

The Expressive Function of Trademarks

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According to nearly all trademark law and theory, the function of a trademark is to tell consumers something about the goods they are buying. The GE mark on a light bulb tells consumers that the bulb was made by General Electric and thus, given that company's generally good reputation, that the bulb is likely to be of high quality. Many trademark uses, however, do not work this way. Trademarks are often used by consumers to say something about themselves. Thus, a person who purchases and wears a Chicago Bulls T-shirt does so primarily to show that she is a fan of that team. Anything the team logo might communicate about the quality of the T-shirt (its materials, stitching, etc.) is secondary, if not completely irrelevant. When a trademark is used to allow consumers to say something about themselves, this paper will describe the trademark as serving an *expressive function*, because, when a trademark is used this way, it allows consumers to express something about themselves. In contrast, when a trademark indicates who made or sponsored the goods, this paper will describe the mark as serving the *source-identification function*.

A number of cases have addressed the protection of trademarks whose primary function is expressive. Such cases arise when a company makes goods (such as T-shirts, baseball caps or jewelry) prominently displaying a trademark without the trademark owner's permission. Judicial opinions in such cases are split. Some give the trademark owner the right to control expressive uses, while others allow unlicensed companies to exploit expressive trademark values.¹

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¹See, e.g., *International Order of Job's Daughters v. Lindburg and Co.*, 633 F.2d 912 (9th Cir. 1981) (allowing unauthorized use of fraternal organization's trademark on jewelry); *Boston Professional Hockey Assoc. v. Dallas Cap & Emblem Mfg.*, 510 F.2d 1004 (5th Cir. 1975) (forbidding unauthorized distribution of emblems embroidered with professional hockey team trademarks); *Boston Athletic Assoc. v. Sullivan*,

While the source-identification function of trademarks has long been recognized in trademark statutes, cases, treatises and articles, the expressive function has been relatively neglected. A few cases and commentators--most notably *International Order of Job's Daughters*, Rochelle Dreyfuss and Judge Kozinski--have recognized that trademarks often say more about the consumer than the product,² but no one has analyzed the issue in depth.

The debate over expressive marks results from the very limited rights granted by trademark law. Use of a trademark without permission of the owner is infringement only if the use is "likely to cause confusion" or if use of a "famous mark...causes dilution of the distinctive quality of the mark."³ Trademark law thus does not give owners complete control over their marks. For example, competitors can display the mark in comparative advertising and newspapers can use the mark when discussing products. While the key statutory words "confusion" and "dilution" appear to be broad enough to bar unauthorized expressive uses, courts have usually given these words a narrow meaning. For example, "confusion" is usually interpreted to mean confusion as to source of the goods, that is, impairment of the source-identification function. Similarly, "dilution" has generally been interpreted to mean either "blurring" or "tarnishment." Blurring has been held inapplicable to expressive uses, because such uses are said to enhance the distinctiveness of a mark.⁴ Tarnishment, which will be discussed in greater depth below,

867 F.2d 22 (1st Cir. 1988) (forbidding unauthorized sale of Boston Marathon T-shirts); *University of Pittsburgh v. Champion Products*, 566 F. Supp 711 (W.D. Pa. 1983) (allowing Champion to sell "soft goods," i.e. clothing, with University of Pittsburgh's insignia); *United States v. Hon*, 904 F.2d 803 (2nd Cir. 1990) (upholding criminal conviction of defendant who sold imitation Rolex watches).

²*International Order of Job's Daughters v. Lindburg and Co.*, 633 F.2d 912 (9th Cir. 1981) (allowing unauthorized use of fraternal organization's trademark on jewelry); Rochelle Cooper Dreyfuss, *Expressive Genericity: Trademarks as Language in the Pepsi Generation*, 65 Notre Dame L. Rev. 397 (1990); Alex Kozinski, *Trademarks Unplugged*, 68 N.Y.U. L. Rev. 960 (1993).

³15 U.S.C. § 1114(1)(A),(B); 15 U.S.C. 1124(a)(1)(A),(c)(1).

