

Towards Symmetry in the Law of Branding

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Starbucks recently opened the 15th Ave. Coffee & Tea Company, whose outlets have none of the ordinary indicia of a Starbucks coffee store.¹ As the corporate logo reproduced above shows, the stores note that they are “inspired by Starbucks.” This is perhaps technically true, but in an odd and misleading way: they are run by Starbucks. I say misleading because “inspired by” violates the standard rules of conversational implicature, which direct speakers to offer the appropriate amount of information, no more and no less.² A Starbucks company that calls itself “inspired by” Starbucks is not saying enough given the circumstances, any more than a statement that said “Politician X had a romantic dinner with a man last night” would do so if the speaker knew that the man was her husband.

Well, so what? As Jeremy Sheff’s presentation at this symposium suggested, withholding from consumers the information that the store is a Starbucks operation is not necessarily wrongful.³ The

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¹ 15TH AVE. COFFEE & TEA, <http://www.streetlevelcoffee.com> (last visited Apr. 4, 2011).

² See Paul Grice, *STUDIES IN THE WAY OF WORDS* 24–40 (1989).

³ See generally Jeremy N. Sheff, *The Ethics of Unbranding*, 21 *FORDHAM INTELL. PROP. MEDIA & ENT. L.J.* 983 (2011).

concern I have is essentially one for fairness. One way to talk about the examples of un- and re-branding that Professor Sheff discussed is as an example of “heads I win, tails you lose.”⁴ The very companies that want to use our credit and browsing histories to decide about how to deal with us, and who tell us that to walk away from an underwater mortgage is immoral regardless of whether the law allows abandonment,⁵ want to be able to walk away from their own reputations whenever that would benefit them by making it harder for us to figure out who they are.⁶

Sometimes this is by rebranding. Sometimes it is by marketing techniques that make it look like other people approve of the trademark owner. We have different names for this—buzz marketing,⁷ stealth marketing,⁸ Astroturfing,⁹ and so on. Trademark law probably does not have much to say about rebranding in itself. But there are definitely things that could go wrong with trademark in terms of the balance between source identification and freedom to compete and to speak as a result of such practices. And this is where my concern for symmetry arises.

⁴ See *id.* Part II.

⁵ See Brent T. White, *Underwater and Not Walking Away: Shame, Fear and the Social Management of the Housing Crisis*, 45 WAKE FOREST L. REV. 971 (2010) (analyzing the pressures on homeowners not to engage in strategic default, by contrast to the expectations that corporations will behave rationally).

⁶ See E. Scott Reckard, *B of A Rebranding “Toxic” Countrywide Lending Operation*, L.A. TIMES, Apr. 27, 2009, <http://articles.latimes.com/2009/apr/27/business/fi-countrywide27> (describing the “rebranding of nearly 1,300 Countrywide mortgage offices nationwide”).

⁷ See Gerry Khermouch and Jeff Green, *Buzz Marketing*, BUS. WK., July 30, 2001, http://www.businessweek.com/magazine/content/01_31/b3743001.htm.

⁸ See Jacob E. Osterhout, *Stealth Marketing: When You’re Being Pitched and You Don’t Even Know It!*, N.Y. DAILY NEWS, Apr. 19, 2010, http://articles.nydailynews.com/2010-04-19/entertainment/27062069_1_stealth-marketing-buzz-marketing-blackberry-pearl.

⁹ See George Monbiot, *These Astroturf Libertarians are the Real Threat to Internet Democracy*, GUARDIAN, Dec. 13, 2010, available at <http://www.guardian.co.uk/commentisfree/libertycentral/2010/dec/13/astroturf-libertarians-internet-democracy?showallcomments=true#comment-fold> (“An astroturf campaign is one that mimics spontaneous grassroots mobilisations but which has in reality been organised.”).



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So, “inspired by Starbucks” really means owned and operated by Starbucks. But compare that to the copycat colognes pictured above, labeled as “inspired by Obsession,” “inspired by Hugo,” and so on. This perfume seller has no business relationship with any of the named perfume makers and is trying to communicate something very different: that its products are (cheaper) substitutes for the name brands, with similar smells.

