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MIXED SIGNALS IN TRADEMARK'S "LIKELIHOOD OF CONFUSION LAW": DOES QUALITY MATTER?

I. INTRODUCTION

"Bale University" is the highest ranked educational facility in the eastern United States.¹ Bale University has spent fortunes creating an image of success and goodwill among its consumers. The qualifications necessary to protect the name "Bale University" as a trademark have been met. Furthermore, the general population recognizes the name "Bale University" as source identification for the image and goodwill created by Bale University. Until today, Bale University has never had reason to bring a trademark infringement suit.

Bale University just found out that four different centers for higher education were opening in different areas of the country under the names Bail University West, Bail University Midwest, Bail University North, and Bail University South. Believing that consumers would likely mistake these universities as "Bale University," Bale University immediately brought a trademark infringement suit against each university. Suits were brought in four separate federal district courts in accordance with the alleged infringer's location.

The first suit to commence was against Bail University South in the South Circuit. The expected quality of Bail University South was unknown at the time of the suit. Therefore, Bale University argued that if the defendant was allowed to use Bail University South as the university name, regardless of the quality of defendant's goods, it would lose control over the image and goodwill of the "Bale University" trademark. The court explained that the South Circuit adopts a quality-control theory and accepted Bale University's argument regarding the quality of defendant's goods.

Then, before any other factor was considered in the South Circuit suit, the second suit started against Bail University West in the West Circuit. Bail University West was expected to open as the most prestigious center for higher education on the West Coast. First, Bale University argued, as it did in the South Circuit, that the only relevant quality factor was its inability to maintain control over the "Bale University" trademark. However, Bale University was immediately informed by the court that the West Circuit will not adopt a quality-control theory. Bale University then decided to argue that the similarity

¹ The facts in this introductory hypothetical are fictional and were created by the author.

in quality between the levels of education offered at the universities meant that the consumers were even more likely to be confused by the use of Bail University West. The court explained that the West Circuit adopted a tarnishment theory with respect to the quality of defendant's goods and, therefore, dismissed the similarity argument completely.

Next, the third suit commenced against Bail University Midwest in the Midwest Circuit. Bail University Midwest was expected to rank just slightly above the local community colleges in the Midwest. Bale University thought it could use this to its advantage, so it argued the tarnishment theory explaining that the vast difference in the levels of education offered between the two universities would damage the image and goodwill of the "Bale University" trademark. However, the court dismissed this argument explaining that the Midwest Circuit adopted the similarity theory recognizing the quality of defendant's goods in cases where the quality is similar enough to cause consumer confusion.

Finally, Bail University North faced suit in the North Circuit. Bail University North was also going to open with a ranking just above the local community colleges. Hoping to argue the tarnishment theory, Bale University immediately searched for supporting case law in the North Circuit. Finding support for the tarnishment theory in the North Circuit, Bale University argued that the distinct difference in educational quality would be destructive to the image of the "Bale University" trademark. Nonetheless, the court dismissed the plaintiff's argument and instead chose to adopt the defendant's similarity theory argument that the difference in quality was less likely to cause consumer confusion. The court explained that the North Circuit has adopted both theories in several cases and provides the judge with discretion in determining which theory is applicable to a given case.

Unfortunately, this scenario is a possibility in the United States. Every circuit in the United States has adopted its own test for determining the likelihood of consumer confusion in trademark infringement suits.² Furthermore, each circuit has implemented its own method for using the quality of defendant's goods in determining the likelihood of consumer confusion.³ The current status of applying the quality of defendant's goods to trademark infringement law is in disarray.⁴ A sharp split exists among the different federal circuits and

² See *infra* note 54 and accompanying text (outlining each circuit's likelihood of consumer confusion multifactor test).

³ See *infra* Part II.C (describing the circuit courts' various methods for applying the quality of defendant's goods to trademark infringement cases).

⁴ See *infra* Part III (discussing the current discourse among judiciary in applying the quality of defendant's goods to trademark infringement cases).

within individual circuits regarding the application of quality of defendant's goods to trademark infringement suits.⁵ Courts handling trademark infringement suits must decide whether the quality factor should apply to different stages of consumer confusion, what elements the court should consider as the "quality" of defendant's goods, who is the reasonably prudent consumer analyzing the quality of defendant's goods, and what quality theory should be applied.⁶

Uniform application of the consumer confusion factors, specifically the quality of defendant's goods, is vital to protect those trademarks used throughout the United States. In understanding the difficulty of the problem, this Note first examines the relevant trademark law applicable to the federal courts' current state of disarray.⁷ Then this Note analyzes the adequacy and deficiencies related to each of the three theories (tarnishment, similarity, quality control) used to analyze the impact of the quality of defendant's goods on the question of consumer confusion.⁸ Finally, this Note proposes three necessary alterations to the current common law methods for applying the quality of defendant's goods in trademark infringement cases.⁹

II. BACKGROUND

There is disarray among circuit courts in determining which of the three methods to apply when analyzing how quality should be considered under the "likelihood of consumer confusion test" in a trademark infringement case.¹⁰ It is important to have a basic understanding of relevant trademark law before examining the proposed alternative to the circuit courts' arbitrary adoption of the tarnishment,

⁵ See *infra* Part II.C (recognizing the disagreement among courts in different circuits and within the same circuit regarding the proper application of the quality of defendant's goods to a trademark infringement case).

⁶ See *infra* Part II (noting the legal background of trademark law); *infra* Part III (analyzing the legal barriers courts face in determining whether the quality factor should apply to different types of confusion, what elements should be considered as the "quality" of defendant's goods, who is the reasonably prudent consumer likely to be confused, and what quality theory should be applied).

⁷ See *infra* Part II (outlining relevant trademark law including the elements necessary to obtain and maintain trademark protection, the elements necessary to prove trademark infringement, the adoption of the quality factor, and the different methods used by courts when applying the quality factor).

⁸ See *infra* Part III (analyzing the impact the status quo will have on future trademark infringement cases and the advantages and disadvantages of each quality theory).

⁹ See *infra* Part IV (proposing three easy adaptations to the current method for applying the quality of defendant's goods to a trademark infringement suit).

¹⁰ See *infra* Part II.C (discussing the confusion created by various inter-circuit and intra-circuit splits).

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similarity, and quality-control methods used to analyze the existence of consumer confusion.¹¹ Part II explores the basic legal trademark concepts necessary to understand the proposed alternative to the application of quality under the likelihood of consumer confusion test in a trademark infringement case.¹² Part II.A begins this journey by briefly recognizing the legal history of trademark protection.¹³ Next, Part II.B walks through the steps necessary to prove the existence of a trademark infringement and introduces the quality factor used as one element of the likelihood of consumer confusion test.¹⁴ Finally, Part II.C explores various theories adopted by the United States Circuit Courts of Appeals in resolving trademark infringement cases and the problems created by these theories.¹⁵

A. Trademark Protection

In the United States, the individual states were the first to develop trademark protection rights and continue to do so today.¹⁶ The First

¹¹ See *infra* Part II (outlining the basic elements of trademark law).

¹² See *infra* Part II (analyzing the basic legal trademark concepts necessary to understand the proposed alternative to the current application of quality under the likelihood of consumer confusion test discussed in Part IV).

¹³ See *infra* Part II.A (discussing the development of trademark protection).

¹⁴ See *infra* Part II.B (discussing the elements of a trademark infringement case, specifically the likelihood of confusion subpart, and particularly the quality factor within the likelihood of confusion subpart).

¹⁵ See *infra* Part II.C (analyzing the general problem created by various inter-circuit and intra-circuit splits).