⁴*Plasticolor Molded Products v. Ford Motor Co.*, 713 F. Supp. 1329, 1349 (C.D. Cal. 1989) (Kozinski, J), *vacated by consent judgment*, 767 F. Supp. 1036 (C.D. Cal. 1991); *Bi-Rite Enterprises v. Button Master*, 555 F. Supp. 1188 (S.D. N.Y. 1983) (Sofaer, J.).

is generally irrelevant to expressive uses, because use of a mark on a T-shirt or baseball cap ordinarily does not associate the mark with anything unsavory or degrading. The debate over expressive marks is therefore a debate about whether the statutory words "confusion" and "dilution" should be given a broader interpretation.

Resistance to broader interpretations reflects not only doctrinal inertia, but also sound policy reasoning. Trademark is a form of monopoly: a monopoly on certain uses of symbols. Like all monopolies, it is potentially problematic. Narrow interpretations of the trademark statutes greatly reduce the monopoly costs of trademark by protecting trademarks only when they are used to identify the source of goods. Such an interpretation, restricting protection to the source-identification function, nearly eliminates the monopoly costs of trademark, because competitors are free to make identical goods. Since identical goods are perfect substitutes, trademark owners earn no monopoly profits. When trademarks are used expressively, however, the possibility of monopoly profits reemerges. Two baseball caps, one bearing a Bulls mark and the other bearing a Bruins mark, but otherwise identical, are not perfect substitutes. Granting trademark owners control over expressive uses, therefore, raises substantial concerns about monopoly.

Expressive uses can be classified as either transformative or non-transformative. Non-transformative uses are those in which the meaning of the mark is not changed. T-shirts and baseball caps emblazoned with marks are non-transformative uses. Transformative uses alter the mark or otherwise use the mark to say something new. One example of a transformative use would be a T-shirt which displayed the words "Enjoy Cocaine" using Classic Coke's distinctive red script. Those opposed to turning the Lake Placid Olympic Village into a prison also used the Olympic trademark in a transformative way when they made posters which read "Stop the Olympic Prison." This paper (or at

least this draft of it) will focus on non-transformative expressive uses, because transformative uses have been discussed extensively elsewhere.⁵

Five arguments could justify giving trademark owners the right to control non-transformative expressive uses of their marks in spite of the monopoly costs such control imposes:

Consumer confusion. Consumers may be confused as to the origin of the goods bearing the expressive trademarks. Failure to give the trademark owner control of expressive uses may thus impair the source-identification function.

Tarnishment. Use of a mark on goods such as toilet paper or ugly T-shirts could tarnish the image of many marks. Giving trademark owners control of expressive uses prevents such tarnishment.

Exclusivity. Sometimes the expressive function depends on the ability of someone (most plausibly the trademark owner) to restrict distribution of goods bearing the trademark to certain people. Giving trademark owners exclusive rights may be the only way to ensure that the marks retain their expressive meaning.

Desert. Trademark owners created the marks and deserve to reap whatever profits they engender. Unlicensed users should not be allowed to reap the fruits of trademark owners' creative labors.

Incentives. Trademarks can be used by consumers to express something about themselves only because the trademark owner has created the mark and given it meaning. Unless trademark owners can profit from expressive uses, they may lack the proper incentive to create and/or give expressive meaning to marks.

None of these arguments, however, is without its problems. The rest of this paper will analyze each of the arguments and then discuss the legal implications.

Consumer confusion

The consumer confusion argument for giving the trademark owner exclusive rights recognizes that in most contexts trademarks serve both an expressive and a source-identification function. When a university or sports team logo is emblazoned on a T-

⁵Rochelle Cooper Dreyfuss, *Expressive Genericity: Trademarks as Language in the Pepsi Generation*, 65 Notre Dame L. Rev. 397 (1990); Keith Aoki, *How the World Dreams Itself to be American: Reflections on the Relationship between the Expanding Scope of Trademark Protection and Free Speech Norms*, 17 Loy. L.A. Ent. L.J. 532 (1997).

shirt, the mark functions primarily expressively. Nevertheless, at least some consumers are likely to believe that the trademark owner made or at least approved the T-shirt, and thus the mark may serve the source-identification function as well. The presence of both functions is even more apparent when one considers goods such as a Rolex watch. Consumers desire Rolex watches, in part because wearing them allows consumers to signal their wealth, appreciation of fine engineering, and other qualities. On the other hand, the word "Rolex" on the watch dial also serves to tell consumers that it is a Rolex watch manufactured to that company's exacting standards. Failure to give Rolex the exclusive right to make watches bearing the word "Rolex" would therefore make it more difficult for consumers to know when they are buying a real Rolex watch and thus would undermine the source-identification function.