You might think that this is wrongful behavior—in Europe they certainly do¹¹—but in the United States it is generally considered legitimate comparative advertising to explain that a product is a copy of another product, as long as it’s clear that the statement is comparative.¹² Given that there’s no other brand name on the

¹⁰ From Author’s collection.

¹¹ See Directive 2006/114/EC of the European Parliament and of the Council of 12 December 2006 Concerning Misleading and Comparative Advertising and Repealing Council Directive 84/450/EEC, 2006 O.J. (L 376) 23 (“Comparative advertising shall, as far as the comparison is concerned, be permitted when . . . it does not present goods or services as imitations or replicas of goods or services bearing a protected trade mark or trade name.”); Case C-487/07, L’Oreal SA v. Bellure NV, 2009 E.C.R. I-05185 (holding that “an advertiser who states explicitly or implicitly in comparative advertising that the product marketed by him is an imitation of a product bearing a well-known trade mark” has engaged in unfair competition within the meaning of Council Directive 84/450).

¹² See August Storck K.G. v. Nabisco, Inc., 59 F.3d 616, 618 (7th Cir. 1995) (“The FTC believes that consumers gain from comparative advertising, and to make the comparison vivid the Commission ‘encourages the naming of, or reference to competitors.’”

bottles of cologne here, and that the well-known trademarks are in the prominent place usually reserved for the seller's own mark, this particular instance may well be going too far to count as legitimate comparative advertising. But the idea of being "inspired by" is certainly a comparative advertising claim as conventionally understood.

The dual use of "inspired by" illustrates the larger issue: The more subtle the trademark owners get in their references to themselves, the more scope they will have to claim ownership over all references. In a world of 15th Avenues "inspired by" their corporate parents, even a prominent brand name of the product's own doesn't clearly communicate separate ownership and comparison.

The problem gets worse when we think about things like product placement. Some people have argued that undisclosed product placement is deceptive.¹³ I do not want to spend too much time on whether and how disclosure of product placement should be required because my interest here is in a particular argument often made by disclosure skeptics: that disclosure is unnecessary because reasonable consumers understand that undisclosed sponsorship agreements are in place all over.¹⁴ As a result, the argument goes, a reasonable consumer should know that the person touting a dietary supplement in the comments of a blog or writing her own blog or newsletter may in fact be a paid shill. A reasonable consumer should expect that any time she sees a car on television it appears as a result of a sponsorship arrangement.

I think this idea has unappealing consequences for dynamic efficiency, among other things. If the reasonable consumer has to assume that everyone else might be lying about their identity, we

A 'comparison' to a mystery rival is just puffery; it is not falsifiable and therefore is not informative." (quoting 16 C.F.R. § 14.15(b) (1995)).

¹³ See, e.g., Letter from Gary Ruskin, Executive Director, Commercial Alert, to Donald Clark, Secretary, Fed. Trade Comm'n (Sept. 30, 2003), available at <http://commercialalert.org/ftc.pdf>.

¹⁴ See Zahr Said Stauffer, *Embedded Advertising and the Venture Consumer*, 89 N.C. L. REV. 99, 106 (2010) (arguing that the modern "venture consumer" "has a sophisticated and perhaps even cynical view of the relationship between content producers and advertisers. The venture consumer has less need for, and—one might speculate—comparatively less interest in, what sponsorship disclosure law can offer").

have the classic problem of the “market for lemons.”¹⁵ In the absence of external verification, the consumer has to assume that everybody is lying and discount everybody’s information, including that from actually independent sources.¹⁶ We need ways of sorting and evaluating the credibility of sources, but to the extent that a marketer can pretend to be someone else, many of those ways lose their force as well.

