *Id.*

idea. In August 1971, he bought Arkansas Aviation Sales, located in Little Rock, Arkansas, and began to seriously develop his term paper ideas.³²² Federal Express (FedEx) began operations on April 17, 1973, with 389 team members. The first night, fourteen small aircraft took off from Memphis and delivered 186 packages to twenty-five U.S. cities, from Rochester, New York to Miami, Florida.³²³ The express shipping industry was born. FedEx grew rapidly, at an annual rate of around forty percent, and in 1983, it reported \$1 billion in revenues.³²⁴ In the early 2000s, through several corporate acquisitions, FedEx Ground was established for freight shipping. Then in 2004, FedEx acquired Parcel Direct, a leading parcel consolidator that it later rebranded as FedEx SmartPost, then again rebranded as FedEx Ground Economy, complementing FedEx's existing alliance with the U.S. Postal Service and providing customers in the e-commerce and catalog segments with a cost-effective solution for low-weight, less time-sensitive residential shipments.³²⁵ The overnight and rapid delivery services offered by FedEx (and then other companies) also became a factor in making online retail purchases more successful.

The World Wide Web began in 1989, invented by Tim Berners-Lee, a British scientist, while working at CERN.³²⁶ In 1993, the Mosaic web browser was introduced, and CERN made the source code for the Web available on a royalty-free basis³²⁷ By late 1993 there were over 500 known web servers, and by the end of 1994, the Web had 10,000 servers—2,000 of which were commercial—and 10 million users.³²⁸ Just one year later, in 1995 Amazon.com and eBay were launched. In the first month of its launch, Amazon sold books to people in all fifty states and in forty-five different countries.³²⁹ Fast ground or overnight delivery helped make that functional and successful.

322. *Id.*

323. *Id.*

324. *Id.*

325. *Id.*

326. See *A Short History of the Web*, CERN, <https://home.cern/science/computing/birth-web/short-history-web> [<https://perma.cc/XZT3-T94F>].

327. *Id.*

328. *Id.*

329. See Avery Hartmans, *Jeff Bezos Originally Wanted to Name Amazon 'Cadabra,' and 14 Other Little-Known Facts About the Early Days of the E-commerce Giant*, BUS. INSIDER (July 2, 2021), <https://www.businessinsider.com/jeff-bezos-amazon-history-facts-2017-4> [<https://perma.cc/9SJT-A9FV>].

Online shopping in general advanced rapidly. Paypal launched in 1998;³³⁰ in 2005, the National Retail Federation coined the term “Cyber Monday” to refer to the high amount of online sales on the first Monday after Thanksgiving;³³¹ in 2007, smart phones were introduced with the first iPhone release;³³² in 2010, Cyber Monday sales surpassed \$1 billion.³³³ The availability of fast ground or express delivery helped make buying products online even more enticing for consumers. Then in 2020, due to the Covid-19 pandemic and closure of physical stores, online sales increased to \$82.5 billion, a seventy-seven percent rise year-over-year from 2019; and in 2021, global online retail sales reached \$4.9 trillion.³³⁴ These days, nearly every business has a website selling goods and services online. Websites are, of course, not limited geographically but can be accessed from anywhere in the United States or the world.

The advance of transportation systems and online shopping has completely changed the present commerce world from that which existed in 1916. It is easily arguable that today, it is impossible for any trademark user to be selling goods or services in a market that is geographically remote from a competitor. Some courts have acknowledged this. For example, in *Paletteria La Michoacana, Inc. v. Productos Lacteos Tocumbo S.A. De C.V.*,³³⁵ a trademark dispute between two vendors of paletas (Mexican popsicles)—one in Mexico and the other in Northern California—the court reflected on the continued efficacy of the *Tea Rose* doctrine, saying, “[f]ollowing the parties’ lead, we assume, without deciding, that *despite the intervening changes in interstate commerce, transportation, and internet sales*, this early twentieth-century exception has traction in the twenty-first century marketplace.”³³⁶ Although the court found the doctrine to be inapplicable because the senior user was located in Mexico, and its prior use in Mexico did not establish prior rights in the United States, its comment indicated the court’s recognition that the *Tea Rose*

330. See Carmen Ang, *Timeline: Key Events in the History of Online Shopping*, VISUAL CAPITALIST (Oct. 6, 2021), <https://www.visualcapitalist.com/sp/history-of-online-shopping> [<https://perma.cc/2CW7-NKDL>].

331. *Id.*

332. *Id.*

333. *Id.*

334. *Id.*

335. See generally 743 Fed. App’x. 457 (D.C. Cir. 2018).

336. *Id.* at 468 (emphasis added).

doctrine might no longer have any logical place in our twenty-first century world.

Trademark law has lagged behind, with major recognition of the national character of the U.S. market only coming in 1946 with the passage of the Lanham Act and then again more than forty years later with the adoption of the Trademark Law Revision Act of 1988. The Lanham Act (named for its sponsor, Representative Fritz G. Lanham of Texas) created a federal registration system for marks that established presumptive nationwide rights.³³⁷ A registrant enjoyed a presumption that the mark was valid and that they possessed the exclusive right to use it;³³⁸ moreover, registration created constructive, nationwide rights that conferred priority except as against someone who had previously used or registered that mark.³³⁹ Thus, the rights created by registration tracked underlying assumptions about economic development: someone willing to undertake the mild burdens of registration was likely to be engaged in commerce in much or all of the country. That assumption was cabined significantly by the *Dawn Donut* line of cases, which simultaneously recognized exclusive nationwide rights for registrants but denied them injunctive relief against other users unless they actually engaged in commerce in the disputed area.³⁴⁰ Even if we accept that a right can exist without a remedy, the *Dawn Donut* precedent undercut the Lanham Act's grant of nationwide rights in exchange for registration.³⁴¹

The Trademark Law Revision Act of 1988 partially codified the *Tea Rose* doctrine, incorporating its prior use approach as one of the defenses available to a party accused of infringing an incontestable mark.³⁴² The reification of the common law doctrine into statute should have marked the retirement of *Tea Rose*, at least where registered marks are concerned, but as the Article discusses above, courts have still clung to it.

337. Trademark Registration Act of 1946, Pub. L. No. 79-489, 60 Stat. 427.

338. 15 U.S.C. § 1057(b) ("A certificate of registration . . . provided by this chapter shall be prima facie evidence of the validity of the registered mark.")

339. See 15 U.S.C. § 1057(c).

340. See *Dawn Donut Co. v. Hart's Food Stores, Inc.*, 267 F.2d 358, 362 (2d Cir. 1959) (validating the registration of Dawn Donut but also finding there would be no public confusion, thus allowing both companies to use the mark).

341. Cf. *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 392 (2006) ("[T]he creation of a right is distinct from the provision of remedies for violations of that right.")

342. Trademark Law Revision Act of 1988, Pub. L. No. 100-667, 102 Stat. 3935, 3944-45 (codified as amended at 15 U.S.C. § 1115(b)(5)).

Eighty years of changes in transportation, geographic marketing, and widespread adoption of online purchasing since the passage of the Lanham Act have essentially rendered both the *Tea Rose* and *Dawn Donut* doctrines nonsensical, since there is no such thing today as a truly “remote market,” nor a geographic area where a registrant is not “engaged in commerce.”

IV. POTENTIAL INTERVENTIONS

This Part describes a small set of proposed technical changes, followed by five larger-scale interventions to address the problems with managing concurrent use of marks via geography as a metric. The Article presents these reform proposals roughly in order of scale or comprehensiveness. The first intervention would work the greatest change in trademark law, by eliminating protection at both the federal and state levels for unregistered marks. The next reform would eliminate both the *Tea Rose* and *Dawn Donut* doctrines statutorily. The third intervention would relocate geographic considerations by formally including them in the analysis for infringement by likelihood of confusion.³⁴³ The last two proposals would make more modest changes in existing doctrine: the first by incorporating the mark’s strength in analyzing geographic concurrent use, and the second by limiting the exception to incontestability under Section 15 to registered state marks. The Part concludes by addressing some potential objections to these reforms.

A. TECHNICAL REFORMS

The USPTO could make two technical changes that seem both useful and relatively uncontroversial. The first is to reduce search costs and improve notice for users, especially registrants, by creating an aggregate database of state mark registrations, which this Article terms the “State Register.”³⁴⁴ The second is to

343. Congress should also consider whether to alter the geographic analysis incorporated in likelihood of dilution claims under 15 U.S.C. § 1125(c). At present, geography is expressly part of two factors in evaluating a mark’s fame (“duration, extent, and geographic reach of advertising and publicity” and “amount, volume, and geographic extent of sales”), and implicitly part of a third (“actual recognition of the mark”). 15 U.S.C. § 1125(c)(2)(A)(i)–(iii). And geography is implicitly part of two factors for determining dilution by blurring (degree of recognition of mark and actual association between accused mark and famous mark). 15 U.S.C. § 1125(c)(2)(B)(iv), (vi).

344. See Lockridge, *supra* note 34, at 654–55 (proposing creation of multi-state consolidated database administered by states).

permit applicants for registration upon the Principal Register to voluntarily limit the geographic reach of their mark's entitlements—or, put differently, to affirmatively consent ahead of time to concurrent registration or use of similar marks that would operate in the disclaimed areas.³⁴⁵

First, the State Register would enable potential adopters, including applicants, to identify any state-based trademark registrations for their proposed mark. That could help those considering a brand to change their minds, especially if they anticipated opposition to their federal application under Section 13;³⁴⁶ to negotiate with owners of state registrations;³⁴⁷ or to understand the limits on their ability to make nationwide use of the mark based upon the present concurrent use regime.³⁴⁸ The State Register should expressly *not* play any role in determinations of the validity or priority of a mark or its purported users. Rather, this new database would serve a purely informative function by revealing claims of right based upon state registration of a mark.³⁴⁹ Although the challenges of developing an Application Programming Interface (API) or other mechanism that would enable the State Register to interact with each of the fifty state databases are not trivial, these difficulties have already been overcome by commercial search firms.³⁵⁰ Moreover, the relatively small number of state mark registrations means that

345. See Carter, *supra* note 24, at 796–98. Extant data suggest that concurrent registrations are quite rare. See Beebe & Fromer, *supra* note 50, at 952 n.22 (finding only 604 registrations subject to concurrent use out of total of 5.9 million applications for Principal Register from 1985–2014).