The confusion problem, however, could be largely (although not

entirely) mitigated by appropriate labeling. Unauthorized makers of Stanford T-shirts and Rolex watches could be required to clearly indicate on tags or packaging that the goods were not made or licensed by Stanford or Rolex. Such disclaimers could be designed to prevent confusion even in the resale market. For example, makers of imitation Rolex watches could be required to engrave "not manufactured by Rolex" on the back of the watch. Such labeling would not completely remove the confusion problem. For example, a prospective purchaser of a Rolex watch might infer from viewing a friend's scratched, chipped knock-off Rolex that Rolex watches were poorly manufactured. Nevertheless, appropriate labeling would substantially reduce the confusion problem.

In addition, if the law were clear that the trademark owner did not have the right to control expressive uses, consumers would eventually learn not to draw source inferences from expressive uses. They would know that many Rolex watches were knock-offs, and thus would not draw inferences about real Rolex watches from every watch which said "Rolex" on the dial. Similarly, when buying a T-shirt, consumers would learn to look for the label on the inside of the T-shirt rather than the logo on the outside for an assurance of quality. Since the label on the inside of the T-shirt is not ordinarily visible to others, the label would not be an expressive use, and there is no question that the trademark owner could stop unauthorized use. Because consumer confusion can be largely prevented by labels and similar devices, the confusion argument for granting trademark owners control over expressive uses is rather weak.

Tarnishment

The tarnishment argument is also problematic, because trademark owners need not be given control over expressive uses in order to prevent tarnishment. Anti-dilution law in its current form already accomplishes that. Nevertheless, there is some residual merit to the tarnishment argument. Anti-dilution law requires the trademark owner to prove to a judge that the allegedly infringing use is tarnishing. Judges make mistakes and

often require substantial proof. Trademark owners genuinely fear that, without control of expressive uses, some tarnishment is inevitable. For example, although anti-dilution law would probably enable Stanford to prevent the use of its mark on toilet paper, judges are unlikely to enjoin the sale of ugly Stanford T-shirts without broader protection of expressive uses.

Exclusivity

The exclusivity argument recognizes that the expressive value of a trademark may be dependent on limited distribution. For example, since National Public Radio (NPR) T-shirts are distributed only to donors, part of the meaning of such a T-shirt is that the wearer is a donor. If anyone could make an NPR T-shirt, this aspect of the T-shirts' meaning would be undermined. Similarly, to the extent that part of the meaning of a Rolex watch is that the wearer is rich enough to afford it, this meaning would be undermined by the legalized sale of cheap knock-offs.

This argument also has a number of problems. First, it is inapplicable to many expressive uses. For example, the meaning of the Bulls logo on a baseball cap would not be undermined by unlicensed production.

In addition, in some circumstances it might be wise policy to undermine the expressive meaning of marks. For example, why should the law help people signal their wealth? The First Amendment probably prevents the state from prohibiting speech about wealth, but it certainly does not require the government to facilitate such speech by expanding trademark protection to expressive uses. Protecting the ability of trademarked goods to signal wealth could be seen as the modern analogue to medieval and early modern sumptuary laws. Such laws enforced class distinctions by restricting certain clothing, such as fur and velvet, to the nobility.⁶ To the extent that trademark law today prevents people of modest means from wearing "Rolex" watches, its effect is similar.

⁶Frances Elizabeth Baldwin, *Sumptuary Legislation and Personal Regulation in England* (1926).