Some people suggest that consumers will eventually figure out who to trust, once consumers get used to the internet.¹⁷ But media are always in transition, and people have not gotten demonstrably better at figuring out credibility without help from an external regulator. It has now been over sixteen years since the enactment of the Dietary Supplement Health and Education Act (“DSHEA”), and the FDA has extremely compelling evidence that consumers do not understand that supplement claims are essentially unregulated by the FDA.¹⁸

Does a reasonable consumer expect that weknowdiets.com, “a comprehensive database of information for people who are looking

¹⁵ See George A. Akerlof, *The Market for Lemons: Quality Uncertainty and the Market Mechanism*, in *EXPLORATIONS IN PRAGMATIC ECONOMICS: SELECTED PAPERS OF GEORGE A. AKERLOF ET AL.* 27, 33–34 (2005); Rebecca Tushnet, *Attention Must Be Paid: Commercial Speech, User-Generated Ads, and the Challenge of Regulation*, 58 *BUFF. L. REV.* 721, 751 (2010).

¹⁶ This is related to the problem of heterogeneity, which is that we do not have the gatekeepers we once had; almost anyone can post a review on Amazon. If, say, ten of every comment or apparently informative article you read are actually sponsored by someone with a financial interest, you would not know which ten. So your discounting will inevitably be over inclusive—you will overly discount reviews that are actually independent and, if you are truly applying an average discount, you will also insufficiently discount those reviews that actually do come from a self-interested party. That’s inefficiency. See Tushnet, *Attention Must be Paid*, *supra* note 15, at 759–60. By contrast, a labeling rule telling you who sponsored what would allow differential discounting. There are efficiency costs to labeling as well, so I don’t want to contend that efficiency alone, absent normative considerations, provides an obvious answer.

¹⁷ See Said Stauffer, *supra* note 14, at 168 (“The venture consumer, unlike the novice researcher once tempted to rely on information merely because it existed online, has learned to interrogate her sources. If she has not yet learned this lesson, she must.”).

¹⁸ See Karen Russo France & Paula Fitzgerald Bone, *Policy Makers’ Paradigms and Evidence from Consumer Interpretations of Dietary Supplement Labels*, <http://www.fda.gov/ohrms/dockets/dockets/05n0413/05n-0413-ts00007-France.pdf> (last visited Apr. 9, 2011).

for a trimmer body and healthier lifestyle,” has undisclosed corporate sponsors and does not make independent recommendations?

The screenshot shows the homepage of WeKnowDiets.com. At the top, there is a navigation menu with links for Home, Testimonials, Are You Overweight?, and Contact Us. The main header features the logo 'WEKNOW DIETS .com' and a search bar. Below the search bar, there is a section titled 'Most Popular Products & Programs' which lists 'MiracleBurn' as a featured product. To the right, there is a 'This Week's Editors Choice Award' section for the week of Tuesday, July 28th, 2009, which awards the 'MiracleBurn' product. The award text describes the product as a powerful formula that curbs appetite and increases metabolic rate, and mentions that it is available at various retailers like Wal-Mart and Target.

On this site, “this week’s Editor’s Choice Award” for several months running was MiracleBurn®, which actually owned and operated this site. The Federal Trade Commission and the National Advertising Division of the Better Business Bureau both look with disfavor on these types of “astroturfing,” because they pollute the information environment and mislead consumers to think that such sites are as reliable as those offered by truly independent reviewers.¹⁹ I think the FTC and the NAD are right about how consumers

¹⁹ See, e.g., *Legacy Learning Sys., Inc.*, No. 102-3055, 2011 WL 1055393 (F.T.C. Mar. 15, 2011) (enjoining use of ostensibly “independent reviews reflecting the opinions of ordinary consumers” which were, in fact, created by the respondent’s affiliates to promote the respondent’s products and fining respondent \$250,000); Stephanie Clifford, *Notice Those Ads on Blogs? Regulators Do Too*, N.Y. TIMES, Aug. 10, 2009, <http://www.nytimes.com/2009/08/11/business/media/11adco.html> (discussing the National Advertising Review Council’s investigation of weknowdiets.com).

actually do perceive sites like this that do not disclose their sponsorship.

But aside from the descriptive point, I want to ask about the normative implications of positing that consumers expect undisclosed sponsorship. It would be a bad idea for us to live in a world where consumers expect that all mentions of a trademark are authorized, and we should push the law in the direction of preventing any such totalizing ownership claims. If the law were to take the position that a reasonable consumer in the modern ad-saturated economy must expect an association between a trademark owner and a depiction of the trademarked good or service (unless perhaps the depiction is relentlessly negative), then trademark owners' control would expand unacceptably.