346. See generally 15 U.S.C. § 1063; 37 C.F.R. §§ 2.101–2.107 (2021) (laying out rules and regulations regarding filing for opposition and other procedural information).

347. See Welkowitz, *supra* note 35, at 359 (discussing the potentially costly nature of bargaining with current mark owners).

348. See generally 15 U.S.C. §§ 1057(c), 1065, 1115(b)(5) (laying out rules and limitations of incontestability).

349. See Carter, *supra* note 24, at 796–98 (advocating that the USPTO permit concurrent use registrations that unilaterally limit the mark owner's geographic zone of rights). This reform may be particularly useful given the technological limitations of many state trademark registration databases. See Lockridge, *supra* note 34, at 646 (noting that “state trademark registers are not easily searchable by individuals not using a commercial search product or service”).

350. See Lockridge, *supra* note 34, at 645–46 (explaining that it is easy to search for state registered trademarks on commercial services).

even a comparatively inefficient method of importing this data into the new State Register would likely be tolerable.³⁵¹

Second, Congress could pass legislation enabling applicants to the Principal Register to forgo protections in certain states, territories, and so forth, if the registrant never intends to expand into those areas.³⁵² It is perhaps too much to expect altruism on the part of mark owners; thus, the legislation might offer incentives in the forms of reduced fees both initially and at renewal times for registrants who disclaim coverage.³⁵³ This reform would function similarly to the *Dawn Donut* rule's limitations on injunctions, but with the additional benefit that other potential users could rely upon the disclaimer rather than risking use that might eventually be ousted by a federal registrant.³⁵⁴ There are similar voluntary rights-limiting mechanisms in other IP doctrines.³⁵⁵ A patent owner can file a statutory disclaimer with the USPTO, forever surrendering one or more claims in their patent.³⁵⁶ And a copyright owner can provide a Creative Commons (CC) license enabling others to make specified uses of the protected work, provided the user follows the license's requirements.³⁵⁷ For example, a CC0 license places a copyrighted work into the public domain as completely as copyright law allows—it is the “no rights reserved” option.³⁵⁸

351. *Id.*

352. See Carter, *supra* note 24, at 796–98 (discussing the benefits of a regional registration system). We thank Xiaoqian Hu for this insight.

353. See *id.* at 798.

354. One might conceive of this change as a form of binding estoppel. *Cf.* Tushnet, *supra* note 24, at 929 (highlighting how prosecution history estoppel could “bind trademark registrants to statements they made about the narrowness of their marks”).

355. See, e.g., Michael A. Carrier, *Cabining Intellectual Property Through a Property Paradigm*, 54 DUKE L.J. 1, 5 (2004) (listing four proposed limitation categories of intellectual property).

356. See 37 C.F.R. § 1.321(a) (2021).

357. See Lydia Pallas Loren, *Building a Reliable Semicommons of Creative Works: Enforcement of Creative Commons Licenses and Limited Abandonment of Copyright*, 14 GEO. MASON L. REV. 271, 273–74 (2007) (“These tools are designed to permit certain uses of creative works that would otherwise be subject to the full panoply of rights the Copyright Act grants to copyright owners.”).

358. See CC0, CREATIVE COMMONS, <https://creativecommons.org/share-your-work/public-domain/cc0> [<https://perma.cc/DJ6H-C5AB>] (“CC0 enables . . . creators and owners of copyright- or database-protected content to . . . place [their work] as completely as possible in the public domain . . .”); *cf.* Dave Fagundes & Aaron Perzanowski, *Abandoning Copyright*, 62 WM. & MARY L. REV. 487, 516

These two modest changes improve the notice function for state-registered marks and can potentially reduce the crowding of the brand namespace overall. The next Subpart moves on to a more robust reform.

B. ELIMINATE PROTECTION FOR UNREGISTERED MARKS

This Article's main reform proposal would eliminate federal protection for all unregistered marks, at both state and federal levels. Congress could accomplish this with legislation that reshapes the Lanham Act and that employs the national legislature's power to override conflicting state legislation.³⁵⁹ In this subsection, the Article explores the contours of this reform and builds out arguments supporting it, with the goal of providing a new normative justification for eliminating unregistered marks.

To eliminate state common law marks, the reform legislation would expressly remove state protections that cover subject matter falling within the Lanham Act's eligibility provisions and that confer rights based upon likelihood of consumer confusion, dilution, counterfeiting, or false advertising.³⁶⁰ This seemingly absolute bar would be leavened by an exception: states would remain free to provide such protections to marks that obtain a state registration.³⁶¹ Copyright law provides a rough model with its preemption provision, contained at Section 301 of the Copyright Act.³⁶² Although judicial interpretation has weakened the force of Section 301, that precedent helpfully provides a model on how to draft a provision that more meaningfully limits state trademark laws.³⁶³ If Congress were concerned that states might

(2020) (discussing the role that permissive licensing like Creative Commons plays in the copyright system).

359. At minimum, such legislation would require an overhaul of Sections 7(c), 15, 33(b), 39, and 43(a) of the Lanham Act.

360. Cf. John T. Cross, *The Role of the States in United States Trademark Law*, 49 U. LOUISVILLE L. REV. 485, 503–06 (2011) (proposing federal preemption of most state trademark law).

361. This proposal will not be universally acclaimed; other trademark scholars have argued for the elimination of state registration systems in favor of reliance on common law doctrines. See Lockridge, *supra* note 34, at 651.

362. See 17 U.S.C. § 301 (defining a date after which rights will be exclusively recognized under that provision).

363. See Viva R. Moffat, *Super-Copyright: Contracts, Preemption, and the Structure of Copyright Policymaking*, 41 U.C. DAVIS L. REV. 45, 74–86 (2007) (detailing how courts have weakened Section 301). *But see* Alice Haemmerli, *Insecurity Interests: Where Intellectual Property and Commercial Law Collide*,

engage in a race to the bottom in registration criteria, the legislation could condition protection on state registration systems instituting requirements similar to, or more stringent than, the Model State Trademark Bill promulgated by the International Trademark Association in 2007.³⁶⁴ And if states began offering reciprocal protection to registrations from their peers, Congress could simply require that such registrations be duplicated in each state where they are recognized.

There is precedent for federal trademark law shaping the contours of relevant state laws.³⁶⁵ For example, Section 39(b) blocks states from requiring alteration of a federally registered mark, or from mandating display of additional marks or trade names along with a registered mark.³⁶⁶ Similarly, Section 43(c)(6) provides marks on the Principal Register with immunity from suit under state anti-dilution statutes or doctrines.³⁶⁷ And at times the Lanham Act nudges³⁶⁸ even when it does not preempt: analysis of whether a particular mark is famous, and hence entitled to federal protection against dilution, favors signifiers that appear on the Principal Register, but is indifferent to state registration.³⁶⁹ Most scholars agree that such interventions are within the Congress's power under the Commerce

96 COLUM. L. REV. 1645, 1675–96 (1996) (arguing copyright preemption is overbroad).

364. See, e.g., MODEL STATE TRADEMARK BILL §§ 2 & 3 (INT'L TRADEMARK ASS'N 2021) (explaining eligible subject matter and requirements for application to register, respectively). But see Henry Parman Biggs & Charles McManis, *Phoenix Rising: On the Fall and Potential New Rise of State Trademark Rights*, 13 CHI.-KENT J. INTELL. PROP. 111, 124–25 (2013) (criticizing prior iterations of the model State Trademark Bill).

365. Other trademark scholars have sought to deploy preemptive federal legislation to achieve other trademark goals. See, e.g., Mary LaFrance, *Steam Shovels and Lipstick: Trademarks, Greed, and the Public Domain*, 6 NEV. L.J. 447, 448 (2005) (“[T]he Lanham Act should preempt all state laws which protect registered or common law trademarks in the absence of a likelihood of confusion. . . . Federal preemption of state antidilution laws will give trademark owners and potential defendants greater certainty as to the scope of their respective rights.”).

366. See 15 U.S.C. § 1121(b).

367. 15 U.S.C. § 1125(c)(6) (“The ownership by a person of a valid registration . . . on the principal register . . . shall be a complete bar to an action against that person.”).

368. See generally RICHARD H. THALER & CASS R. SUNSTEIN, *NUDGE* (2008) (establishing the behavioral concept that the way information is presented to someone can influence their choices).

369. See 15 U.S.C. § 1125(c)(2)(A)(iv).

Clause;³⁷⁰ ironically, the *Dawn Donut* court, in dicta, concurred with this position.³⁷¹

In addition, Congress should add a clause to Section 43 providing that federal courts lack jurisdiction under 28 U.S.C. § 1331 to hear cases involving a claimed mark other than one registered with the USPTO. A second clause would be needed to restrict or eliminate diversity jurisdiction under 28 U.S.C. § 1332 for non-federally registered marks, similar to the restrictions on diversity jurisdiction for class actions.³⁷² There is precedent for this type of jurisdictional limitation with respect to both copyright actions (requiring registration with the Copyright Office as a prerequisite for an infringement action)³⁷³ and patent infringement actions (requiring issuance of a patent as foundation for an infringement action).³⁷⁴ While jurisdiction-stripping has been advocated, and criticized, as a political tool for reshaping and controlling the power of the courts, the restrictions advocated here would be entirely non-partisan.³⁷⁵

370. See Lockridge, *supra* note 34, at 613–14; Paul J. Heald & Suzanna Sherry, *Implied Limits on the Legislative Power: The Intellectual Property Clause as an Absolute Constraint on Congress*, 2000 U. ILL. L. REV. 1119, 1164; Tim Wu, *Alternatives to the Copyright Power: The Relationship of the Copyright Clause to the Commerce Clause and the Treaty Power*, 30 COLUM. J.L. & ARTS 287, 294 (2007) (containing a transcript of Dotan Oliar discussing the relationship between an expanded Commerce Clause and the IP clause).