Undermining people's ability to signal their wealth by limiting trademark protection might be good policy for two reasons. First, prohibiting this type of conspicuous consumption might foster a less tacky, more egalitarian society. Second, even without making such controversial moral and political judgments, one could argue that competitive displays of wealth, like arms races, benefit no one. To the extent that people are concerned primarily about their wealth relative to others, displays of wealth are a zero-sum game. One person's spending advances her own status at the expense of someone else's. As a result, overall welfare would be higher if everyone were prevented from spending to display wealth.

While this argument has substantial appeal, it has definite limitations. First, to the extent that some people value the ability to signal wealth more than others, competitive displays of wealth are not just zero-sum games. If those who care more about signaling wealth do more of it, as seems quite likely, overall welfare is increased. Second, to the extent that some people seem to value being able to determine others' wealth at a glance, more signaling of wealth through conspicuous consumption might be a social good. Third, and probably most importantly, denying trademark owners control of expressive uses will not eliminate competitive displays of wealth, but merely channel them elsewhere. Some such channeling might be beneficial, for example, if people communicated their wealth by giving to charity. But other channeling into purchases of expensive jewelry, faddish clothing, expensive cars, or large homes, would seem to serve no larger social purpose.

Desert

Many people have a strong moral reaction that trademark owners should control and profit from their marks. They created the marks, and others should not be able to free ride off their efforts. Others should not reap, where they have sown. Such desert arguments in other contexts have been critiqued as failing to recognize that the "free riders" contribute substantially by incorporating others' intellectual property into their

own.⁷ That critique is weak, however, in the context of the non-transformative expressive uses, which are the subject of this paper, because there is so little creativity in putting a trademark on a T-shirt or in copying a watch. As a result, the desert argument is relatively strong.

The desert argument is sometimes connected to a distributional argument, that it is better that the profits from expressive uses go to the trademark owners than to undeserving others. This argument, however, assumes that there is a fixed amount of profits and that the question is merely who gets them. If unlicensed expressive uses are freely allowed, however, prices and profits will fall. The real question is, therefore, whether trademark owners should get profits or whether consumers should get lower prices.

Incentives

The incentives argument is rather similar to the general argument for copyright and patent protection. Without protection, people might not create expressive marks in the first place. In thinking about the incentives argument, it is helpful to consider two situations: either the expressive meaning derives from the trademark owner's other products, or the expressive meaning is something which the trademark owner creates through advertising or similar means. For example, the meaning of a Bulls baseball cap or an NPR T-shirt derives primarily from the Bulls' activities as a basketball team and from the radio programming provided by National Public Radio. On the other hand, the meaning of the Ralph Lauren polo-player stitched on a polo shirt comes primarily from Ralph Lauren's extensive advertising. Of course, some marks will derive their meanings in both ways. For example, the meaning of "Rolex" on a watch comes both from Rolex advertisements and the fact that Rolex watches are expensive and of high quality.

⁷See Wendy J. Gordon, *On Owning Information: Intellectual Property and the Restitutory Impulse*, 78 Va. L. Rev. 149 (1992).

When the expressive meaning of trademarks comes from other goods or services that the trademark owner sells (as with a Bulls cap or NPR T-shirt), trademark law would have incentive effects primarily if these entities would not be viable without the revenue generated by expressive trademark uses. Since the expressive meaning derives from the trademark owner's other activities (such as Bulls basketball playing or NPR radio programming), the expressive meaning will be in danger only if those other activities are in danger. While it seems implausible to think that the Bulls would stop playing basketball without trademark licensing revenue, non-profit organizations such as NPR may be closer to the line. Even if they would not shut down, they might have to scale back without the ability to use NPR T-shirts and similar items in fund-raising. In addition, although the major professional sports teams are not in any fiscal danger, the prospect of licensing revenue might be an important component in determining the viability of new sports leagues, such as soccer leagues in the U.S. The incentives argument in these situations is similar to that for the protection of derivative rights under copyright law. People will have more incentive to write books if they can sell the movie rights. Similarly, people will have a greater incentive to create products if they can profit from expressive trademark uses.