Consider product reviews. If the law were to take the position that reasonable consumers expect that there are lots of undisclosed connections between trademark owners and people who talk about trademarked goods and services, then trademark owners will be able to argue actionable confusion among a substantial percentage of reasonable consumers when reviews are not to their taste. (It is important to remember here that trademark law is willing to find actionable confusion when far less than a majority of consumers are confused—20% will regularly support an injunction, and plaintiffs have succeeded on far weaker showings.)²⁰

There are many plausible scenarios in which a rational trademark owner would object to a review, even one that wasn't a vicious attack. Examples include positive but profane reviews, racist reviews, otherwise untoward reviews, mixed reviews, or reviews appearing alongside content which the trademark owner does not approve. Stealth marketers are, in fact, often accused of allowing supposedly skeptical reviews to appear alongside the positive ones

²⁰ See, e.g., *R.J.R. Foods, Inc. v. White Rock Corp.*, 603 F.2d 1058 (2d Cir. 1979) (upholding trial court's finding of a trade dress infringement based in part on "the results of a consumer study showing a fifteen to twenty percent rate of product confusion"); *James Burrough Ltd. v. Sign of Beefeater, Inc.*, 540 F.2d 266 (7th Cir. 1976) (holding that a 15% rate of consumer confusion was sufficient to support finding of trademark infringement).

to make the overall site seem credible and to make the positive reviews seem just a little bit smarter in comparison.²¹

Thus, in a world where labeling of sponsorship is not the default, a reasonable consumer might even think that a trademark owner was behind a negative review—at least, the trademark owner would have every incentive to make this claim when threatening publishers of negative reviews. And, although Section 230 of the Communications Decency Act is designed to decrease self-censorship by immunizing online service providers from most torts committed by user-provided content, Section 230 explicitly excludes intellectual property violations from its coverage.²² Thus, if what were defamation claims against a bad review became trademark claims, service providers would be pushed in the direction of automatically taking down challenged reviews to avoid secondary liability for distributing those reviews.

Similar problems of distorting belief arise with situations such as appearances in expressive works, where trademark owners may pay for less-than-perfect portrayals. On *30 Rock*, Tina Fey mocked General Electric's sponsorship while receiving it, following in the footsteps of Wayne and Garth of the movie *Wayne's World*.²³ Sponsorship by the trademark owner is filling a place that we might once have thought reserved for parody, which we would have expected twenty years ago to actually be unauthorized. To take another example, 7-11 ran a promotion briefly rebranding itself as the Quik-E-Mart, which began as a parody of 7-11 in *The Simpsons*.²⁴ Mattel licensed the song *Barbie Girl* for use in its commercials²⁵ after unsuccessfully suing the record label for

²¹ See Osterhout, *supra* note 8.

²² 47 U.S.C. § 230(c)(1) (“No provider or user of an interactive computer service shall be treated as the publisher or speaker of any information provided by another information content provider.”); *id.* § 230(e)(2) (“Nothing in this section shall be construed to limit or expand any law pertaining to intellectual property.”).

²³ See Sonia Katyal, *Stealth Marketing and Antibranding: The Love that Dare Not Speak Its Name*, 58 BUFF. L. REV. 795, 795 (2010).

²⁴ See SIMPSONS MOVIE KWIK-E-MART THEMED 7-11'S MIRROR, 7-ELEVEN, <http://simpsonskwikemart.blogspot.com> (tracking the stores that had been transformed to promote the *Simpsons* movie) (last visited Apr. 9, 2011).

²⁵ See *The Barbie® Official Music Video 2009*, http://www.youtube.com/watch?v=hwu6NrxVVFk&feature=player_embedded (last visited Apr. 9, 2011).

trademark infringement and losing the case because the song was a successful commentary on Barbie's plastic values.²⁶

The problem goes deeper than entertainment promoted as such: some "real" news is fake. The "video news release" is a notorious example of advertiser-generated content presented to seem independent.²⁷ The most sophisticated versions include space for a local broadcaster to put in questions from its reporters to make it look as if the station reported the story.²⁸ If the savvy consumer believes that undisclosed sponsors lurk on every screen, then she could be confused about the source or sponsorship of actually independent productions.