371. *Dawn Donut Co. v. Hart's Food Stores, Inc.*, 267 F.2d 358, 365 (2d Cir. 1959) (“[W]e think it is within Congress’ ‘necessary and proper’ power to preclude a local intrastate user from acquiring any right to use the same mark.”).

372. See 28 U.S.C. § 1332(d)(3).

373. See 17 U.S.C. § 411(a).

374. See 35 U.S.C. § 282(b)(2), 282(b)(3) (listing invalidity of a patent as a defense against an infringement claim).

375. See Daniel Epps & Alan M. Trammell, *The False Promise of Jurisdiction Stripping*, COLUM. L. REV. (forthcoming 2023), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4382211 [<https://perma.cc/2FBG-VT25>]; Christopher Jon Sprigman, *Jurisdiction Stripping as a Tool for Democratic Reform of the Supreme Court: Written Testimony for the Presidential Commission on the Supreme Court of the United States*, WHITE HOUSE (Aug. 15, 2021), <https://www.whitehouse.gov/wp-content/uploads/2021/08/Professor-Christopher-Jon-Sprigman.pdf> [<https://perma.cc/BR2S-M6YG>]; see also KEVIN M. LEWIS, CONG. RSCH. SERV., R44967, CONGRESS’S POWER OVER COURTS: JURISDICTION STRIPPING AND THE RULE OF KLEIN (2018), <https://crsreports.congress.gov/product/pdf/R/R44967> [<https://perma.cc/SYG5-WRPY>] (analyzing jurisdiction-stripping and its legal implications).

Eliminating protection for unregistered marks would work a major shift in trademark doctrine.³⁷⁶ This Article advocates for this reform on three grounds. First, removing protection for unregistered marks eliminates the concurrency management problems it identifies in earlier Parts. Second, this shift will improve welfare, at least on net, for both consumers and producers. Third, the intervention further aligns trademark with other intellectual property doctrines. The following Subparts address the second and third claims.

1. Increased Welfare for Consumers and Producers

Requiring registration as a prerequisite for trademark protection would enhance the notice function for consumers and producers alike, and would assist in preventing confusion among brands. The advent of internet communications and the use of marks online has significantly undercut the consumer notice function.³⁷⁷ Consumers encounter marks far beyond the geographic area where the services or goods associated with that mark are actually offered. For example, searching Google for “Lanna Thai Restaurant” brings up results for restaurants in Tulsa, Oklahoma; San Diego, California; Everett, Washington; and Colorado Springs, Colorado, among others.³⁷⁸ The leading trademark law treatise argues, “the internet is not a ‘territory’: it is a communication medium. Market penetration by internet use of a mark should be determined primarily by evidence as to the place where buyers actually purchase the goods and services advertised on the internet site.”³⁷⁹ The notion of cyberspace as a separate place has been rejected in nearly all other areas of law;

376. If Congress felt that this reform changed trademark law too quickly, it could institute a transition period during which owners of unregistered marks could apply to the Trademark Office to register their marks at no cost—in other words, the Trademark Office would waive fees for such applicants. This would increase the Office’s costs, since it would have to process more registrations without offsetting fee revenue, but Congress could mitigate this problem by allocating more funding to the Trademark Office or increasing other fees to compensate. This Article outlines such a transition period as a response to takings concerns. See *infra* note 484 and accompanying text.

377. See Shontavia Johnson, *Trademark Territoriality in Cyberspace: An Internet Framework for Common-Law Trademarks*, 29 BERKELEY TECH. L.J. 1253, 1256 (2014); Levy, *supra* note 26, at 342–46.

378. See <https://tinyurl.com/y8rtvhze> [<https://perma.cc/98LV-QEST>].

379. 5 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 26:1.50 (5th ed. 2022).

it is past time for trademark doctrine to do the same.³⁸⁰ Nationwide dispersion of trademarks reduces the notice function of trademarks, since consumers are readily exposed to multiple concurrent users of the same mark, and thus cannot rationally expect marks to serve as local indicators of source or quality. Although technological solutions such as geofencing can mitigate these effects somewhat, they are presently voluntary and concededly imperfect.³⁸¹

For producers, mandating federal registration would reduce transaction costs and improve notice in two key respects.³⁸² First, trademark clearance work would become vastly easier,³⁸³ since a potential brand adopter would only need to check the Principal Register and state registries (or the State Register,³⁸⁴ if this Article's earlier proposals were adopted). Second, registration provides clear, low-cost warnings to competitors that a particular word, symbol, device, or combination thereof is already taken as a trademark.³⁸⁵ The Principal Register would become more comprehensive and hence more effective in deterring producers from selecting an already-adopted trademark; moreover, registrants could reduce investment in defensive measures because they would be more confident that their mark would not be drowned in a sea of similar, unregistered marks.

2. IP Coherence

Other fields of intellectual property law rely heavily, if not exclusively, upon a registration system. Patent law is the most straightforward example: an inventor enjoys no rights over their

380. See generally Trammell & Bambauer, *supra* note 170 (noting the difficulties that the notion of cyberspace as a separate place raises); Hunter, *supra* note 170 (discussing problems raised by the cyberspace-as-place metaphor).

381. See David Finkelstein, *Location, Location, Location: Why Geofencing Might Be Essential for Retailers This Summer*, FORBES (July 12, 2021), <https://www.forbes.com/sites/forbestechcouncil/2021/07/12/location-location-location-why-geofencing-might-be-essential-for-retailers-this-summer/?sh=14823a80258a> [https://perma.cc/NWPS-5PKE]. We thank Andrew Woods for this point.

382. See Landes & Posner, *supra* note 63, at 281 (stating the “main social benefit of a federal registration system is that notice is likely to be more widespread”).

383. See Beebe & Fromer, *supra* note 50, at 970–72.

384. See *supra* Part IV.A.

385. See Landes & Posner, *supra* note 63, at 280 n.26.

innovation until the Patent Office approves their application.³⁸⁶ Pre-issuance rights depend upon the applicant successfully obtaining approval from the USPTO.³⁸⁷ Moreover, remedies for patent infringement (both pre- and post-issuance) hinge largely upon whether the alleged infringer has actual or constructive notice of the patent.³⁸⁸

Formally, U.S. copyright law does not require registration; the United States abandoned registration as a prerequisite for extending protection to a work of authorship with the passage of the 1976 Copyright Act.³⁸⁹ Under the prior regime, founded principally on copyright legislation passed in 1909, failure to register copyright in a timely way would cause a work to pass into the public domain, forfeiting protection.³⁹⁰ This approach, however, was plainly contrary to America's commitments under various international treaties and instruments. In particular, as the United States contemplated accession to the Berne Convention (which it chose to do in 1989), registration would clearly have been a stumbling block, since the Convention mandates that an author's rights "shall not be subject to any formality."³⁹¹

However, the United States still makes registration of a copyrighted work a practical requirement for protection in most

386. See Brian V. Slater & John P. Dillon, *Preserving Provisional Rights for Pre-Issuance Patent Damages*, LANDSLIDE, Jan.–Feb. 2018, https://www.americanbar.org/groups/intellectual_property_law/publications/landslide/2017-18/january-february/preserving-provisional-rights-preissuance-patent-damages [<https://perma.cc/KGE2-JX27>].

387. *Id.*

388. See 35 U.S.C. §§ 287(a) (conditioning damages on marking the invention as patented or on the infringer having been notified that the patent reads upon their product or process); 154(d) (providing for recovery of reasonable royalty for infringing conduct that occurs after publication of the patent application but before issuance if the infringer had actual notice of the application). Liability for indirect infringement under 35 U.S.C. §§ 271(b) (inducement) and 271(c) (contributory infringement) also depends upon the alleged infringer having notice of the patent at issue.

389. See David R. Carducci, Note, *Copyright Registration: Why the U.S. Should Berne the Registration Requirement*, 36 GA. ST. U. L. REV. 873, 886 n.67 (2020).

390. See Jane C. Ginsburg, *The U.S. Experience with Mandatory Copyright Formalities: A Love/Hate Relationship*, 33 COLUM. J.L. & ARTS 311, 334–35 (2010).

391. Berne Convention for the Protection of Literary and Artistic Works art. 5(2), Sept. 9, 1886, S. Treaty Doc. No. 99-27 (entered into force for the United States Mar. 1, 1989).

cases. First, one cannot bring a civil suit for copyright infringement (except for infringement of the moral rights provisions of Section 106A(a)) without registering the work with the Copyright Office.³⁹² While this provision applies only to a “United States work,” the definition of such a work makes clear that the term covers many, if not most, copyrighted works.³⁹³ Moreover, timely registration is required in order to qualify for an award of statutory damages in an infringement suit, which is one of the most potent remedies that the Copyright Act offers.³⁹⁴ Hence, while copyright formally attaches when the author fixes their work in a tangible medium of expression,³⁹⁵ making use of the rights granted under federal law usually requires registration.³⁹⁶ For the legal realist, registration still counts as a practical requirement for copyright protection.³⁹⁷

Trade secrets do not require registration; they are defined during the course of litigation.³⁹⁸ This is partly because of trade secrecy’s heterogenous heritage: part unfair competition, part intellectual property.³⁹⁹ Pragmatically, trade secret law can operate without registration because the doctrine can mostly dispense with the notice function that copyrights and patents must provide.⁴⁰⁰ To infringe the rights of a trade secret holder, the defendant must obtain, disclose, or use the protected information

392. 17 U.S.C. § 411(a); see *Fourth Est. Pub. Benefit Corp. v. Wall-Street.com*, 139 S. Ct. 881, 888–89 (2019) (finding that Congress intended for copyright registration to be a prerequisite for copyright infringement lawsuits).