¹⁶ PAUL GOLDSTEIN & R. ANTHONY REESE, COPYRIGHT, PATENT, TRADEMARK AND RELATED STATE DOCTRINES 167 (6th ed. 2008) (“The fundamental legal principles that govern trademarks and prohibit passing off evolved at common law, primarily as a matter of state law.”). See ALA. CODE §§ 8-12-6 to -19 (LexisNexis 2002); ALASKA STAT. §§ 45.50.010-.205 (2008); ARIZ. REV. STAT. ANN. §§ 44-1441 to -1456 (2003 & Supp. 2008); ARK. CODE ANN. §§ 4-71-201 to -218 (2001); CAL. BUS. & PROF. CODE §§ 14200-342 (West 2008 & Supp. 2009); COLO. REV. STAT. ANN. §§ 7-70-102 to -114 (West 2006 & Supp. 2008); CONN. GEN. STAT. ANN. §§ 35-11a-m, 35-18a-j (West 2005); DEL. CODE ANN. tit. 6, §§ 3301-15 (2005); FLA. STAT. ANN. §§ 495.011-.191 (West 2006 & Supp. 2009); GA. CODE ANN. §§ 10-1-440 to -454 (2009); HAW. REV. STAT. §§ 482-1 to -37 (2008); IDAHO CODE ANN. §§ 48-501 to -518 (2003 & Supp. 2009); ILL. COMP. STAT. tit. 765 §§ 1036/1 to /90 (2008); IND. CODE §§ 24-2-1-2 to -15.3 (West 2006 & Supp. 2009); IOWA CODE ANN. §§ 548.101-.117 (West 1997 & Supp. 2009); KAN. STAT. ANN. §§ 81-201 to -220 (1997 & Supp. 2008); KY. REV. STAT. ANN. §§ 365.561-.625 (West 2006); LA. REV. STAT. ANN. §§ 51:211-.224 (2003 & Supp. 2007); ME. REV. STAT. ANN. tit. 10, §§ 1521-32 (1997 & Supp. 2008); MD. CODE ANN., BUS. REG. §§ 1-401 to -415 (LexisNexis 2004); MASS. GEN. LAWS ANN. ch. 110H, §§ 1-17 (1999 & Supp. 2009); MINN. STAT. ANN. §§ 333.18-.45 (2004 & Supp. 2008); MISS. CODE ANN. §§ 75-25-1 to -33 (2000); MO. ANN. STAT. §§ 417.005-.066 (West 2001 & Supp. 2009); MONT. CODE ANN. §§ 30-13-301 to -336 (2009); NEB. REV. STAT. ANN. §§ 87-127 to -144 (LexisNexis 2008); NEV. REV. STAT. ANN. §§ 600.240-.450 (LexisNexis 2004 & Supp. 2007); N.H. REV. STAT. ANN. §§ 350-A:1-.15 (LexisNexis 2008); N.J. STAT. ANN. §§ 56:3-13.1a-.22 (West 2001 & Supp. 2009); N.M.

Restatement of Torts explains the early common law theories of trademark protection.¹⁷ However, the federal government's adoption of the Lanham Act in 1946, while not superseding the state regulations, was a pivotal step in trademark protection history.¹⁸ The Lanham Act, as amended, allows a user to register the mark with the Patent and Trademark Office ("PTO") at a small fee for federal trademark protection.¹⁹ An individual or entity receiving federal trademark

STAT. ANN. §§ 57-3B-1 to -17 (LexisNexis 2004); N.Y. GEN. BUS. LAW §§ 360 to 360-r (McKinney 1996 & Supp. 2009); N.C. GEN. STAT. §§ 80-1 to -14 (2007); N.D. CENT. CODE §§ 47-22-01 to -13 (1999 & Supp. 2009); OHIO REV. CODE ANN. §§ 1329.54-.671 (West 2004); OKLA. STAT. ANN. tit. 78, §§ 21-33 (West 2002); OR. REV. STAT. ANN. §§ 647.005-.155 (West 2007); 54 PA. CONS. STAT. ANN. §§ 1101-1126 (West 1996 & Supp. 2009); R.I. GEN. LAWS §§ 6-2-1 to -16 (2001 & Supp. 2008); S.C. CODE ANN. §§ 39-15-1105 to -1195 (1985 & Supp. 2008); S.D. CODIFIED LAWS §§ 37-6-1 to -32 (2004 & Supp. 2009); TENN. CODE ANN. §§ 47-25-501 to -518 (2001 & Supp. 2008); TEX. BUS. & COM. CODE ANN. §§ 16.01-.31 (Vernon 2002 & Supp. 2008); UTAH CODE ANN. §§ 70-3a-103 to -502 (2001 & Supp. 2009); VT. STAT. ANN. tit. 9, §§ 2521-2532 (2006); VA. CODE ANN. §§ 59.1-92.1 to 92.15 (2006 & Supp. 2009); WASH. REV. CODE ANN. §§ 19.77.010-.940 (West & Supp. 2009); W. VA. CODE ANN. §§ 47-2-1 to -19 (LexisNexis 2006); WIS. STAT. ANN. §§ 132.001-.25 (West 2009); WYO. STAT. ANN. §§ 40-1-101 to -116 (2009); P.R. LAWS ANN. tit. 10, §§ 171-215 (West, Westlaw through December 2005).

¹⁷ See RESTATEMENT (FIRST) OF TORTS § 731 (1938). Section 731 states:

In determining whether one's interest in a trade-mark or trade name is protected, under the rules stated in §§ 717 and 730, with reference to the goods, services or business in connection with which the actor uses his designation, the following factors are important:

(a) the likelihood that the actor's goods, services or business will be mistaken for those of the other; (b) the likelihood that the other may expand his business so as to compete with the actor; (c) the extent to which the goods or services of the actor and those of the other have common purchasers or users; (d) the extent to which the goods or services of the actor and those of the other are marketed through the same channels; (e) the relation between the functions of the goods or services of the actor and those of the other; (f) the degree of distinctiveness of the trademark or trade name; (g) the degree of attention usually given to trade symbols in the purchase of goods or services of the actor and those of the other; (h) the length of time during which the actor has used the designation; (i) the intent of the actor in adopting and using the designation.

Id.

¹⁸ Lanham Act, Pub. L. No. 79-489, 60 Stat. 427 (1946) (codified at 15 U.S.C. §§ 1051-1072). See Irene Calboli, *Trademark Assignment "With Goodwill": A Concept Whose Time Has Gone*, 57 FLA. L. REV. 771, 803 (2005) (acknowledging the Lanham Act for its role in emphasizing the importance of protecting the goodwill created by trademarks).

¹⁹ 15 U.S.C. § 1051 (2006) (requiring an applicant to include in the application specifications of the following: applicant's domicile and citizenship, the date the mark was first used in commerce, the goods in connection to the mark, and a drawing of the mark). See also Petition for Writ of Certiorari Brief at 4, *Gibson Guitar Corp. v. Paul Reed Smith Guitars, L.P.*, 547 U.S. 1179 (2006) (No. 05-1263), 2006 WL 858515 [hereinafter *Gibson Guitar Petition for Writ of Certiorari*] (noting that a user's mark shall be incontestable after five years of consecutive use subsequent to filing).

registration has an easier time proving the existence of a qualified trademark, but registration is not necessary to enjoy the Lanham Act's protection.²⁰ Protection under the Act requires registration or actual use of a qualified mark in commerce.²¹ Although the elements necessary to gain and maintain trademark protection are important aspects of trademark law, this Note focuses on the elements used by the judiciary in trademark infringement suits; specifically, the quality of an alleged infringer's goods.²²

B. *Trademark Infringement*

Lanham Act sections 32, for registered marks, and 43(a), for unregistered marks, outline the elements of trademark infringement including, but not limited to, use in commerce, a registrable mark, and likelihood of consumer confusion.²³ A trademark infringement case

²⁰ Anne Hiaring, *Basic Principles of Trademark Law*, in PRACTICING LAW INST., UNDERSTANDING TRADEMARK LAW: 2007, at 27, 30 (2007). "In the United States, the establishment of ownership rights in trademarks and service marks requires either the: 1) filing of intent to use applications to register with the United States Patent and Trademark Office, or 2) actual use of the mark in commerce." *Id.* See 15 U.S.C. § 1125 (also known as Lanham Act § 43(a)) (outlining the steps necessary for proving a trademark infringement when the trademark has not yet been registered with the United States Patent and Trademark Office). Section 43(a) states in part:

(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which –

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities, shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

Id.

²¹ See *supra* note 20 and accompanying text (outlining the methods to establish ownership rights in a trademark and receive Lanham Act protection for the trademark).

²² See *infra* Part II.B (analyzing the legal analysis examined in the administration of trademark infringement suits).

²³ Lanham Act § 32, 15 U.S.C. § 1114 (2006). Section 32 states in part:

(1) Any person who shall, without the consent of the registrant –

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or

focuses on the consequences of the defendant's actions and not on the defendant's intent to infringe upon another's trademark.²⁴ The

services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

(b) reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive,

shall be liable in a civil action by the registrant for the remedies hereinafter provided. Under subsection (b) hereof, the registrant shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such imitation is intended to be used to cause confusion, or to cause mistake, or to deceive.

Id. Lanham Act § 43(a), 15 U.S.C. § 1125, Section 43(a) states in part:

(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person

Id. See also RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 20 (1995). Section 20 states:

(1) One is subject to liability for infringement of another's trademark, trade name, collective mark, or certification mark if the other's use has priority under the rules stated in § 19 and in identifying the actor's business or in marketing the actor's goods or services the actor uses a designation that causes a likelihood of confusion:

(a) that the actor's business is the business of the other or is associated or otherwise connected with the other; or

(b) that the goods or services marketed by the actor are produced, sponsored, certified, or approved by the other; or

(c) that the goods or services marketed by the other are produced, sponsored, certified, or approved by the actor.