Consider also rivalry figurines, which show one sports team's heroic mascot dominating a rival's pathetic mascot.²⁹ These are licensed by both teams, though the pathetic team gets a smaller share of the revenues.



If we took the existence of a licensing market for parodies as evidence that trademark owners were legitimately entitled to con-

²⁶ See *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 907 (9th Cir. 2002).

²⁷ See Ellen P. Goodman, *Stealth Marketing and Editorial Integrity*, 85 TEX. L. REV. 83, 90–91 (2006); Jeffrey Peabody, Note, *When the Flock Ignores the Shepherd—Corralling the Undisclosed Use of Video News Releases*, 60 FED. COMM. L.J. 577 (2008).

²⁸ See David Barstow, *Report Faults Video Reports Shown as News*, N.Y. TIMES, Apr. 6, 2006, <http://www.nytimes.com/2006/04/06/business/media/06video.html?scp=10&sq=video%20news%20releases&st=cse>.

²⁹ See Bruce P. Keller & Rebecca Tushnet, *Even More Parodic than the Real Thing: Parody Lawsuits Revisited*, 94 TRADEMARK REP. 979, 1000–01 (2004).

trol such markets, because consumers expected that control, we would cut off important avenues of social and political criticism. Recall Ralph Nader's successful defense against MasterCard when one of Nader's political ads spoofed the "Priceless" ad campaign and slogan by arguing that other politicians were for sale.³⁰ When Stephen Colbert "runs" for president in a campaign that actually appears to be sponsored by Doritos,³¹ and when the Supreme Court has endorsed unlimited corporate spending on campaigns,³² how are consumers to know where the line is to be drawn? Skepticism, supposedly a way for consumers to protect themselves according to the anti-disclosure account, can therefore lay the ground for confusion of another kind. In a low-trust world, we misunderstand the signals from the truly reliable and independent.

Trademark now faces the same problem copyright did in the past few decades: the emergence of owners who largely do not care about good reputation, but are satisfied just to get paid.³³ This is the Paris Hilton model of licensing, where there is no such thing as bad publicity.³⁴ Copyright dealt with this by declaring certain markets off-limits to copyright owners' exclusive control despite their empirical willingness to license in those markets, because of society's greater need for freedom of commentary, parody, and analysis.³⁵ Trademark needs to do this too, despite the official sto-

³⁰ See *MasterCard Int'l, Inc. v. Nader 2000 Primary Comm., Inc.*, 70 U.S.P.Q.2d (BNA) 1046 (S.D.N.Y. 2004).

³¹ See *Stephen Colbert Is Running—And Not Everyone's Laughing*, NYTIMES.COM (Oct. 24, 2007, 4:16 PM), <http://theboard.blogs.nytimes.com/2007/10/24/stephen-colbert-is-running-and-not-everyones-laughing>.

³² See *Citizens United v. Fed. Election Comm'n*, 130 S. Ct. 876 (2010).

³³ See *The Donald as Dean?*, SMOKING GUN (Aug. 26, 2004) <http://www.thesmokinggun.com/documents/crime/donald-dean> (showing celebrity Donald Trump's application to trademark "Trump University"); TRUMP STEAKS, <http://www.trumpsteaks.com> (last visited Apr. 11, 2011); TRUMP VODKA, <http://www.trumptini.com> (last visited Apr. 11, 2011); see also *Donald Trump's Most Ridiculous Business Venture*, HUFFINGTON POST (Aug. 20, 2010, 3:50 PM) http://www.huffingtonpost.com/2010/08/19/trump-usa-donalds-most-pr_n_687873.html#s128219&title=Trump_Teas.

³⁴ See *Hilton v. Hallmark Cards*, 580 F.3d 874 (9th Cir. 2010) (finding that Hilton had a valid claim against a greeting card that seemed to make fun of her participation in a reality show).