393. See 17 U.S.C. § 101 (defining terms, including a “United States work”).

394. 17 U.S.C. § 412.

395. 17 U.S.C. § 102(a).

396. 17 U.S.C. § 412.

397. Cf. Felix S. Cohen, *Transcendental Nonsense and the Functional Approach*, 35 COLUM. L. REV. 809, 815 (1935) (applying a realistic, practical view of legal concepts). The nice point, of course, is that Cohen was elaborating upon trade names as his example.

398. *But see* Chagai Vinizky, *Trade Secrets Registry*, 35 PACE L. REV. 455, 457 (2014) (proposing registration for trade secrets).

399. See Lemley, *supra* note 133 (framing trade secrets as a form of intellectual property that discourages wasteful over-investment in secrecy).

400. However, there are some instances where notice is important for trade secrets. For example, trade secret doctrine emphasizes some aspects of reasonable efforts to maintain secrecy that informs a recipient that particular information may be protected. These include labelling claimed secrets as such and investing in precautions that are not applied to other information. See generally Victoria A. Cundiff, *Reasonable Measures to Protect Trade Secrets in a Digital Environment*, 49 IDEA 359 (2009).

through wrongful means misappropriation, such as theft which in itself acts as a type of warning.⁴⁰¹

Finally, other specialized areas of federal law—such as protections for vessel designs⁴⁰² and semiconductor mask works,⁴⁰³ and rules for digital audio recording devices⁴⁰⁴—also require registration, probably because their regimes mirror patent (hull designs) and copyright (mask works and digital audio recording devices), respectively.

Aligning trademark law with other forms of intellectual property protection in terms of registration has two benefits. The most important is that only the initiated reliably distinguish among patents, copyrights, trademarks, and other IP.⁴⁰⁵ Increasing the similarity of these systems, at least in terms of obtaining protection, improves the likelihood that someone who is not well-versed in the subtleties of these doctrines will choose the correct path to safeguard their creative assets. The less important, although still not trivial, reason is that standardization will reduce the risk of strategic behavior, as clever entrepreneurs (or their lawyers) engage in regulatory arbitrage by trying to cram the information good at issue into the most advantageous regime.

This subpart's proposal is strong tea. Unregistered marks have a long and storied history in U.S. trademark law; practitioners and scholars alike will resist their elimination. Nonetheless, that change would be a salutary one. Should it prove too potent, however, the next subpart offers a milder concoction with many of the same benefits.

C. ELIMINATE *TEA ROSE* AND *DAWN DONUT* LEGISLATIVELY

The most conceptually straightforward intervention would be to eliminate geographic concurrency as a separate form of analysis in trademark law. The optimal mechanism for this reform would have two steps. First, it would include legislative decacination of both *Tea Rose* and *Dawn Donut* from the Lanham Act, particularly in Sections 7(c), 15, and 33(b). Second, it would

401. See 18 U.S.C. § 1839(3) (defining “trade secret”), (5) (defining “misappropriation”).

402. See 17 U.S.C. § 1301.

403. See 17 U.S.C. § 901.

404. See 17 U.S.C. § 1001.

405. As Adam Smith wrote, “People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public.” ADAM SMITH, *THE WEALTH OF NATIONS* 207 (P.F. Collier & Son 1902).

amend Section 43(a)(1) to override lingering common law elements of the *Tea Rose* doctrine by stating that geographic remoteness shall not be considered in liability analysis except insofar as it shows a likelihood that the allegedly infringing mark will cause confusion, mistake, or deception.⁴⁰⁶ Third, it would amend Section 34, which governs injunctive relief, to create a rebuttable presumption of irreparable harm when a junior user of confusingly similar marks infringes a registered mark.⁴⁰⁷

This reform proposal may be the most straightforward, although it also confers fewer notice-related benefits to trademark law than the outright elimination of federal protection for unregistered marks. Unregistered marks would continue to create uncertainty for both producers and consumers, and enforcement costs for producers would decline only in that litigation against the user of an unregistered mark should normally be successful. And while injunctions should not be automatic for victorious trademark registrants, Congress can put a thumb on the scale of the equitable analysis, especially where the current jurisprudence is both illogical and causes harm to mark owners.⁴⁰⁸

D. INCORPORATE GEOGRAPHY IN THE LIKELIHOOD OF CONFUSION ANALYSIS

A third potential reform would fold geography, including remoteness, into the standard likelihood of confusion analysis that courts utilize in trademark infringement cases, perhaps by including it as a separate factor in these multi-part frameworks.⁴⁰⁹

406. See 15 U.S.C. § 1125(a)(1); see Levy, *supra* note 26, at 349–62.

407. See 15 U.S.C. § 1116. This intervention should not run afoul of the Supreme Court's mandate, in the patent context, that injunctions must follow the traditional four-part equitable test. See *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 393–94 (2006) (rejecting “categorical rule[s]” both favoring and disfavoring injunctive relief).

408. See Lemley, *supra* note 26, at 1796 (criticizing the *eBay* decision for perpetuating consumer confusion by denying injunctive relief in trademark infringement cases until plaintiffs can pass the stringent four-part test).

409. Recall that most circuits have adopted the *Dawn Donut* rule, for example, as a separate analysis from likelihood of confusion. See Levy, *supra* note 26, at 333 n.58. The Second Circuit adopted its multi-factor test two years after *Dawn Donut*. *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961).

The First,⁴¹⁰ Second,⁴¹¹ Sixth,⁴¹² and Seventh Circuits⁴¹³ have already promulgated tests that incorporate this consideration as a factor in determining liability; they thus offer a model (and, perhaps, some cautionary tales) about how to build in this element.

This approach has several advantages. First, the *Tea Rose* (and *Dawn Donut*) approaches are essentially proxies for, or shortened duplicates of, the likelihood of confusion analysis.⁴¹⁴ They effectively compress the more fulsome analysis of the various multi-factor tests that the circuit courts of appeals utilize into a single question: do the users of the mark at issue have overlapping areas of trade? If not, then the *Tea Rose / Dawn Donut* framework makes the conclusion, or more accurately, the assumption, that there is no possibility of confusion.

However, using the more comprehensive multi-factor analysis reduces errors in both directions. Confusion may be possible even if there is no actual sale of goods or services in the same geographic location. For example, the explosion in popularity of the Voodoo Doughnut shop in Portland, Oregon a decade ago meant that donut aficionados, most of whom live in states without a Voodoo Doughnut (and who might never travel to such a state), would recognize the mark.⁴¹⁵ If a junior user opened their own donut joint under the “Voodoo Doughnut” mark in such a state, enthusiasts might logically conclude that the Portland operation had, finally, expanded to their area.⁴¹⁶ The *Tea Rose /*

410. *Dorpan, S.L. v. Hotel Meliá, Inc.*, 728 F.3d 55, 64–65 (1st Cir. 2013).

411. *Guthrie Healthcare Sys. v. ContextMedia, Inc.*, 826 F.3d 27, 47 (2d Cir. 2016). In *Guthrie*, the Second Circuit seems to slightly recast *Dawn Donut*: once the senior user shows they are entitled to an injunction, the standard equitable analysis holds, and the junior user may need to show that it should not cover a particular area because there is no likelihood of confusion there.

412. *Cir. City Stores, Inc. v. CarMax, Inc.*, 165 F.3d 1047, 1056 (6th Cir. 1999) (rejecting the *Dawn Donut* rule entirely and holding that infringement justifies injunctive relief); *Allard Enters. v. Advanced Programming Res., Inc.*, 249 F.3d 564, 574 (6th Cir. 2001) (holding that the purpose of territorial analysis is to determine confusion).

413. *Meridian Mut. Ins. Co. v. Meridian Ins. Grp.*, 128 F.3d 1111, 1115 (7th Cir. 1997).

414. See *Levy, supra* note 26, at 360 (“By applying *Dawn Donut*, courts override any determination of confusion just because of geographical distance, thereby supplanting the entire confusion inquiry.”); *Members First Fed. Credit Union v. Members 1st Fed. Credit Union*, 54 F. Supp. 2d 393, 402 (M.D. Pa. 1999) (describing *Dawn Donut* as “supplant[ing]” the likelihood of confusion analysis).

415. See *infra* notes 506–09.

416. See *infra* notes 506–09.

Dawn Donut defenses would likely immunize the new shop, even though confusion might be rampant.

Conversely, a few gourmards in Alaska may have heard of, and perhaps even traveled to dine at, the famous Michelin-starred restaurant The French Laundry in northern California.⁴¹⁷ If someone in Fairbanks were to open a French Laundry bistro, it might puzzle foodies, but no one else. Connoisseurs, though, are the customers most likely to patronize either French Laundry. And yet, that level of recognition would generally not suffice under extant tests to create a likelihood of confusion, even though the *Tea Rose / Dawn Donut* defense would not apply.⁴¹⁸

Another advantage is that this proposed change does not require congressional action, since the likelihood of confusion tests are judicially-created mechanisms for determining liability under Sections 32(1) and 43(a)(1) of the Lanham Act. The reform would, of course, necessitate that a number of the circuit courts of appeals decide, relatively in unison, to override or alter their existing tests. That is not a trivial barrier. One mitigating factor is that, substantively, the different tests in the various circuits tend to converge strongly.⁴¹⁹ If one or several appellate courts decided that including *Tea Rose* considerations in the likelihood of confusion analysis was sufficiently erroneous to warrant reforming their liability standards, that might have a persuasive effect upon their remaining peers. And eliminating the separate territoriality analysis is parsimonious: it economizes judicial resources and streamlines trademark doctrine.⁴²⁰

Lastly, this change is grounded in the Lanham Act, providing both motivation and justification for judicial reform. Sections 7(c)(1) and 33(b)(5) already provide a defense for prior use of an identical or confusingly similar mark, which ought to displace

417. See Ruth Reichi, *Critic's Notebook; In Napa Valley, A Restaurant Scales the Peak*, N.Y. TIMES (Oct. 29, 1997), <https://www.nytimes.com/1997/10/29/dining/critic-s-notebook-in-napa-valley-a-restaurant-scales-the-peak.html> [<https://perma.cc/2MWB-6EYW>].