(2) One is also subject to liability for infringement of another's collective membership mark if the other's use has priority under the rules stated in § 19 and the actor uses a designation that causes a likelihood of confusion that the actor is a member of or otherwise associated with the collective group.

Id.

²⁴ RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 20, cmt. c. The authors recognized that early infringement cases were brought under deceit, then fraud was presumed, and finally the element was illuminated. *Id.* See, e.g., *Fuji Photo Film Co. v. Shinohara Shoji Kabushiki Kaisha*, 754 F.2d 591, 596 (5th Cir. 1985) (noting that the trial court erred when it considered the defendant's "overwhelming" good faith as a defense); *Pizzeria Uno Corp. v.*

trademark infringement elements serve the following two purposes: (1) to protect the mark owner's goodwill and reputation, and (2) to protect the prospective purchaser's interest in relying on marks as support for his or her purchasing decisions.²⁵ Therefore, the use of a mark for the *sole purpose* of describing the actor's goods, referring to the mark owner, or referring to the mark owner's goods does not produce confusion and does not constitute an infringement.²⁶ Parts II.B.1 & II.B.2 discuss the likelihood of consumer confusion test and the application of quality as a factor in the test.²⁷

Temple, 747 F.2d 1522, 1535 (4th Cir. 1984) (recognizing that defendant's good faith belief that confusion would not occur was not a defense in an infringement case). *But see, e.g.,* Sno-Wizard Mfg., Inc. v. Eisemann Prods. Co., 791 F.2d 423, 428 (5th Cir. 1986) (recognizing that intent to ciphher benefits from the plaintiff's mark may be per se evidence of confusing similarity); Anheuser-Busch, Inc. v. Budweiser Malt Prods. Corp., 287 F. 243, 246-47 (S.D.N.Y. 1921) (noting that a plaintiff does not need to prove product inferiority when evidence exists that proves defendant's intent to benefit from plaintiff's reputation or advertising).

²⁵ RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 20, cmt. b.

²⁶ *Id.* This section does not apply when the mark is used for any purpose other than as a mark. *Id.* A typical non-infringement case is comparative advertising where a registered mark is used for the sole purpose of ensuring that the purchasing public recognizes the mark as the source of its true owner. *Id.* See *New Kids on the Block v. News Am. Publ'g, Inc.*, 971 F.2d 302, 309 (9th Cir. 1992) (recognizing that using the phrase "New Kids" as a reference without suggesting sponsorship or endorsement is not considered a trademark infringement).

Much useful social and commercial discourse would be all but impossible if speakers were under threat of an infringement lawsuit every time they made reference to a person, company or product by using its trademark.

....

... Similarly, competitors may use a rival's trademark in advertising and other channels of communication if the use is not false or misleading.

....

... [W]here the defendant uses a trademark to describe the plaintiff's product, rather than its own, we hold that a commercial user is entitled to a nominative fair use defense provided he meets the following three requirements: First, the product or service in question must be one not readily identifiable without use of the trademark; second, only so much of the mark or marks may be used as is reasonably necessary to identify the product or service; and third, the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.

Id. at 307-08 (internal footnote omitted); *G.D. Searle & Co. v. Hudson Pharm. Corp.*, 715 F.2d 837, 843 (3d Cir. 1983) (recognizing that a mark is not taboo and can therefore be used truthfully to reference the mark owner).

²⁷ See *infra* Parts II.B.1-2 (outlining the likelihood of confusion test and the quality factor's application to this test).

1. Likelihood of Consumer Confusion

Each circuit court has adopted its own multifactor test—sometimes referred to as the “digits of confusion”—for determining whether consumers will likely be confused between various marks.²⁸ The circuit

²⁸ 9 BRENT A. OLSON & LISA C. THOMPSON, ARIZONA PRACTICE SERIES TM § 16:27 (2007). “A determination of likelihood of confusion is made by balancing those factors that are relevant in a particular case, keeping in mind that the factors are not listed in an order of merit and that each may, from case to case, play either a major or minor role.” *Id.* (citing *In re E.I. DuPont DeNemours & Co.*, 476 F.2d 1357, 1361 (C.C.P.A. 1973)). See RESTATEMENT (FIRST) OF TORTS § 729 (1938) (setting forth the original analysis for determining whether two marks are confusingly similar). Section 729 states:

In determining whether the actor’s designation is confusingly similar to the other’s trade-mark or trade name, the following factors are important:

- (a) the degree of similarity between the designation and the trade-mark or trade name in
 - (i) appearance;
 - (ii) pronunciation of the words used;
 - (iii) verbal translation of the pictures or designs involved;
 - (iv) suggestion;
- (b) the intent of the actor in adopting the designation;
- (c) the relation in use and manner of marketing between the goods or services marketed by the actor and those marketed by the other;
- (d) the degree of care likely to be exercised by purchasers.

Id.; Barton Beebe, *An Empirical Study of the Multifactor Tests for Trademark Infringement*, 94 CAL. L. REV. 1581, 1589 (2006). Beebe recognizes that the circuits have the following four common factors within each of their multifactor tests: the similarity of the marks, the proximity of the goods, evidence of actual confusion, and strength of the particular mark. *Id.* See also *Boston Athletic Ass’n v. Sullivan*, 867 F.2d 22, 29 (1st Cir. 1989) (explaining the First Circuit’s multifactor test, which is: (1) the similarity of the marks; (2) the similarity of the goods; (3) the relationship between the parties’ channels of trade; (4) the relationship between the parties’ advertising; (5) the classes of prospective purchasers; (6) evidence of actual confusion; (7) the defendant’s intent in adopting its mark; and (8) the strength of the plaintiff’s mark); *Polaroid Corp. v. Polarad Elecs. Corp.* 287 F.2d 492, 495 (2d Cir. 1961) (noting the Second Circuit’s multifactor test, which is: (1) the strength of his make; (2) the degree of similarity between the two marks; (3) the proximity of the products; (4) bridging the gap; (5) actual confusion; (6) the reciprocal of defendant’s good faith in adopting its own mark; (7) the quality of defendant’s product; and (8) the sophistication of the buyers); *Interpace Corp. v. Lapp, Inc.*, 721 F.2d 460, 463 (3d Cir. 1983) (outlining the Third Circuit’s multifactor test, which is: (1) similarity of marks; (2) the strength of the owner’s mark; (3) the price of the goods and other factors indicative of the care and attention expected of consumers when making a purchase; (4) the length of time the defendant has used the mark without evidence of actual confusion arising; (5) defendant’s intent; (6) actual confusion; (7) marketing and advertising channels; (8) similarity of sales efforts; (9) relationship of the goods because of the similarity of function; (10) other relevant factors); *Shakespeare Co. v. Silstar Corp. of Am.*, 110 F.3d 234, 241–42 (4th Cir. 1997) (recognizing the Fourth Circuit’s multifactor test, which is: (1) the strength or distinctiveness of the mark; (2) the similarity of the marks; (3) the similarity of the goods or services which the marks identify; (4) the similarity of business facilities; (5) the similarity of advertising; (6)