While this incentives argument certainly has substantial validity, because of the monopoly problem, it would make sense to grant trademark owners exclusive rights to expressive uses only when the incentive effects are likely to be large. In some cases, it is clear that the incentive effects would be relatively small. For example, it is unlikely that the relatively small revenue Stanford derives from T-shirts and similar goods (approximately \$350,000 per year) has any impact on Stanford's incentive to create a reputation as a premier university. On the other hand, the fact that professional sports teams derive five percent or more of their profits from licensing implies at least the potential for larger incentive effects.

The preceding paragraphs assumed that the expressive meaning of the mark derived primarily from the trademark owner's other products. For other marks, the expressive meaning comes primarily from advertising. Visible trademarks on clothing provide good examples of such marks. For example, Ralph Lauren and Izod market polo shirts which are very similar, except that one has a stitched polo player in the upper left and the other a sewn-on alligator. Yet those who wear the shirts communicate something rather different about themselves. The Ralph Lauren wearer signals an aspiration to the life of an English country gentleman, while the Izod wearer expresses affiliation with a more active, preppy lifestyle. These different meanings come primarily from the different ways that the two brands are advertised. If anyone could make a shirt with the distinctive stitched polo player or sewn-on alligator, Ralph Lauren and Izod would have less incentive to advertise (or at least less incentive to advertise in the way they do). Other companies could simply free-ride on the brand image (expressive meaning), thus lowering the returns that Ralph Lauren and Izod make on their advertising investment.

But perhaps lower returns to advertising would be a good thing. Many people feel that there is already too much advertising. In particular, the sort of image advertising that clothing manufacturers employ has been criticized as having little or no utility.⁸ In contrast to price, quality, or feature advertising, which conveys useful information, the social value of image advertising is more difficult to identify. On the other hand, to the extent that the advertising endows the marks (and thus the shirts) with expressive meaning, this could be seen as a benefit. Like a new word, which allows an idea to be expressed more easily, an expressive mark allows people to say something about themselves more easily.

Legal implications

⁸See, e.g., Ralph S. Brown, Jr., *Advertising and the Public Interest: Legal Protection of Trade Symbols*, 57 Yale L. J. 1165 (1948).

The problems discussed above regarding the consumer confusion, tarnishment, exclusivity, desert, and incentives arguments for giving trademark owners exclusive control of expressive marks make it difficult to craft an appropriate legal rule. Three bright-line rules are worthy of consideration:

- 1) Unlicensed expressive uses could be allowed whenever they were non-tarnishing and accompanied by labels to prevent consumer confusion.
- 2) Unlicensed expressive uses could be allowed only on T-shirts, baseball caps, and similar merchandise, and only when the use was non-tarnishing and accompanied by labels to prevent consumer confusion.
- 3) Trademark owners could be given complete control over expressive uses.

In addition, trademark owners could be given exclusive rights to expressive uses on a case-by-case basis, depending on the validity of the consumer confusion, tarnishment, exclusivity, desert, and incentives arguments for the particular product.

Most courts currently approach controversies involving expressive trademark uses on a case-by-case basis. Their analysis tends to emphasize the consumer confusion problem, with occasional references to the incentives argument. The case-by-case approach, however, has many drawbacks. The focus on consumer confusion in particular cases is especially problematic, because it is circular.⁹ To determine whether there is confusion, surveys are conducted. Such surveys usually ask consumers whether they think the product bearing the expressive trademark was made or sponsored by the owner of the mark.¹⁰ If most answer "yes," then unlicensed production is forbidden. If not, it is allowed. Consumer perception, however, depends heavily on what products were in the marketplace before the survey. If knock-off makers had secured a large fraction of the

⁹See J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 24.9 (4th ed. 1997) for a similar argument based on circularity.