418. See *William H. Morris Co. v. Group W, Inc.*, 66 F.3d 255, 258 (9th Cir. 1995) (holding that a three percent confusion rate “does not constitute proof that a significant portion of recipients were deceived”).

419. See Levy, *supra* note 26, at 354 (“Different circuits take different approaches to consumer confusion, but all utilize [similar] factors . . .”).

420. See, e.g., *id.* at 326 (arguing that limiting trademark rights to geographic areas perpetuates consumer confusion and is no longer judicially workable in the internet era).

the *Tea Rose* common law analysis and *Dawn Donut* interpretation of injunctive relief.⁴²¹ This reform diminishes or eliminates geographic exceptionalism. Thus, while it does not ameliorate the notice problems this Article identifies earlier, it reduces them, presumably to the level intended (or at least tolerated) by Congress given the text of the Lanham Act.

One possible objection is that this intervention is superfluous: geography is already part of the infringement analysis. This is not entirely correct. First, the divide among the circuit courts of appeals, where some include geographic considerations in the multi-factor likelihood of confusion analysis and others do not, suggests that *Dawn Donut* is a question of remedy, not of liability.⁴²² Second, the *Dawn Donut* court itself viewed the marks as confusingly similar on its own terms, yet it rejected injunctive relief for the owner of the registered mark.⁴²³ Third, the *Dawn Donut* and *Tea Rose* rules hew to the now-outdated assumption that a brand travels only in the company of the goods or services it identifies.⁴²⁴ These rules afford injunctive relief only in geographic areas where the plaintiff offers goods or services, or is likely to do so in the normal course of its business.⁴²⁵ This error, discussed earlier in this Article, is one that a number of courts of appeals continue to propagate in both their common law and registered mark jurisprudence, which rigidly links injunctive relief to the zone of actual trade.⁴²⁶ Fourth, scholars generally

421. See *Dawn Donut Co. v. Hart's Food Stores, Inc.*, 267 F.2d 358, 362 (2d Cir. 1959).

422. See *Levy*, *supra* note 26, at 341 (noting that some circuits forego the *Dawn Donut* analysis and focus purely on consumer confusion).

423. See *Dawn Donut*, 267 F.2d at 362 n.1. This also seems a necessary condition for the Second Circuit's conclusion that, if the owner of the federal registration commenced operations in the defendant's territory, an injunction should issue. *Id.* at 360. The court did state that there was no likelihood of confusion, which itself is confusing, although it did not analyze this question in any detail beyond the geographic question. *Id.*

424. See *id.* at 362–63, 366–67 (noting defendant's use could be enjoined once “plaintiff licenses the mark or otherwise exploits it in connection with retail sales in the area”); *Levy*, *supra* note 26, at 335 (noting “it is uncommon for courts to use the zone of reputation in their territory analysis”).

425. *Dawn Donut*, 267 F.2d at 364 n.1.

426. See *Levy*, *supra* note 26, at 335 n.64 (listing cases from the Third, Fourth, Eighth, and Tenth Circuits). *But see id.* at 337 (suggesting the Eighth Circuit may subtly evaluate informational flows or reputation in addition to physical commerce).

agree that *Dawn Donut* is not part of the infringement analysis;⁴²⁷ geographic remoteness is either a shortcut that keeps courts from needing to assess likelihood of confusion (perhaps because confusion is logically impossible if the uses are geographically remote, although this conclusion is of course tautological),⁴²⁸ or it is a determinant of the scope of remedial relief available even if the marks are confusingly similar (namely, none).

In short, building geography into the factors involved in assessing likelihood of confusion is not a complete reform, but it improves upon the status quo.

E. INCORPORATE THE MARK'S STRENGTH IN THE CONCURRENCY METHODOLOGY

A still lesser reform that would mitigate the existing system's shortcomings without worsening depletion problems would vary the availability of geographic remoteness defenses based upon the mark's distinctiveness. Mark distinctiveness, or strength, is measured on the now-ubiquitous *Abercrombie* scale, which sorts marks into one of five categories based upon their relative capacity to distinguish a producer's goods or services from those of its competitors.⁴²⁹ This reform would deny concurrent use of fanciful marks, since fanciful marks contribute to the namespace rather than reducing it, unless the users at issue obtained concurrent federal registrations (which is unlikely).⁴³⁰ Fanciful marks are novel contributions to the trademark argot—there is no reduction in the namespace by allowing only a single producer to employ them.⁴³¹ This uniqueness creates a heightened risk that consumers will be confused even if the mark is

427. *See id.* at 326.

428. *See id.* at 339.

429. *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9–10 (2d Cir. 1976) (establishing five categories of terms—fanciful, arbitrary, suggestive, descriptive, and generic—along with the requirements applicable to each to be protected as a mark); *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768 (1992) (employing the *Abercrombie* scale); *Beebe & Fromer*, *supra* note 50, at 957–58 (describing same).

430. *See supra* note 345 and accompanying text; 15 U.S.C. § 1052(d) (allowing concurrent registration of otherwise confusingly similar marks if the USPTO determines that confusion, mistake, or deception is unlikely due to where the relevant marks are used). We thank Jessica Litman for helpful discussion of Section 2(d).

431. *See Linford*, *supra* note 65, at 745–46 (“[B]ecause a fanciful mark bears

used in a physically distant area.⁴³² There is only a single association in the minds of consumers with a fanciful mark—until someone else tries to use it.⁴³³ In short, fanciful marks present the strongest case for varying (or, in this case, eliminating) concurrent geographic use based upon the strength of the mark at issue.⁴³⁴

By contrast, descriptive marks (the weakest category of protectable marks on the *Abercrombie* scale) present a significant risk of namespace depletion.⁴³⁵ A descriptive mark, by definition, carries information, such as the characteristics of the underlying product or service, in addition to indicating source.⁴³⁶ Depletion concerns explain several doctrinal aspects of trademark law regarding descriptive terms. First, to register a descriptive term on the Principal Register, or to assert protection under Section 43(a), the claimant must show that the term has attained secondary meaning in the minds of the relevant consumer base: its semantic content must primarily indicate source, not merely explain what is being sold.⁴³⁷ Second, in an infringement suit involving a descriptive mark, the defendant may be able to assert a descriptive fair use defense.⁴³⁸ This defense prevents liability if the accused infringer can demonstrate that they have employed the mark only in its descriptive mode, rather than as an indicator of source.⁴³⁹

Both of these elements of trademark doctrine recognize that withdrawing a descriptive mark from the storehouse of potential

no inherent meaning . . . there is likely no competitive harm if the mark is granted broad protection . . .”).

432. *Id.* at 744–45.

433. *See id.*

434. *Cf.* Frank Schechter, *The Rational Basis of Trademark Protection*, 60 TRADEMARK REP. 334, 341–45 (1970) (proposing cause of action for trademark dilution but limiting the proposal to fanciful and arbitrary marks); *see also* Robert G. Bone, *Schechter’s Ideas in Historical Context and Dilution’s Rocky Road*, 24 SANTA CLARA COMPUT. & HIGH TECH. L.J. 469, 506 (2007) (emphasizing that the internet makes it easier to use seller marks without permission, thus diluting brand identities).

435. Beebe & Fromer, *supra* note 50, at 979 (noting “[c]ourts and commentators have long recognized that the depletion of generic and descriptive terms in particular can be especially damaging to competition”).

436. *See* Linford, *supra* note 65, at 738, 745.

437. *See* Lisa P. Ramsey, *Descriptive Trademarks and the First Amendment*, 70 TENN. L. REV. 1095, 1118–21 (2003).

438. *See* 15 U.S.C. §§ 1115(b)(4), 1126–27.

439. *Id.*

brands poses a non-trivial depletion risk, particularly since consumers begin with the understanding that such brands convey product or service information, not source information (hence the requirement of secondary meaning).⁴⁴⁰ Allowing more concurrent use of descriptive marks (at least relative to the other *Abercrombie* categories) creates fewer notice problems for consumers, who must already differentiate among the various types of information conveyed by these brands.⁴⁴¹ It reduces the risk that future producers will face a highly restricted namespace. Lastly, the contrast in permissible geographic concurrent use based upon mark strength will push, however gently, producers to adopt stronger marks, and ideally fanciful marks.⁴⁴²

This reform accords well with existing doctrine: in general, trademark protections vary directly with a mark's strength / distinctiveness. The stronger the mark, the more breathing room it is afforded against others using similar marks. Mark strength is one factor employed in calculating whether there is infringement based upon a likelihood of consumer confusion; the stronger the mark, the greater the likelihood of confusion.⁴⁴³ Strength plays an analogous role when courts assess whether a mark has been infringed by a likelihood of dilution based on blurring,⁴⁴⁴ and

440. See Beebe & Fromer, *supra* note 50, at 958, 1036 (proposing more stringent evaluation of claims of acquired distinctiveness).