the defendant's intent; (7) actual confusion; (8) the proximity of the products as they are actually sold; (9) bridging the gap; (10) the quality of the defendant's product; and (11) the sophistication of the buyers); *Roto-Rooter Corp. v. O'Neal*, 513 F.2d 44, 45 (5th Cir. 1975) (discussing the Fifth Circuit's multifactor test, which is: (1) the type of trademark at issue; (2) similarity of design; (3) similarity of product; (4) identity of retail outlets and purchasers; (5) identity of advertising media utilized; (6) defendant's intent; and (7) actual confusion); *Frisch's Rests., Inc. v. Elby's Big Boy of Stuebenville, Inc.*, 670 F.2d 642, 648 (6th Cir. 1982) (explaining the Sixth Circuit's multifactor test, which is: (1) strength of the plaintiff's mark; (2) relatedness of the goods; (3) similarity of the marks; (4) evidence of actual confusion; (5) marketing channels used; (6) likely degree of purchaser care; (7) defendant's intent; (8) likelihood of expansion of the product lines); *Conagra, Inc. v. Singleton*, 743 F.2d 1508, 1514 (11th Cir. 1984) (outlining the Eleventh Circuit's multifactor test, which is: (1) the strength of the mark; (2) the similarity between the marks; (3) the similarity between the products and services offered; (4) the similarity of the sales methods (including retail outlets and customers); (5) the similarity of advertising methods; (6) the defendant's intent; and (7) actual confusion); *Helene Curtis Indus., Inc. v. Church & Dwight Co.*, 560 F.2d 1325, 1330 (7th Cir. 1977) (citing *Carl Zeiss Stiftung v. VEB Carl Zeiss Jena*, 433 F.2d 686, 705 (2d Cir. 1970)) (referencing the Seventh Circuit's multifactor test, which is: (1) the degree of similarity between the marks; (2) the similarity of the products; (3) the area and manner of concurrent use; (4) the degree of care likely to be exercised by consumers; (5) the strength of the complainant's mark; (6) actual confusion; and (7) alleged infringer's intent); *SquirtCo v. Seven-Up Co.*, 628 F.2d 1086, 1091 (8th Cir. 1980) (acknowledging the Eighth Circuit's multifactor test, which is: (1) strength and distinctiveness of mark; (2) similarity of marks (visual and aural); (3) relatedness of products; (4) competitive proximity; (5) alleged infringer's intent; (6) actual confusion; (7) degree of purchaser care); *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979) (emphasizing the Ninth Circuit multifactor test, which is: (1) strength of the mark; (2) proximity of the goods; (3) similarity of the marks; (4) actual confusion; (5) marketing channels used; (6) type of goods and the degree of care likely to be exercised by the purchaser; (7) defendant's intent; and (8) likelihood of expansion of the product lines); *Beer Nuts, Inc. v. Clover Club Foods Co.*, 711 F.2d 934, 940 (10th Cir. 1983) (discussing the Tenth Circuit's multifactor test, which is: (1) the degree of similarity between the marks (including appearance, pronunciation of the words used, verbal translation of the pictures or designs involved, and suggestion); (2) the actor's intent; (3) similarity in use and manner of marketing; and (4) the degree of care likely to be exercised by purchasers); *In re E.I. Du Pont de Nemours & Co.*, 476 F.2d at 1361 (referencing the Federal Circuit's multifactor test, which is: (1) similarity of the marks (including appearance, sound, connotation and commercial impression); (2) similarity of the goods or services; (3) the similarity established, likely-to-continue trade channels; (4) the conditions of the sale (including impulse or sophisticated purchasing); (5) the fame of the prior mark (including sales, advertising, and length of use); (6) the number and nature of similar marks in use on similar goods; (7) actual confusion; (8) the length of time during and conditions under which there has been concurrent use without evidence of actual confusion; (9) the variety of goods on which a mark is or is not used (including house mark, family mark, or product mark); (10) the market interface between applicant and the owner of a prior mark; (11) the extent to which applicant has a right to exclude others from use of its mark on its goods; (12) the extent of potential confusion (including *de minimis* or substantial); and (13) any other established fact probative of the effect of use); *Globalaw Ltd. v. Carmon & Carmon Law Office*, 452 F. Supp. 2d 1, 48 (D.D.C. 2006) (noting the D.C. Circuit's multifactor test, which is: (1) the strength of the plaintiff's mark; (2) the degree of similarity between the marks; (3) the proximity of the products; (4) actual confusion; (5) the defendant's purpose

courts each use different standards for determining the likelihood of consumer confusion resulting from the use of a mark, but they all require that the mark owner must show a probability that the mark will likely cause confusion among the purchasing public in order to prove trademark infringement.²⁹ While proof of actual confusion is not

or intent; (6) the quality of defendant's product; and (7) the sophistication of the buyers). See also RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 21 (1995). Section 21 states:

Whether an actor's use of a designation causes a likelihood of confusion with the use of a trademark, trade name, collective mark, or certification mark by another under the rule stated in § 20 is determined by a consideration of all the circumstances involved in the marketing of the respective goods or services or in the operation of the respective businesses. In making that determination the following market factors, among others, may be important:

- (a) the degree of similarity between the respective designations, including a comparison of
 - (i) the overall impression created by the designations as they are used in marketing the respective goods or services or in identifying the respective businesses;
 - (ii) the pronunciation of the designations;
 - (iii) the translation of any foreign words contained in the designations;
 - (iv) the verbal translation of any pictures, illustrations, or designs contained in the designations;
 - (v) the suggestions, connotations, or meanings of the designations;
- (b) the degree of similarity in the marketing methods and channels of distribution used for the respective goods or services;
- (c) the characteristics of the prospective purchasers of the goods or services and the degree of care they are likely to exercise in making purchasing decisions;
- (d) the degree of distinctiveness of the other's designation;
- (e) when the goods, services, or business of the actor differ in kind from those of the other, the likelihood that the actor's prospective purchasers would expect a person in the position of the other to expand its marketing or sponsorship into the product, service, or business market of the actor;
- (f) when the actor and the other sell their goods or services or carry on their businesses in different geographic markets, the extent to which the other's designation is identified with the other in the geographic market of the actor.

Id.

²⁹ 74 AM. JUR. 2D *Trademarks and Tradenames* § 86 (2008). Possibility of confusion is not enough to prove trademark infringement; probability of confusion is the standard and may be met when a large number of purchasers are confused as to source. *Id.* See OLSON & THOMPSON, *supra* note 28, § 16:27 (citing Fisher Stores, Inc. v. All Nighter Stove Works, Inc., 626 F.2d 193, 194 (1st Cir. 1980)). Some courts require a substantial likelihood that the public will be confused by the defendants mark. *Id.*; 1 CHARLES MCKENNEY & GEORGE F. LONG III, FEDERAL UNFAIR COMPETITION: LANHAM ACT 43A § 3:8 (1989), UNFAIRCOMP § 3:8 (Westlaw database updated Apr. 2009). "Some courts treat the standard of likelihood of confusion under Section 43(a) as a question of fact which can only be set aside if clearly

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necessary in order to prove trademark infringement, proof that consumers are not confused by the use of the mark eliminates the need to perform the multifactor test.³⁰

Confusion from a mark's use can occur at three different stages: initial-interest confusion, point-of-sale confusion, and post-sale confusion.³¹ Initial-interest confusion, while handled differently by different circuit courts, refers to a company improperly using another's mark to gain customer attention.³² Point-of-sale confusion, the most common form used in prosecuting infringement cases, causes the purchasing public to believe the product or service they are purchasing is from a source other than its true creator.³³ Post-sale confusion can

erroneous, whereas others treat it as a question of law or a mixed question of law and fact." *Id.* (internal footnotes omitted).

³⁰ NAT'L BUS. INST., TRADEMARK AND COPYRIGHT LITIGATION UPDATE 22 (2008) (quoting *Top Tobacco, L.P. v. N. Atl. Operating Co.*, 509 F.3d 380, 383 (7th Cir. 2007)).

Like other courts, this circuit has articulated a multi-factor approach to assessing the probability of confusion. These factors include whether the trademarks use the same word, whether they sound alike, and so on. . . . A list of factors designed as proxies for the likelihood of confusion can't supersede the statutory inquiry. *If we know for sure that consumers are not confused about a product's origin, there is no need to consult even a single proxy.*

Id. (emphasis in original).

³¹ See *infra* notes 32-34 and accompanying text (describing initial-interest confusion, point-of-sale confusion, and post-sale confusion resulting from the use of a mark); see also MCKENNEY & LONG III, *supra* note 29, § 3:8 (explaining how the potential for confusion can be source-generated deception or can be recognition-deception as to sponsorship, approval, authorization or association).

³² E.g. *Malletier v. Dooney & Bourke, Inc.*, 340 F. Supp. 2d 415, 431 n.60 (S.D.N.Y. 2004), *aff'd in part, vacated in part*, 454 F.3d 108 (2d Cir. 2006) ("Initial interest confusion occurs when potential customers initially are attracted to the junior user's mark by virtue of its similarity to the senior user's mark, even though these consumers are not actually confused at the time of purchase." (quoting *Empresa Cubana del Tabaca v. Culbro Corp.*, No. 97 Civ. 8399, 2004 WL 602295, at *49 (S.D.N.Y. Mar. 26, 2004) (internal quotations omitted))); *Gibson Guitar Corp. v. Paul Reed Smith Guitars, L.P.*, 423 F.3d 539, 549 (6th Cir. 2005); *PACCAR Inc. v. TeleScan Techs., L.L.C.*, 319 F.3d 243, 253 (6th Cir. 2003) *overruled on other grounds by* *KP Permanent Make-up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111 (2004); *Deere & Co. v. MTD Holdings Inc.*, No. 00 Civ. 5936(LMM), 2004 WL 324890, at *14 (S.D.N.Y. Feb. 19, 2004). See also MCKENNEY & LONG III, *supra* note 29, § 3:8 (suggesting that the elements constituting the standard for likelihood of confusion should be used when analyzing initial-confusion); *Gibson Guitar* Petition for Writ of Certiorari, *supra* note 19, at 11 (explaining that the Second, Third, Fifth, Seventh, Ninth and Tenth Circuits apply the initial interest confusion doctrine broadly). See generally 1 RAYMOND T. NIMMER, INFORMATION LAW § 6:52 (Westlaw database updated June 2009), INFOLAW 6:52 (examining whether initial-interest confusion should be a type of confusion itself or simply one of many factors used when analyzing whether confusion exists and suggesting that initial-interest confusion is focused on siphoning consumers away from their intended purchasing destination).