¹⁰*Processed Plastic Co. v. Warner Communications, Inc.*, 675 F.2d 852, 854-55 (7th Cir. 1982) (6-12 year old children asked whether they thought Maverick Rebel toy car "was sponsored or authorized by the 'Dukes of Hazard' television program"). See also *National Football League Properties v. Wichita Falls Sportswear, Inc.*, 532 F. Supp. 651, 659 (W.D. Wash. 1982) (potential consumers asked whether they thought a company which made football team jerseys had "to get authorization or sponsorship, that is permission to make it?").

market before the survey, then most consumers answer that they think that the product was not made or sponsored by the trademark owner, and vice versa. Whether knock-off makers had secured a large fraction of the market before the survey, however, is heavily influenced by the prevailing legal rule. In a world in which unauthorized expressive trademark uses were perfectly legal, knock-offs would be common and consumers would answer that products bearing expressive trademarks were seldom made or sponsored by the trademark owner. In a world in which trademark owners were given complete control, however, knock-offs would be uncommon, and consumers would answer that products bearing expressive trademarks were usually made or sponsored by the trademark owner. This circularity suggests that case-by-case inquiries into consumer confusion are an inappropriate way of resolving disputes over expressive trademark uses.

In fact, the case-by-case approach is likely to generate the most consumer confusion. By allowing unauthorized uses of some marks but not others, consumers will have difficulty knowing whether or not expressive use of any particular mark requires authorization and thus whether or not they can trust that expressive mark to be an indication of source. In addition, making protection of the mark depend on consumer perception encourages trademark owners to mount expensive campaigns to convince consumers that only those licensed by them can sell merchandise displaying the mark. A clear rule would eliminate most of this wasteful expenditure.

Courts do not currently engage in case-by-case analysis of the exclusivity argument. They do not inquire whether the meaning of a mark would be undermined by unauthorized use. This is fortunate, because case-by-case analysis of the exclusivity argument would be problematic. It would give trademark owners perverse incentives to restrict distribution, because such restrictions would enhance their legal position. For example, Stanford University might sell Stanford T-shirts only to students and alumni. By restricting sales, it could then argue in court that part of the meaning of Stanford T-shirts is that the wearer is a student or alumna. Without such restrictions, however,

Stanford would have to concede that the exclusivity argument is inapplicable to its merchandise.

In addition, it would be unwise to make trademark rights dependent on a case-by-case evaluation of incentive effects, because such effects are so hard to adjudicate. The incentives argument poses very difficult counterfactual and hypothetical questions. If the trademark owner had known that unauthorized expressive trademark uses would be allowed, would the trademark owner have created the mark or given it expressive meaning in the first place? And if the trademark owner is denied control, will it cease to exist or will it stop giving the mark its expressive meaning? It is to avoid such nearly impossible questions that patent and copyright law have developed relatively bright-line rules. Similar bright-line rules would be best for expressive trademarks as well.

Choosing between the three bright-line rules is more difficult. In large part, the choice depends on how large the monopoly profits are. If trademark owners are reaping large monopoly profits by virtue of exclusive exploitation of their expressive marks, then there could be substantial gains for consumers in allowing unauthorized uses. On the other hand, if the monopoly profits are small, then the consumer confusion, tarnishment, exclusivity, and incentives arguments, weak as they are, might be enough to justify giving trademark owners the right to control expressive uses. Although I am still in the initial phases of trying to ascertain how large the monopoly profits are, it seems that there are both theoretical and empirical reasons to believe that they are small. Consumer demand for many goods embodying expressive marks is likely to be quite sensitive to price. If the price of Bulls caps becomes too high, the consumer can buy a cap bearing the logo of her high school or employer or favorite rock group. Similarly, although consumers of Rolex watches and other prestige goods are less sensitive to price, competition for high-spending consumers is likely to reduce monopoly profits. Even if rival producers do not compete on price but rather on quality, amount of gold used, and similar attributes, this competition will reduce profit margins.

The royalty rates which trademark owners charge those who make and sell products bearing their expressive marks also suggests that the monopoly profits are relatively small. Most colleges, for example, collect around seven percent of wholesale price. This relatively modest rate suggests that the third bright line rule mentioned above, giving trademark owners complete control over expressive uses, is probably the best rule. Since the monopoly profits seem to be relatively small, there is little to be gained in allowing unauthorized use. On the other hand, legalizing unauthorized uses creates some real danger of consumer confusion and tarnishment, the possibility that some marks will lose their expressive meaning, and the risk that fewer expressive marks will be created. The argument for protecting expressive trademarks, however, is a close one, and a bright-line rule allowing at least some unauthorized uses would also be justifiable.