441. See Ramsey, *supra* note 437, at 1157–58.

442. See generally Beebe & Fromer, *supra* note 50, at 964–70 (discussing the characteristics of good trademarks).

443. See, e.g., *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 349 (9th Cir. 1979) (“A strong mark is inherently distinctive, for example, an arbitrary or fanciful mark; it will be afforded the widest ambit of protection from infringing uses.”); *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961) (describing the factors considered for trademark protection, including the strength of the mark); Ramsey, *supra* note 437, at 1172 (“In trademark infringement actions, strength of the mark is one of the factors the court uses to determine whether a defendant’s use of an identical or confusingly similar mark is likely to cause confusion.”).

444. 15 U.S.C. § 1125(c)(2)(B)(ii) (allowing courts to consider the degree of inherent or acquired distinctiveness of the famous mark when determining whether a mark or trade name is likely to cause dilution by blurring, which is association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark); see *Starbucks Corp. v. Wolfe’s Borough Coffee, Inc.*, 736 F.3d 198, 212 (2d Cir. 2013) (listing factors used when determining the likelihood of dilution by blurring). Mark strength, however, might at least in theory work against a dilution claim. For example, a mark parodied by another brand might be reinforced in the minds of consumers: “[t]he brunt of the joke becomes yet more famous.” *Louis Vuitton Malletier v. Haute Diggity Dog, LLC*, 507 F.3d 252, 267 (4th Cir. 2007).

whether a defendant is liable for cybersquatting based upon a domain name similar to (or in some cases dilutive of) a mark.⁴⁴⁵ Similarly, under this proposed intervention, the stronger the mark on the conventional *Abercrombie* scale, the larger the geographic buffer zone to which it would be entitled. And for fanciful marks, there should be no such geographic concurrency allowed at all.

F. ALTER INCONTESTABILITY

An even smaller-scale reform would reduce the protection available to state-level unregistered marks by making them ineligible for the geography-based defenses to infringement of an incontestable mark.⁴⁴⁶ Incontestability (one of intellectual property's great misnomers)⁴⁴⁷ functions as a limited quiet title provision for mark owners who successfully apply for it.⁴⁴⁸ A mark declared incontestable cannot be challenged except based upon a limited number of grounds specified in the statute.⁴⁴⁹ However, Sections 15 and 33(b)(5) of the Lanham Act codify (at least partially) the *Tea Rose* doctrine by making the incontestability provision inapplicable to state-level marks or trade names used earlier than the registration date of the incontestable mark.⁴⁵⁰ The proposed textual changes needed to implement this reform would be simple. Congress should pass legislation inserting the

445. 15 U.S.C. § 1125(d)(1)(B)(i)(IX).

446. See 15 U.S.C. §§ 1065, 1115(b).

447. See Suman Naresh, *Incontestability and Rights in Descriptive Trademarks*, 53 U. CHI. L. REV. 953, 973–82 (1986) (analyzing exceptions and defenses to the incontestability provisions in the Lanham Act).

448. See generally *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 193–95 (1985). For example, an alleged infringer may not defend against an infringement suit involving an incontestable mark on the grounds that the mark is descriptive and should not have been registered due to a lack of secondary meaning. See *id.* at 196–97. Thus, even if the USPTO errs in its determination that a descriptive mark has sufficient consumer recognition as an indicator of source, that mistake is not reviewable if the mark attains incontestable status. Some courts, however, also treat incontestability as evidence of a mark's strength, which seems erroneous. See *Dieter v. B & H Indus. of Sw. Fla., Inc.*, 880 F.2d 322, 329 (11th Cir. 1989).

449. See 15 U.S.C. § 1065 (incorporating 15 U.S.C. § 1064(3), (5), and (6) by reference); 15 U.S.C. § 1115(b).

450. 15 U.S.C. § 1115(b)(5). On the issue of partial codification, see, for example, *Irwin Holdings, LLC v. Weigh to Wellness, LLC*, No. 18-CV-00774, 2021 U.S. Dist. LEXIS 247379, at *13 n.8 (N.D. Ala. Dec. 29, 2021); Levy, *supra* note 26, at 331–32.

words “via registration in” in place of the existing words “acquired under the law of” in the first paragraph of Section 15. The bill would also alter the first part of Section 33(b)(5) to mandate that a mark be registered under state law for this defense to be available.⁴⁵¹ These two changes would block unregistered state-level marks from asserting the statutory version of the *Tea Rose* approach against an incontestable mark.

This reform has two benefits that create incentives for registration of marks. First, it should at least marginally increase the advantages of federal registration, since incontestable marks would enjoy broader protections from that status.⁴⁵² Second, it should also push brand owners, at least slightly, to register their marks at the state level even if they do not pursue federal registration.⁴⁵³ By doing so, they prevent a later adopter from deploying the limited quiet title provisions of Section 15 against them in an infringement suit.

Both of these benefits seem likely to be small in scale: they will affect mark users who are open to or contemplating registration, and who can envision the risk of future infringement litigation over their brands. Incontestability, though, is a poorly-named⁴⁵⁴ and confusing doctrine,⁴⁵⁵ often misunderstood even by courts;⁴⁵⁶ the informational challenges inherent in comprehending the effects of this Article’s proposed shift⁴⁵⁷ and the limited

451. See 15 U.S.C. § 1115(b)(5). The revised section of text would read: “That the mark whose use by a party is charged as an infringement was adopted without knowledge of the registrant’s prior use, *was registered under the law of any State or Territory*, and has been continuously used by such party or those in privity with him” (italicized text indicates additions under this proposal).

452. See Tushnet, *supra* note 24, at 876 n.36.

453. See Lockridge, *supra* note 34, at 609.

454. See *Park ’N Fly v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 206 n.1 (1984) (Stevens, J., dissenting) (enumerating defenses still available against assertion of an incontestable mark).

455. Indeed, some scholars propose the wholesale abolition of incontestability. See, e.g., Kenneth L. Port, *The Illegitimacy of Trademark Incontestability*, 26 IND. L. REV. 519, 520 (1993) (rejecting incontestability on grounds that it creates a type of in rem property right in marks that is inconsistent with trademark theory and other aspects of doctrine); Beebe & Fromer, *supra* note 50, at 1035 n.291.

456. See Rebecca Tushnet, *Fixing Incontestability: The Next Frontier?*, 23 B.U. J. SCI. & TECH. L. 434, 436–37, 440–49 (2017).

457. See *id.* at 437 (noting that “[c]ompetitors, many of them likely to have little in the way of sophisticated trademark advice, are in an even worse position to evaluate the validity of incontestability”).

scope of the changes suggest that this reform, while helpful in direction, will not be significant in effect.

G. OBJECTIONS

This subpart describes and responds to some potential objections to the set of proposed interventions described above. These are likely to be raised most vociferously with respect to the elimination of protection for unregistered marks, but likely apply to the Article's other suggested reforms, although perhaps with less force.

Perhaps the most pressing criticism is that these proposals would have adverse distributional consequences and negative effects on innovation because they would place small enterprises or mark users at a disadvantage.⁴⁵⁸ Relying on protections for unregistered marks, such as under the current Section 43(a)(1) of the Lanham Act, allows users to defer investing resources in brand protection until they discover an objectionable competing use. If no such use occurs, then small entities can allocate scarce resources to more productive activities.⁴⁵⁹ At the margins, increasing costs for protecting a mark might discourage the creation or expansion of small businesses.⁴⁶⁰ This concern, if correct, would be a serious demerit for the Article's proposals. In sheer numbers, virtually every business in the United States is a small business—the percentage of firms that are small businesses is approximately 99.9%, according to the U.S. Small Business Administration, a federal government agency.⁴⁶¹ In 2022, that

458. See Michael J. Choi, *The Likelihood of Exclusion: Economic Disparity in the United States Trademark System*, 100 J. PAT. & TRADEMARK OFF. SOC'Y 599, 607–08 (2019) (discussing small businesses in the trademark system).

459. See Leah Chan Grinvald, *Shaming Trademark Bullies*, 2011 WIS. L. REV. 625, 656 (noting that in general, small businesses are undercapitalized).

460. Cf. Landes & Posner, *supra* note 63, at 290–91 (discussing the effects that increased costs from marks have on innovation in the licensing context).

461. Off. of Advoc., *2021 Small Business Profile: United States*, U.S. SMALL BUS. ADMIN. (2021), <https://cdn.advocacy.sba.gov/wp-content/uploads/2021/08/30144808/2021-Small-Business-Profiles-For-The-States.pdf> [<https://perma.cc/Z9TT-CER7>]. The Small Business Administration defines small business by firm revenue (ranging from \$1 million to over \$40 million) and by employment (from 100 to over 1,500 employees). *Table of Small Business Size Standards Matched to North American Industry Classification System Codes*, U.S. SMALL BUS. ADMIN. (Aug. 19, 2019), https://www.sba.gov/sites/default/files/2019-08/SBA%20Table%20of%20Size%20Standards_Effective%20Aug%2019%2C%202019_Rev.pdf [<https://perma.cc/F4M4-3C9V>]. By contrast, the U.S. Census

amounted to a little over 33 million small firms.⁴⁶² Small businesses employ almost half of U.S. workers.⁴⁶³

At present, small businesses rarely register trademarks at either the federal or state levels. At most, roughly 9% of small businesses could have obtained federal registrations, because by the end of 2021, there were only 2,838,435 active federal trademark registrations.⁴⁶⁴ Because many large businesses register hundreds or thousands of trademarks,⁴⁶⁵ the number of small business registrations is likely far lower. State registrations are even more miniscule. For example, California has 4.2 million small businesses,⁴⁶⁶ but only 13,449 active state trademark registrations; hence, at most only 0.33% of small business could hold one.⁴⁶⁷ Illinois has 1.2 million small businesses,⁴⁶⁸ yet only 11,925 active state trademark registrations, creating a maximum potential ownership rate of roughly one percent.⁴⁶⁹

There are three potential explanations for the decision by nearly every small business not to register its brands. The first is that these firms lack resources—they would register if only

Bureau focuses on establishment size and notes that 54% of all employer businesses in 2018 had five or fewer employees. Andrew W. Hait, *The Majority of U.S. Businesses Have Fewer Than Five Employees*, U.S. CENSUS BUREAU (Jan. 19, 2021), <https://www.census.gov/library/stories/2021/01/what-is-a-small-business.html> [<https://perma.cc/E7KH-AG6A>].