³³ See *Esercizio v. Roberts*, 944 F.2d 1235, 1245-46 (6th Cir. 1991). In *Esercizio*, the

have an effect on the resale market by confusing third parties, parties who see the mark, but are not the original purchaser, as to the source of the product or service.³⁴ The judiciary will look to the reasonably prudent consumer to determine whether each stage of confusion has occurred.³⁵ The reasonably prudent consumer will examine quality as

defendant successfully argued against point of sale confusion by admitting to his patrons that "his significantly cheaper cars and kits were not genuine Ferraris and thus there was no confusion at point of sale." *Id.* By proving that the consumers were not confused, but were truly aware of the differences in the two marks and knew that any goodwill associated with the other mark was irrelevant to the purchase of this item acted as justification for the court's decision to eliminate any point of sale confusion claims. *Id.*

³⁴ *Gibson Guitar*, 423 F.3d at 549 (citing *Esercizio v. Roberts*, 944 F.2d 1235, 1245 (6th Cir. 1991)) (recognizing that post sale confusion can damage the reputation of a company and therefore effect the resale market of a company's goods). See 4 LOUIS ALTMAN & MALLA POLLACK, CALLMANN ON UNFAIR COMPETITION, TRADEMARKS AND MONOPOLIES § 22:11 (4th ed. 2008). Failing to take post-sale confusion into account can be grounds for reversal in a trademark infringement case. *Id.* (citing *Acad. of Motion Picture Arts & Scis. v. Creative House Promotions, Inc.*, 944 F.2d 1446 (9th Cir. 1991)). Similar to initial-interest confusion, post-sale confusion can cause someone viewing a product from a distance to buy the similar, allegedly infringing, product believing it to be the same product. *Id.* (quoting *Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co.*, 631 F. Supp. 735 (S.D.N.Y. 1985), *aff'd*, 799 F.2d 867 (2d Cir. 1986)). Additionally, post-sale confusion, due to a plethora of knock-offs, can cause fear within the purchasing public. *Id.* (citing *Hermes Int'l v. Lederer de Paris Fifth Ave., Inc.*, 219 F.3d 104 (2d Cir. 2000)). Consumers owning originals are harmed because the benefit of scarcity has been removed and because it may require an expert to differentiate between a knock-off and an original. *Id.* However, consumers owning a cheap imitation or knock-off version may acquire the prestige value of an original in the minds of the purchasing public. *Id.* (quoting *Mastercrafters Clock & Radio Co. v. Vacheron & Constantin-LeCoultre Watches, Inc.*, 221 F.2d 464, 466 (2d Cir. 1955)). *Malletier v. Dooney & Bourke, Inc.*, 340 F. Supp. 2d 415, 431 n.60 (S.D.N.Y. 2004), *aff'd in part, vacated in part*, 454 F.3d 108 (2d Cir. 2006) (imposing liability not based on purchaser confusion, but on potential future purchaser confusion because a potential purchaser who begins seeing increasing numbers of a limited product is less likely to purchase the rare product); *Esercizio v. Roberts*, 944 F.2d 1235, 1245-46 (6th Cir. 1991) (same).

³⁵ Thomas R. Lee, Glenn L. Christensen & Eric D. DeRosia, *Trademarks, Consumer Psychology, and the Sophisticated Consumer*, 57 EMORY L.J. 575, 575-76 (2008). The mindset of the ordinary consumer is judged "under the normally prevalent conditions of the market" and is expected to give the same quality attention to the purchase as a purchaser would usually give when buying the specific product. *Id.* at 575. (citing *W.W.W. Pharm. Co. v. Gillette Co.*, 984 F.2d 567, 575 (2d Cir. 1993)). Courts have recognized a range of views when analyzing the mindset or intelligence of a reasonable prudent consumer including: "ignorant . . . unthinking and . . . credulous" and "hasty, heedless and easily deceived." *Id.* (citing *Florence Mfg. Co. v. J.C. Dowd & Co.*, 178 F. 73, 75 (2d Cir. 1910); *Stix Prods., Inc. v. United Merchs. & Mfrs., Inc.*, 295 F. Supp. 479, 494 (S.D.N.Y. 1968)); *Stork Rest., Inc. v. Sahati*, 166 F.2d 348, 359 (9th Cir. 1948) ("It may well be true that a prudent and worldly-wise passerby would not be so deceived. The law, however, protects not only the intelligent, the experienced, and the astute. It safeguards from deception also the ignorant, the inexperienced, and the gullable."). Moreover, commentators are split between apologists, who believe consumers are fools highly susceptible to the slightest suggestion, and restrictionists, who believe consumers are informed sovereigns unlikely to become

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one of the elements when determining the existence of each stage of confusion.³⁶

2. Quality as a Standard

Courts have been adopting quality as a relevant factor in resolving trademark infringement cases since the early 1940s.³⁷ Quality of the infringer's goods has played an important role in the development of United States trademark infringement law.³⁸ Additionally, although some commentators suggest that quality is a "rogue factor," research reveals that on average, one-third of trademark infringement cases consider quality when determining whether a trademark has been infringed.³⁹

confused. *W.W.W. Pharm. Co.*, 984 F.2d at 576; Barton Beebe, *Search and Persuasion in Trademark Law*, 103 MICH. L. REV. 2041-42 (2005) (describing a consumer sophistication curve where restrictionists and apologists fall on opposite ends). See also MCKENNEY & LONG III, *supra* note 29, § 3:8 ("Confusion resulting from the consuming public's carelessness, indifference, or ennui will not suffice. The legislature contemplated the reaction of the ordinary person who is neither savant nor dolt, and who exercises a normal measure of the layman's common sense and judgment.") (quoting *A1 Mortgage Corp. v. A1 Mortgage & Fin. Servs., L.L.C.*, No. 2:03-CV-2002, 2006 WL 1437744, at *8 (W.D. Pa. Mar. 16, 2006)). See generally Jeremy N. Sheff, *The (Boundedly) Rational Bass of Trademark Liability*, 15 TEX. INTEL. PROP. L.J. 331, 333-34 (2007) (explaining the cognitive psychology of trademarks and consumer decision making).

³⁶ See *infra* Part II.B.2 (examining how quality has been used as a standard for determining the existence of consumer confusion and therefore the existence of a trademark infringement).

³⁷ Gerard N. Magliocca, *One and Inseparable: Dilution and Infringement in Trademark Law*, 85 MINN. L. REV. 949, 994 (2001). Judges initially created the issue of quality function protection by finding confusion in cases that included shoddy imitations which were likely to cause the senior user reputational damage. *Id.* However, "the outcome of infringement cases during the 1940s and 1950s often depended entirely on which panel was sitting." *Id.* at 1003.

³⁸ *Id.* at 959 n.53. Judge Learned Hand refined infringement analysis by viewing the quality element on a continuum encompassing both potential source confusion and reputational injury. *Id.* at 997. However, Magliocca suggests that the quality of a junior user's goods is no longer relevant to an infringement analysis. *Id.* at 1002. See, e.g., Lee, Christensen & DeRosia, *supra* note 35, at 579 n.22 (suggesting that quality is a rogue factor not adopted by all of the circuit courts).

³⁹ Beebe, *supra* note 28, at 1581. Beebe created an empirical study comprising of the 331 federal district court opinions which included a multifactor test for the likelihood of confusion spanning the five year period from 2000-2004. *Id.* at 1581. This study showed that the D.C. and Second Circuit alone had eighty-eight cases that addressed quality as a factor in the infringement analysis. *Id.* at 1644. This analysis shows that twenty-seven percent of the cases included the factor and does not even consider the Fourth Circuit, which also regularly considers quality as a relevant factor. See *supra* note 38 (referencing commentators who believe quality is a rogue factor whose application to trademark infringement suits is limited); *supra* note 28 and accompanying text (outlining the various factors used by each circuit court when analyzing the likelihood of consumer confusion).