³⁵ See, e.g., *Bill Graham Archives v. Dorling Kindersley Ltd.*, 448 F.3d 605, 614–15 (2d Cir. 2006) ("[A] copyright holder cannot prevent others from entering fair use markets merely 'by developing or licensing a market for parody, news reporting, educational

ries we tell about how trademark rights are generally defined by consumer perception.³⁶

First Amendment doctrine could do something for us here. In First Amendment law, we are used to accepting statements about audiences that we know are not true. These statements sound as if they are descriptive, but they are in fact normative statements.³⁷ In part because we think the regulatory alternative is too dangerous, audiences for political speech must be treated as if they are able to make careful distinctions and judgments and weigh evidence for themselves, even when the speech at issue is probably misleading.³⁸ We are thus committed to a particular definition of the “reasonable citizen,” regardless of how competent real citizens are or are not.

Similarly, there is good reason to commit to a normative view of the “reasonable consumer” who does not need to expect undisclosed control, or even undisclosed ties, between a trademark own-

or other transformative uses of its own creative work.” (quoting *Castle Rock Entm’t, Inc. v. Carol Publ’g Grp., Inc.*, 150 F.3d 132, 146 n.11 (2d Cir. 1998)); *Twin Peaks Prods. v. Publ’ns Int’l, Ltd.*, 996 F.2d 1366, 1377 (2d Cir. 1993) (“A copyright holder’s protection of its market for derivative works of course cannot enable it to bar publication of works of comment, criticism, or news reporting whose commercial success is enhanced by the wide appeal of the copyrighted work.”).

³⁶ See Graeme W. Austin, *Tolerating Confusion About Confusion: Trademark Policies and Fair Use*, 50 ARIZ. L. REV. 157, 175 (2008) (“[A]s a legal policy matter, equating trademark rights with what consumers might become confused about cannot be sufficient. Trademark rights need to be shaped by other legal principles, values, and agendas.”); Rebecca Tushnet, *Running the Gamut from A to B: Federal Trademark and False Advertising Law*, 159 U. PENN. L. REV. 1305 (2011) (arguing for greater normative limits on trademark’s scope, and arguing that current doctrines of nominative and descriptive fair use are best understood as setting such limits).

³⁷ See, e.g., Lyriisa Barnett Lidsky & Thomas F. Cotter, *Authorship, Audiences, and Anonymous Speech*, 82 NOTRE DAME L. REV. 1537, 1586 (2007) (“The presumption that audiences will respond rationally to speech is integrally related to a second fundamental presumption in First Amendment jurisprudence, namely, that truth is best gathered ‘out of a multitude of tongues.’”) (citation omitted); Neil Weinstock Netanel, *Locating Copyright Within the First Amendment Skein*, 54 STAN. L. REV. 1, 34 (2001) (“First Amendment jurisprudence posits that government officials should treat citizens as fundamentally rational, autonomous agents, capable of weighing the value and probity of speech for themselves.”); James Weinstein, *Speech Categorization and the Limits of First Amendment Formalism: Lessons From Nike v. Kasky*, 54 CASE W. RES. L. REV. 1091, 1137 n.157 (2004) (discussing “the core democratic precept that the government must treat listeners in their citizenship capacity as rational agents”).

³⁸ See *supra* note 37 and sources cited therein.

er and a person referencing, reviewing, parodying, or otherwise engaging with a trademark. The fact that product placement and unbranding are pervasive in some sectors of the economy should therefore be legally irrelevant to claims of likely confusion over unauthorized uses, even if those unauthorized uses look like product placement.

This principle can be reconceptualized as a matter of fairness: if a trademark owner gives up apparent control, it should not be allowed to claim a right to exercise real control over other people with whom it never actually contracted, even if those people are doing things that look like what the trademark owner (surreptitiously) authorized. In other words, even if trademark owners are covering the ground with “astroturf,” they should not be able thereby to control the real grassroots. Otherwise, when it comes to fooling consumers, trademark owners are in a “heads I win, tails you lose” position: able to disguise their involvement with apparently independent speakers and then rein in actual independent voices.