462. *How Many Small Businesses Are There in the US in 2021?*, OBERLO, <https://www.oberlo.com/statistics/number-of-small-business-in-the-us> [<https://perma.cc/3Y9G-8BSG>].

463. *Id.*

464. *Performance and Accountability Report: Fiscal Year 2021*, U.S. PAT. & TRADEMARK OFF. 223 (2021), <https://www.uspto.gov/sites/default/files/documents/USPTOFY21PAR.pdf> [<https://perma.cc/ZJX2-DDEY>].

465. For example, a search of the USPTO Trademark Electronic Search System by the authors on October 24, 2021, revealed that Disney has over 2,000 active federal registrations; Coca-Cola has more than 500 federal registrations; and Microsoft has more than 1,000 federal registrations.

466. Off. of Advoc., *2021 Small Business Profile: California*, U.S. SMALL BUS. ADMIN., <https://cdn.advocacy.sba.gov/wp-content/uploads/2021/08/30141145/Small-Business-Economic-Profile-CA.pdf> [<https://perma.cc/VUV4-DLVW>].

467. Email from California Sec'y of State Off. to authors (Oct. 21, 2021) (on file with authors).

468. Off. of Advoc., *2021 Small Business Profile: Illinois*, U.S. SMALL BUS. ADMIN., <https://cdn.advocacy.sba.gov/wp-content/uploads/2021/08/30141858/Small-Business-Economic-Profile-IL.pdf> [<https://perma.cc/9CHS-PYM2>].

469. Telephone Interview with Illinois Sec'y of State Off. (Oct. 14, 2021).

they had more assets.⁴⁷⁰ The second is that firms, whether rationally or irrationally, do not value their marks sufficiently to invest in registration. The third is that most small businesses operate in the twilight world of trademark described earlier.⁴⁷¹ None of these arguments presents an effective barrier to this Article's reforms. The resources needed to register a mark are comparatively small, while the resources required to enforce an unregistered one are considerable.⁴⁷² Litigation over an unregistered mark is not a viable option for most small businesses.⁴⁷³ By contrast, state-level registration is cheap: typically under \$100 for initial registration in a single class.⁴⁷⁴ A similar federal registration costs around \$1,000 initially.⁴⁷⁵ Firms that cannot afford a state-level registration have no hope of paying counsel, even for a cease-and-desist letter.⁴⁷⁶ If firms do not value their brands more than these inexpensive trademark precautions, then the Article's proposals, which would result in a modest increase in the initial cost of protection, will have no effect. If that valuation is irrational, these reforms will not worsen that distortion. And if small businesses operate in trademark's parallel twilight world, whether due to inadequate resources, insufficient information, or normative preference, then this Article's suggested interventions will not affect their practices except insofar as the law has some gravitational pull on social and market norms.⁴⁷⁷

A second objection is that Congress lacks the constitutional authority to regulate marks employed solely within a state. Scholars are skeptical of this argument,⁴⁷⁸ and jurisprudence on the scope of the modern Commerce Clause suggests that there is

470. See Choi, *supra* note 458, at 607 ("Unlike larger businesses, small businesses typically lack the legal funds to expend on trademarks."); Grinvald, *supra* note 459 (noting that in general, small businesses are undercapitalized).

471. See *supra* Part I.B.

472. See Grinvald, *supra* note 459, at 656–63.

473. *Id.*

474. See *supra* note 120.

475. See *supra* note 121.

476. See Grinvald, *supra* note 459.

477. See generally Richard H. McAdams, *The Origin, Development, and Regulation of Norms*, 96 MICH. L. REV. 338 (1997) (discussing scholarship on societal norms and the connection between the law and norms).

478. See *supra* note 370 and accompanying text.

little Congress cannot reach,⁴⁷⁹ especially if internet communications are involved. At this point, the intrastate mark that is beyond congressional regulation remains strictly hypothetical.⁴⁸⁰

A final concern is that eliminating protection for unregistered marks could constitute a taking under the Fifth Amendment. Here, too, scholars are unconvinced.⁴⁸¹ Removing protection from registered marks would almost certainly constitute a taking; unregistered claims, by contrast, are inchoate—there is no right to exclude *ex ante*.⁴⁸² Unregistered marks do not possess the right to exclude until a government actor—a court—declares them valid. Requiring registration shifts the governmental entity that adjudicates validity (from courts to the USPTO) but does not impose that threshold obligation as a new barrier. That shift, from judicial decision-making to administrative review, has been blessed by the Supreme Court in the patent context, and should operate no differently here.⁴⁸³

If the takings concern presents either a substantive or political hurdle, there is a ready solution. Congress could subsidize a

479. See *Wickard v. Filburn*, 317 U.S. 111, 128–29 (1942) (holding that Congress may regulate local activity that exerts a substantial economic effect on interstate commerce); Jim Chen, *Filburn's Legacy*, 52 EMORY L.J. 1719, 1754–56 (2003).

480. Cf. Litman, *supra* note 77, at 26 (quoting Frank Schechter on the scope of the Commerce Clause power).

481. See John C. O'Quinn, *Protecting Private Intellectual Property from Government Intrusion: Revisiting SmithKline and the Case for Just Compensation*, 29 PEPP. L. REV. 435, 512–30 (2002) (discussing regulatory takings as applied to intellectual property). *But see* Dustin Marlan, Comment, *Trademark Takings: Trademarks as Constitutional Property Under the Fifth Amendment Takings Clause*, 15 U. PA. J. CONST. L. 1581, 1583 (2013) (proposing that governmental use of or prohibition on a private trademark could constitute a regulatory or judicial taking). Kenneth Port argued that enactment of a federal dilution statute would constitute a taking under the Fifth Amendment; section 43(c) nonetheless remains alive and well. Kenneth L. Port, *The "Unnatural" Expansion of Trademark Rights: Is a Federal Dilution Statute Necessary?*, 18 SETON HALL LEGIS. J. 433, 467–70 (1994).

482. See *Coll. Sav. Bank v. Fla. Prepaid Postsecondary Educ. Expense Bd.*, 527 U.S. 666, 672–75 (1999) (discussing protected property interests).

483. See *Oil States Energy Servs., LLC v. Greene's Energy Grp., LLC*, 138 S. Ct. 1365, 1370 (2018) (holding that the USPTO can conduct *inter partes* review of a patent without violating Article III or the Seventh Amendment of the U.S. Constitution).

brief transition period for claimants of unregistered marks.⁴⁸⁴ For example, reform legislation could waive filing and other registration-related fees for one year for any claimant who could demonstrate use in commerce of an unregistered mark prior to the effective date of the legislation. This effectively offers costless registration to claimants of unregistered marks provided that, in fact, what they claim as their own is a valid mark. Here, too, the cost of the transition period is likely to be low, and Congress could authorize the USPTO to offset some of the expense by raising other trademark fees.

In sum, none of these three objections invalidates this Article's reform proposals, including the elimination of protection for unregistered marks.

CONCLUSION

This Article has argued that American trademark law is badly out of date in how it manages concurrent use of marks. Even if employing geographic distance as a proxy for consumer confusion made sense in the early years of the Lanham Act, economic development and the rise of ever-present telecommunications capabilities mean that this analytical shortcut is in irredeemable tension with the nationwide rights and priority that federal registration purportedly provides. The current doctrine is even less coherent from the perspective of notice theory, which dominates other areas of intellectual property, and which this Article contends ought to be central for trademark as well. The optimal reform would be to eliminate federal protection for unregistered marks altogether, leaving those signifiers to seek refuge in state common law or in the twilight world of trademark, where most brands currently operate, removed from formal legal rules. Should that intervention prove too big a bite for the congressional appetite, lesser reforms such as eliminating the *Tea Rose* and *Dawn Donut* doctrines through legislation, incorporating remoteness into standard infringement analysis, conditioning remoteness on a mark's strength, or making incontestability

484. Congress provided a conceptually similar transition period in patent law with the America Invents Act, which changed the priority rule from a first to invent regime to a first to file an application or publicly disclose one. Although President Barack Obama signed the bill into law on September 16, 2011, the first to file or publicly disclose rule did not take effect until March 13, 2013, in order to give inventors time to adjust to the new system and, if they so chose, take advantage of the old one. See Andres Sawicki, *Better Mistakes in Patent Law*, 39 FLA. ST. U. L. REV. 735, 743 n.21 (2012).

stronger for registered marks would all be helpful changes. Problems with managing concurrent use are like donuts, though—there is rarely just one present. Hence, this Article concludes with three suggestions for future research: temporal concurrency, licensing challenges, and comparative analysis.

The first direction for future work is the temporal dimension of concurrency management. This component regulates how closely in time two different users can employ the same mark.⁴⁸⁵ American trademark law tends to be a one-way ratchet⁴⁸⁶ in this regard: rights can accrue quickly, but are lost slowly, unless the mark owner does something foolish.⁴⁸⁷ A large number of marks are registered but not used, blocking potential future adopters who might actually employ the brands on goods and services.⁴⁸⁸ Marks that have long fallen into disuse may nonetheless retain protection, partly because abandonment of a mark requires an intent not to resume use as well as abstinence from use.⁴⁸⁹ Perhaps this protection remains partly out of a faint hope that the mark owner may resume commerce under the brand.⁴⁹⁰ Temporal management of concurrency also raises the tension between depletion, which would be mitigated by more rapid movement of brands from the status of protected marks to unprotected signifiers, and confusion, which might be worsened

485. See generally Lior Jacob Strahilevitz, *The Right to Abandon*, 158 U. PA. L. REV. 355, 390–405 (2010) (discussing different approaches for trademark abandonment).