A court must determine what should be considered under the quality factor before analyzing the circuit's particular use of the quality factor in trademark infringement cases.⁴⁰ The Second Circuit suggested that the quality factor should be considered only against the mark's representing product, service, or business and not against the company as a whole.⁴¹ However, some courts and commentators have recognized environmental concerns, advertisements and publicity, the portrayed view or message, and even the mental images created in the consumers mind as relevant quality considerations.⁴² Nonetheless, to prove trademark infringement, a company must show actual injury from the quality and not just a desire or wish to disassociate itself from the infringing mark.⁴³ These quality considerations can play an essential role within the likelihood of consumer confusion test and can thus

⁴⁰ See *infra* notes 41–45 and accompanying text (discussing what elements should be considered under the quality factor in a trademark infringement case).

⁴¹ *W. Publ'g Co., Inc. v. Rose Art Indus., Inc.*, 910 F.2d 57, 63 (2d Cir. 1990). The court suggested that quality must be determined by analyzing the specific product at issue and not considering any accompanying products. *Id.* Therefore, evidence of a secondary paper's inferiority was considered irrelevant to the quality factor in this particular trademark infringement case. *Id.*

⁴² See Robert G. Bone, *Enforcement Costs and Trademark Puzzles*, 90 VA. L. REV. 2099, 2137 n.113 (2004). Bone suggests that quality should be analyzed from a broad sense including the company's environmental policies and television commercials. *Id.* By including these additional elements, Bone suggests that this will better encapsulate the consumers' idea of quality. *Id.* However, Bone cautions that adding quality as a factor in this manner will promote litigation and increase administrative and error costs. *Id.* at 2152 n.150. Leon also recognizes that advertising will represent the quality of the product when the product is commercial advertising. Michael A. Leon, Note, *Unauthorized Pop-Up Advertising and the Copyright and Unfair Competition Implications*, 32 HOFSTRA L. REV. 953, 978 (2004). Malik further suggests that publicized view or messages related to a particular product or service are pertinent elements to the quality analysis because they may place the senior user's product in an "unwholesome or unsavory context." Attiya Malik, *Are You Content with the Content? Intellectual Property Implications of Weblog Publishing*, 21 J. MARSHALL J. COMPUTER & INFO. L. 439, 470 (2003). In support of the above commentators, the Southern District of New York recognized a consumer's mental images when analyzing the quality factor. *MGM-Pathe Commc'ns Co. v. Pink Panther Patrol*, 774 F. Supp. 869, 876 (S.D.N.Y. 1991). The court determined that mental images were relevant to the case at hand because "MGM uses its mark to promote an image of lighthearted, nonpolitical, asexual, amicable, comic entertainment" while Patrol's use of the name represents "political activism, violence, defiance, homosexuality, and angry confrontation." *Id.* But see *Biosafe-One, Inc. v. Hawks*, 524 F. Supp. 2d 452, 465 (S.D.N.Y. 2007). The court considered proof of lesser experience in the industry to be insufficient to establish a claim of product inferiority under the quality factor. *Id.*

⁴³ See *Sports Auth., Inc. v. Prime Hospitality Corp.*, 89 F.3d 955, 965 (2d Cir. 1996). The court recognized that the company's wish to disassociate itself from bar establishments was insufficient evidentiary proof of injury. *Id.*

determine the existence of a trademark infringement.⁴⁴ However, the elements considered under the quality factor must be in accordance with the circuit courts' different methods for applying the quality factor.⁴⁵

C. *The Circuit Courts' Different Methods for Applying the Quality Factor*

The circuit courts create a general problem by adopting different methods for applying the quality factor before analyzing the various methods for which the quality factor can be used.⁴⁶ Part II.C.1 begins by discussing the general problem and its relevant effect on our current legal system.⁴⁷ Next, Part II.C.2 introduces the various inter-circuit and intra-circuit splits.⁴⁸ Finally, Part II.C.3 analyzes *Gibson Guitar Corp. v. Paul Reed Smith Guitars, LP*, an important Sixth Circuit holding, and its effect on trademark infringement cases in the Tenth Circuit.⁴⁹

1. The General Problem with Adopting Three Mutually Exclusive Applications of the Quality Factor

Problems will inevitably arise when a sharp circuit court split occurs and the United States Supreme Court is unwilling to provide guidance in any of the thirty-five trademark infringement cases it has heard in the past 175 years.⁵⁰ Circuit courts are sharply divided and confused with

⁴⁴ See *supra* note 41 and accompanying text (noting that a limited view of what is to be considered as the quality of the defendants goods can alter the outcome of a trademark infringement case).

⁴⁵ See *infra* Part II.C (explaining the different methods for applying the quality factor in trademark infringement cases and recognizing the general problems these methods can create in resolving such cases).

⁴⁶ See *infra* Part II.C.1 (explaining the general problem in resolving trademark infringement cases created by a sharp divide among circuit courts application of the quality factor).

⁴⁷ See *infra* Part II.C.1 (explaining the general problem created by the judiciary applying a single factor in the likelihood of consumer confusion test, the quality factor, in three different variations when resolving trademark infringement cases).

⁴⁸ See *infra* Part II.C.2 (identifying various inter-circuit and intra-circuit splits regarding the application of quality as a factor under the likelihood of confusion test in resolving trademark infringement cases).

⁴⁹ See *infra* Part II.C.3 (explaining the importance of *Gibson* and its effect on the Tenth Circuit's analysis of trademark infringement cases).

⁵⁰ See *infra* notes 51-55 and accompanying text (explaining the general problems created by the sharply divided circuits). See also *Medellin v. Texas*, 552 U.S. 491 (2008); *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111 (2004); *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23 (2003); *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418 (2003); *Traffix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23 (2001); *Feltner v. Columbia Pictures Television, Inc.*, 523 U.S. 340 (1998); *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159 (1995); *Digital Equip. Corp. v. Desktop Direct Inc.*, 511 U.S. 863 (1994); *Brooke Group LTD v. Brown & Williams Tobacco Corp.*, 509 U.S. 209 (1993); *Two Pesos*,

regard to the proper application of the quality factor to the likelihood of consumer confusion test in trademark infringement cases.⁵¹ This lack of uniformity gives judges the discretion to use the method most favorable to their outcome of choice.⁵² Furthermore, the inter-circuit split will likely promote forum shopping according to whichever circuit will best fit the plaintiff's facts in a particular case.⁵³ Some circuits focus on using

Inc. v. Taco Cabana, Inc., 505 U.S. 763 (1992); Chauffeurs, Tempsters & Helpers, Local No. 391 v. Terry, 494 U.S. 558 (1990); K Mart Corp. v. Cartier, Inc., 486 U.S. 281 (1988); S.F. Arts & Athletics, Inc. v. U.S. Olympic Comm. 483 U.S. 522 (1987); Young v. U.S. *ex rel.* Vuitton et Fils S.A., 481 U.S. 787 (1987); Dowling v. United States, 473 U.S. 207 (1985); Burger King Corp. v. Rudzewicz, 471 U.S. 462 (1985); Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417 (1984); Inwood Labs., Inc. v. Ives Labs., Inc., 456 U.S. 844 (1982); Gardner v. Westinghouse Broad. Co., 437 U.S. 478 (1978); Vendo Co. v. Lektro-Vend Corp., 433 U.S. 623 (1977); Alfred Dunhill of London, Inc. v. Republic of Cuba, 425 U.S. 682 (1976); Hellenic Lines Ltd. v. Rhoditis, 398 U.S. 306 (1970); Mills v. Elec. Auto-Life Co., 396 U.S. 375 (1970); Fleischmann Distilling Corp. v. Maier Brewing Co., 386 U.S. 714 (1967); Switz. Cheese Ass'n v. E. Horne's Mkt., Inc., 385 U.S. 23 (1966); Dairy Queen, Inc. v. Wood, 369 U.S. 469 (1962); Steele v. Bulova Watch Co., 344 U.S. 280 (1952); Champion Spark Plug Co. v. Sanders, 331 U.S. 125 (1947); Pecheur Lozenge Co. v. Nat'l Candy Co., 315 U.S. 666 (1942); Reconstruction Fin. Co. v. J.G. Menihan Corp., 312 U.S. 81 (1941); Ethyl Gasoline Corp. v. United States, 309 U.S. 436 (1940); Kellogg Co. v. Nat'l Biscuit Co., 305 U.S. 111 (1938); United Drug Co. v. Theodore Rectanus Co., 248 U.S. 90 (1918); Hanover Star Milling Co. v. Metcalf, 240 U.S. 403 (1916); Hamilton-Brown Shoe Co. v. Wolf Bros. & Co., 240 U.S. 251 (1916). In each of these cases, the Supreme Court failed to unify the application of trademark law.

⁵¹ See *infra* Parts II.C.2-3 (outlining various methods used by circuit courts in applying the quality factor to the likelihood of consumer confusion test in trademark infringement cases); see also Savin Corp. v. Savin Group, 391 F.3d 439, 460 (2d Cir. 2004) (recognizing that the quality factor is a subject of disarray among courts in resolving trademark infringement cases).

⁵² Lee, Christensen & DeRosia, *supra* note 35, at 578-79. As previously discussed, courts have varying interpretations of the "ordinary" or "reasonably prudent" consumer. See *supra* notes 35-36 and accompanying text (describing the ordinary and prudent consumer). Furthermore, courts have interpreted the existence of secondary meaning, an element necessary for descriptive marks to receive protection, differently. See generally Theodore H. Davis, Jr., *Trademark Infringement and Unfair Competition in the Courts of General Jurisdiction*, 98 TRADEMARK REP. 52 (2008) (outlining each circuit's test for finding secondary meaning). Additionally, courts have used the quality factor differently in determining a likelihood of consumer confusion. See generally *infra* Parts II.C.2-3 (outlining various methods used by circuit courts in applying the quality factor to the likelihood of confusion test in trademark infringement cases). "To some degree, the cases leave room for the impression that courts may simply be adjusting their finding of whether the relevant consumer population is sophisticated or unsophisticated to conform to the result they wish to achieve." Lee, Christensen & DeRosia, *supra* note 35, at 578-79 (internal quotations omitted).

⁵³ Plaintiffs may choose the district because of how the circuit uses the quality factor either to support plaintiffs or as a lack of support for defendants. A plaintiff who does not recognize the infringing good, as either equal or inferior to their own, will likely choose the Seventh, Ninth, or Eleventh Circuits, which focus on the quality-control theory. See also Ferrellgas Partners, L.P. v. Barrow, 143 F. App'x 180, 191 (11th Cir. 2005) ("It is the loss of control [over the nature and quality] of one's reputation by the adoption of a confusingly

quality in authorized use cases while others hardly consider the quality factor at all.⁵⁴ Finally, attorneys are unable to properly present cases in the circuit courts that lack internal uniformity in applying the quality factor to the likelihood of consumer confusion test.⁵⁵

2. Inter-Circuit & Intra-Circuit Splits

The Second Circuit is most widely known for its adoption of the *Polaroid* factors, which use the quality of defendant's goods as a factor for

similar mark that supplies the substantial threat of irreparable harm."); *Playmakers L.L.C. v. ESPN, Inc.*, 376 F.3d 894, 897 (9th Cir. 2004) ("Tarnishment may be a theory of liability or a type of harm, but it is not itself a factor to be considered in determining whether consumer confusion is likely."); *Babbit Elecs., Inc. v. Dynascan Corp.*, 38 F.3d 1161, 1180-81 (11th Cir. 1994) (finding no evidence of inferiority, but recognizing that inferiority is not a prerequisite for trademark infringement); *Wesley-Jessen Div. of Schering Corp. v. Bausch & Lomb Inc.*, 698 F.2d 862, 867 (7th Cir. 1983) (reasoning that a lack of control of the company's reputation can show irreparable harm without any proof of lost sales, lost market share, or inferior goods); *Juvenile Shoe Co. v. FTC*, 289 F. 57, 59 (9th Cir. 1923) (recognizing that the word "juvenile" as applied to shoes is exclusively granted to the plaintiff and that the plaintiff should have complete control over the trademark because of the goodwill and reputation established through the production of high quality shoes); *Am. Farm Bureau Fed'n v. Ala. Farmers Fed'n*, 935 F. Supp. 1533, 1546 (M.D. Ala. 1996) ("[A] trademark's value as an indicator of sponsorship correlates to the public's trust in the sponsor's personal guarantee of quality. . . . The rule assures that '[t]he quality [and value] of a [registrant's mark] lie within his own control.' . . . Even if a defendant's product rivals or exceeds the quality of a registrant's product, the unauthorized product is still trademark infringement because it deprives the registrant of its ability to shape the contours of its reputation."); *Brach Van Houten Holding, Inc. v. Save Brach's Coal. for Chi.*, 856 F. Supp. 472, 474 n.1 (N.D. Ill. 1994) ("Trademark infringement will lie even when a defendant's product is superior to the product of the trademark owner, simply because of the potential for damage to reputation where the trademark owner has no control over the quality of the defendant's product or service.").

⁵⁴ See *Matrix Essentials, Inc. v. Cosmetic Gallery, Inc.*, 870 F. Supp. 1237, 1243, 1251-52 (D.N.J. 1994). The court recognized that the Third Circuit will find trademark infringement if the goods are replicas of inferior quality or have been tainted. *Id.* Furthermore, the court determined that in this case, defendants' attempt to remove identification salon codes from the products caused esthetic damage but was unlikely to lead consumers to believe that the plaintiff, Matrix, sold shoddy goods. *Id.*; *Henry v. Chloride, Inc.*, 809 F.2d 1334, 1350 (8th Cir. 1987) (recognizing that an unauthorized sale of goods, which are replicas of inferior quality or have been tainted by mishandling, would be considered a material difference and would constitute a trademark infringement). See also *Societe Des Produits Nestle, S.A. v. Casa Helvetia, Inc.*, 982 F.2d 633, 640 (1st Cir. 1992) (holding the district court in error because proof of product quality inferiority is not a necessary element to a Lanham Trademark Act violation); *Food Fair Stores Inc. v. Food Fair Inc.*, 83 F. Supp. 445, 451 (D. Mass. 1948) (recognizing that under Massachusetts law a premier quality good is not an affirmative defense in a infringement case). In *Societe Des Produits Nestle*, the mere showing that Venezuelan-made chocolates were not inferior to Italian-made chocolates did not prevent the court from finding a trademark violation. 982 F.2d at 640.

⁵⁵ See *infra* Part II.C.2 (describing the inter-circuit and intra-circuit splits).

determining whether a mark is likely to cause consumer confusion.⁵⁶ One interpretation of the Second Circuit's adoption of the quality factor focuses on the tarnishment theory: goods of inferior or shoddy quality are likely to cause great reputational damage and should therefore be considered as additional proof of confusion.⁵⁷ However, over the years the Second Circuit has questioned this theory and has instead adopted the similarity theory as an alternative: goods of similar quality are likely to cause confusion because the consumer is more likely to believe that goods of similar quality originate from the same source.⁵⁸ Nonetheless,

⁵⁶ Polaroid Corp. v. Polaroid Elecs. Corp, 287 F.2d 492, 495 (2d Cir. 1961).

⁵⁷ See, e.g., Sports Auth., Inc. v. Prime Hospitality Corp., 89 F.3d 955, 965 (2d Cir. 1996) (analyzing the quality factor from the tarnishment theory but requiring that proof of injury be evident when claiming an injury from association); Arrow Fastener Co. v. Stanley Works, 59 F.3d 384, 398 (2d Cir. 1995) (interpreting the quality of defendant's product factor as primarily focusing on inferior quality and the harm such quality can cause to the original trademark owners reputation and specifically determining that a similar quality analysis is not relevant where the products differ in appearance, function, and price); Hasbro, Inc. v. Lanard Toys, Ltd., 858 F.2d 70, 77 (2d Cir. 1988) (focusing on the tarnishment theory and agreeing with the lower courts that no difference in quality was present between defendant's, Lanard's, international security figures and plaintiff's, Hasbro's, "G.I. JOE" and "GUNG-HO" action figures); Artisan Mfg. Corp. v. All Granite & Marble Corp., 559 F. Supp. 2d 442, 453 (S.D.N.Y. 2008) (considering only the tarnishment theory and holding that the factor was irrelevant where evidence of sink inferiority was not present); Lemme v. NBC, Inc., 472 F. Supp. 2d 433, 451 (E.D.N.Y. 2007) (applying the tarnishment theory when dealing with the quality factor and determining that NBC's show was superior in quality to the local talk show); Toys "R" Us, Inc. v. Canarsie Kiddie Shop, Inc., 559 F. Supp. 1189, 1199 (E.D.N.Y. 1983) (eliminating the quality factor by suggesting that the tarnishment theory was the only relevant theory and evidence of inferiority was not present).