486. Cf. *Katzenbach v. Morgan*, 384 U.S. 641, 653–56 (1966) (coining the term).

487. See, e.g., *Haughton Elevator Co. v. Seeburger*, 40 Trademark Rep. 326 (Comm'r Pat. 1950) (canceling mark for “escalator” because owner used term as generic descriptor for all moving staircases); *Stanfield v. Osborne Indus.*, 52 F.3d 867 (10th Cir. 1995) (finding loss of rights due to uncontrolled licensing of mark); *Clorox Co. v. Chem. Bank*, 40 U.S.P.Q.2d 1098 (T.T.A.B. 1996) (canceling registration for mark because its original intent-to-use application was assigned before the relevant section 1(c) statement of use was filed in violation of 15 U.S.C. § 1060(a)).

488. See *Tushnet*, *supra* note 24, at 918–21 (advocating for registering fewer marks and cancelling unused marks).

489. See 15 U.S.C. § 1127 (defining abandonment of a trademark); 15 U.S.C. § 1115(b)(2) (preserving an abandonment defense against incontestable marks); Jake Linford, *Valuing Residual Goodwill After Trademark Forfeiture*, 93 NOTRE DAME L. REV. 811, 821–33 (2017) (discussing forfeiture mechanisms for trademarks).

490. See, e.g., *Herb Reed Enters., LLC v. Fla. Ent. Mgmt., Inc.*, 736 F.3d 1239, 1247–48 (9th Cir. 2013) (finding that receipt of royalties by a music group that disbanded in 1953 constituted use, defeating an abandonment defense).

by the same shift if consumers associate the brand with the prior producer.⁴⁹¹ As with geographic concurrency, the temporal variety might be better managed under a purely registration-based system, which could peg use (or non-use) requirements to the expiration date of the underlying registration as one example. Such a reform would improve notice to at least some mark owners or would-be adopters, who would benefit from a trademark term that was more predictable.⁴⁹² It might or might not increase notice to consumers, who might take their cues from registration, regardless of any lack of use, or who might do just the opposite.⁴⁹³ In any case, the temporal dimension of concurrent use is, like the geographic one, ripe for re-examination given the changed economic and communication capacities since the adoption of the Lanham Act.

The second area for future research would be examining trademark's rules regarding a different type of concurrent use: that which occurs via licensing or franchising. This is simultaneous use of the same mark, often a well-known one, with the permission of the mark owner.⁴⁹⁴ Many well-known producers operate on a licensing model: one orders a ride via the Uber app, and the car that arrives in response will display the Uber logo, but the ride-sharing service is operated by a large set of different drivers, linked contractually to the parent company.⁴⁹⁵ The Uber mark indicates that each driver operates under similar rules, but there is obvious variation in the specific characteristics and quality of each operator—indeed, that's the point of the famous Uber rating system.⁴⁹⁶ Formally, use of a registered mark by related companies (which is defined to include people) inures to the benefit or detriment of the mark owner.⁴⁹⁷ Licensors or franchisors must theoretically maintain quality control over the

491. See Beebe & Fromer, *supra* note 50, at 951–53 (analyzing word-mark depletion); Yen, *supra* note 49, at 111–12 (discussing consumer confusion created by abandonment of trademark rights).

492. See Tushnet, *supra* note 24, at 869 (stating that the current trademark system is broken).

493. See Yen, *supra* note 49, at 111–12; Linford, *supra* note 489, at 826–28 (discussing consumer confusion by the appropriation of an abandoned mark).

494. See Irene Calboli, *The Sunset of “Quality Control” in Modern Trademark Licensing*, 57 AM. U. L. REV. 341, 343 (2007) (discussing trademark licensing to third parties).

495. Agnieszka A. McPeak, *Sharing Tort Liability in the New Sharing Economy*, 49 CONN. L. REV. 171, 180–83 (2016).

496. *Id.*

497. 15 U.S.C. §§ 1055, 1127 (defining “related company”).

goods or services that licensees provide.⁴⁹⁸ However, the circuits are split on whether that control need be anything more than cursory, and most courts are reluctant to find abandonment due to insufficient supervision (so-called “naked licensing”), in part because this argument is normally raised as a defense by an entity that is otherwise a trademark infringer.⁴⁹⁹ (Ironically, the canonical elaboration of the policy concerns regarding licensing and quality control comes from the *Dawn Donut* case.)⁵⁰⁰ Thus, trademark law imposes few substantive requirements for quality control in the licensing context, which creates potential notice problems for consumers: they rely upon the licensor’s mark in their purchasing decision, only to have their expectations disappointed.⁵⁰¹ While consumer expectations might adjust in time, there will be a period during which the mark offers reduced notice to customers, who may suffer the same harm that occurs from infringement confusion, even though the relevant use is authorized.⁵⁰² Licensing, then, provides another context to re-examine the value of how trademark law manages concurrent use through the lens of notice.

The third area where re-assessing management of concurrent mark use would be profitable is comparative analysis—in particular, comparing the doctrinal developments in the European Union (EU) and the United States.⁵⁰³ At a surface level, the two federations have arrived at opposing solutions to the same problems: the United States has built a system of national rights on a foundation of use-based territoriality, while the EU has created union-wide rights atop which some national courts are constructing rules analogous to that of *Dawn Donut*.⁵⁰⁴ On closer analysis, though, both political entities appear to be moving towards a hybrid system that intermingles putatively exclusive

498. Calboli, *supra* note 494, at 344–46.

499. *Id.* at 365–74.

500. *Dawn Donut Co. v. Hart’s Food Stores, Inc.*, 267 F.2d 358, 366–69 (2d Cir. 1959). Strangely, the quality control analysis, which is now widely accepted, came from the dissent, written by the same judge who wrote the majority opinion establishing the *Dawn Donut* rule.

501. See Calboli, *supra* note 494, at 370–71 (noting that courts are reluctant to declare licenses invalid); Katya Assaf, *Brand Fetishism*, 43 CONN. L. REV. 83, 88 (2010) (“[W]hen licensing their marks into collateral markets, trademark owners usually do not engage in quality control programs.”).

502. See Linford, *supra* note 489, at 836.

503. We thank Graeme Dinwoodie for this suggestion.

504. See Dinwoodie, *supra* note 35, at 1672–73, 1679–84.

rights at the nation-state level with exceptions designed to prevent depletion problems, particularly those that occur when rightsholders claim a mark but do not deploy it in commerce.⁵⁰⁵ This project faces the usual perils of comparative legal analysis, including whether an EU member state and one of the U.S. states are sufficiently analogous, and how the larger EU namespace (with more languages in wider use) affects common problems such as depletion and congestion. Nonetheless, it holds promise, particularly to the degree that the European Union is driving the same road as the United States, but with a late-comer's advantage.

The U.S. system for managing concurrent trademark use via geography, as demonstrated by the *Tea Rose* and *Dawn Donut* doctrines, is antiquated and increasingly broken. In an era when a single donut shop in Portland, Oregon can inspire a worldwide cult following,⁵⁰⁶ operate twenty-four hours a day,⁵⁰⁷ appear on a dozen television programs,⁵⁰⁸ and become the subject of a national political conspiracy,⁵⁰⁹ systemic reform of concurrent trademark use is a necessity rather than a craving.

505. *Id.* at 1674–79.

506. See Associated Press, *Voodoo Doughnut Hires New CEO, a Former Starbucks Adviser and Senior VP at MOD Pizza*, KATU (Jan. 17, 2018), <https://katu.com/news/local/voodoo-doughnut-hires-new-ceo-chris-schultz-a-former-starbucks-operations-adviser-mod-pizza> [<https://perma.cc/9E6X-7ZF7>] (“Voodoo [Doughnut] has earned a cult following worldwide for its unique take on the classic doughnut shop.”); *The Voodoo Doughnut Story*, VOODOO DOUGHNUT, <https://www.voodoo doughnut.com/the-voodoo-doughnut-story> [<https://perma.cc/Q3ZS-XQN3>] (stating that “[w]ithin a month of opening, Voodoo Doughnut received its first mention in the national press”).

507. Allison Lamberth, *Voodoo Doughnut on Expansion, Authenticity, and Competition*, FOODABLE BLOG (Feb. 28, 2020), <https://www.foodabletv.com/blog/tag/Voodoo+Doughnuts> [<https://perma.cc/5DQK-TPH3>] (“Voodoo Doughnut shops are open twenty-four hours a day.”); Candace Braun Davison & Madison Flager, *Voodoo Doughnuts Is Now Open at Universal Orlando*, DELISH (May 3, 2018), <https://www.delish.com/food-news/a19724757/voodoo-donut-universal-studios> [<https://perma.cc/3V43-VRX8>] (describing how Voodoo expanded its hours after legendary chef Anthony Bourdain sought one of its donuts only to find the shop closed).

508. *The Voodoo Doughnut Story*, *supra* note 506 (“To date, Voodoo Doughnut has been featured on The Travel Channel, The Cooking Channel, MTV, Good Morning America, The Today Show, The Tonight Show, Wheel of Fortune, Portlandia, Grimm, Leverage, The Amazing Race and Access Hollywood.”).

509. Jelisa Castrodale, *Voodoo Doughnut Is the Target of a New Pizzagate-esque Conspiracy Theory*, VICE (Aug. 9, 2018), <https://www.vice.com/en/article/qvmxem/voodoo-doughnuts-is-the-target-of-a-new-pizzagate-esque-conspiracy-theory> [<https://perma.cc/6956-BMXK>].