⁵⁸ See, e.g., Savin Corp. v. Savin Group, 391 F.3d 439, 460-61 (2d Cir. 2004) (outlining the application of the similarity theory to the likelihood of confusion test and acknowledging that because the products were not equivalent, there was no additional confusion); Plus Prods. v. Plus Disc. Foods, Inc., 722 F.2d 999, 1006-07 (2d Cir. 1983) (overruling the lower court's use of the tarnishment theory and implementing the similarity theory in favor of the defendant by acknowledging a significant difference in the parties' product quality, but noting that the parties were serving a different consumer base); Constellation Brands, Inc. v. Arbor Hill Assocs., 535 F. Supp. 2d 347, 370 (W.D.N.Y. 2008) (finding that proof that a defendant's product is cheaper is not per se proof of inferiority, that differences in quality may just be considered as referring to a different segment of consumers, and that a distinct difference in quality may weigh against finding a likelihood of consumer confusion); Kadant, Inc. v. Seeley Mach., Inc., 244 F. Supp. 2d 19, 30-31 (N.D.N.Y. 2003) (applying the similarity theory with limited force by recognizing that nearly identical products in style and quality are likely to confuse consumers as to their source); Jordache Enters., Inc. v. Levi Strauss & Co., 841 F. Supp. 506, 520 (S.D.N.Y. 1993) (recognizing that similar goods of matching quality may likely confuse the consumer as to their source); *In re Leslie Fay Cos.*, 216 B.R. 117, 131 (S.D.N.Y. 1997) (recognizing only the similarity factor and determining that the distinction in quality was not significant enough to prevent confusion). *But see*, e.g., MGM-Pathe Commc'ns Co. v. Pink Panther Patrol, 774 F. Supp. 869, 876 (S.D.N.Y. 1991) (disagreeing with the similarity theory). "The quality comparison factor concerns

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the Second Circuit still created a third theory focused on the senior user's ability to control the quality of his goods and therefore control his reputation.⁵⁹ These three theories have been arbitrarily applied on an individual and combined basis to different trademark infringement cases without any logical rhyme or reason.⁶⁰

The Fourth and Fifth Circuits have also disagreed about the proper theory to be applied to the quality factor in a trademark infringement case.⁶¹ These circuits generally alternate between applying the tarnishment theory and the quality-control theory.⁶² Therefore, a

itself not so much with the likelihood of confusion as with the likelihood of harm resulting from any such confusion." *Id.*

⁵⁹ See, e.g., *Yale Elec. Corp. v. Robertson*, 26 F.2d 972, 974 (2d Cir. 1928) (ignoring both the tarnishment and similarity theories, the court acknowledged the existence of a quality-control theory). "[U]nless the borrower's use is so foreign to the owner's as to insure against any identification of the two, it is unlawful." *Id.*; *Warner-Lambert Co. v. Schick U.S.A., Inc.*, 935 F. Supp. 130, 141 (D. Conn. 1996) (ignoring the actual quality of goods and determining that regardless of actual quality, an "Identify the Anti-Christ" promotion by the defendant was likely to cause harm to the plaintiff's reputation because the plaintiff lost control of the quality of its goods); *Cont'l Connector Corp. v. Cont'l Specialties Corp.*, 492 F. Supp. 1088, 1094 n.4 (D. Conn. 1979) (noting that a plaintiff's reputation is affected regardless of defendant's product quality because the defendant can hold the reputation hostage).

⁶⁰ See *supra* notes 57-58 and accompanying text (discussing cases that have applied these three theories). See also *The Morningside Group Ltd. v. Morningside Capital Group, LLC*, 182 F.3d 133, 142 (2d Cir. 1999) (agreeing with the lower court's analysis of the tarnishment theory, but explaining that the lower court erred in not considering the similarity theory in its analysis); *Hormel Foods Corp. v. Jim Henson Prods., Inc.*, 73 F.3d 497, 505 (2d Cir. 1996) (acknowledging both the tarnishment and similarity theory, but reasoning that Spa'am, the Henson's Muppet character, was a positive character and not unhygienic, and therefore the SPAM luncheon meat creator's tarnishment theory was inadequate); *24 Hour Fitness USA, Inc. v. 24/7 Tribeca Fitness, L.L.C.*, 447 F. Supp. 2d 266, 285 (S.D.N.Y. 2006) (explaining initially its willingness to adopt either the tarnishment theory or the similarity theory, but determining that any quality difference was not distinct enough to change the already determined ruling of the court); *Cline v. 1-888-Plumbing Group, Inc.*, 146 F. Supp. 2d 351, 368 (S.D.N.Y. 2001) (explaining initially its willingness to adopt either the tarnishment theory or the similarity theory, but noting that the court will not address the quality factor unless the parties present sufficient evidence); *McDonald's Corp. v. McBagel's, Inc.*, 649 F. Supp. 1268, 1279 (S.D.N.Y. 1986) (initially recognizing the tarnishment theory, but quickly explaining that quality is not an essential factor because companies deserve protection of their marks regardless of the quality of the second user's product).

⁶¹ See *infra* note 62 and accompanying text (outlining the intra-circuit split in the Fourth and Fifth Circuits).

⁶² See *Sara Lee Corp. v. Kayser-Roth Corp.*, 81 F.3d 455, 467 (4th Cir. 1996) (considering only the tarnishment theory and explaining that quality considerations are most appropriate in cheap copy or knock-off cases, the court determined that the quality factor is irrelevant in cases dealing with goods other than cheap copies or knock-offs); *Perini Corp. v. Perini Constr., Inc.*, 915 F.2d 121, 127-28 (4th Cir. 1990) (adopting the quality factor as a protection for the consumer's interest in quality and cost of the goods and services offered); *George & Co., L.L.C. v. Imagination Entm't Ltd.*, No. 1:07cv498(LMB/TRJ), 2008 WL

plaintiff filing a trademark infringement case within these circuits, all other factors being equal, will most likely prevail if the defendant has inferior goods to those of the plaintiff.⁶³

3. The Sixth Circuit's Unique Holding and Its Effect on the Tenth Circuit

In 2005, the Sixth Circuit, in *Gibson Guitar*, determined that when both parties have high quality goods and point-of-sale confusion has not occurred, the court need not consider initial-interest confusion or post-sale confusion in determining whether an infringement has occurred under the likelihood of consumer confusion test.⁶⁴ This holding clearly

2883771, *7 (E.D. Va. July 25, 2008) (refusing to consider the similarity theory, the court considered the price of the goods when evaluating the quality factor under the tarnishment theory and classified the factor as irrelevant based upon a determination that the goods were of equal quality); *Neles-Jamesbury, Inc. v. Valve Dynamics, Inc.*, 974 F. Supp. 964, 970 (S.D. Tex. 1997) (considering the quality factor under the tarnishment theory to the degree that a reconditioned product's inferior quality would be recognized by the reasonable purchaser as being associated with the manufacturer). *But see* *Paulsson Geophysical Servs., Inc. v. Sigmar*, 529 F.3d 303, 312 (5th Cir. 2008) (recognizing the district court's adoption of the quality-control theory but noting that the circuit court has avoided adopting this presumption of irreparable harm); *Pizzeria Uno Corp. v. Temple*, 747 F.2d 1522, 1535 (4th Cir. 1984) (adopting the quality-control theory rather than the tarnishment or similarity theory); *DS Waters of Am., Inc. v. Princess Abita Water, LLC.*, 539 F. Supp. 2d 853, 863 (E.D. La. 2008) (holding that quality control is a significant factor in determining whether irreparable harm can occur and arguing that this factor is relevant regardless of the actual quality of defendant's goods); *Waples-Platter Cos. v. Gen. Foods Corp.*, 439 F. Supp. 551, 574 (N.D. Tex. 1977) (suggesting that actual quality of defendant's goods is immaterial, but exclusive control over the mark and good will is an essential element in trademark infringement cases).

⁶³ *See supra* note 62 and accompanying text (suggesting the benefit of bringing suit in the Fourth or Fifth Circuit if the alleged infringer has an inferior good). This conclusion is drawn from the understanding that both the tarnishment and quality-control theory will view product inferiority as advantageous to the plaintiff.

⁶⁴ *Gibson Guitar Corp. v. Paul Reed Smith Guitars, L.P.*, 423 F.3d 539 (6th Cir. 2005). In *Gibson*, the senior mark user, Gibson, introduced the Les Paul guitar and created the Les Paul name as a single-cutaway electric guitar. *Id.* at 543–44. The Patent and Trademark Office issued registration on July 29, 1987 and it became incontestable on September 27, 1999. *Id.* at 544. Paul Reed Smith Guitars displayed their first solid body, single-cutaway electric guitar in February of 2000. *Id.* The court found no evidence of point-of-sale confusion and determined that both companies were manufacturers of high quality guitars. *Id.* at 543, 548. This finding led the court to ignore initial-interest confusion and post-sale confusion. *Id.* at 553. The court then reversed the summary judgment awarded to Gibson and remanded the case with an instruction to enter summary judgment in favor of Paul Reed Smith. *Id.* at 553. Furthermore, the United States Supreme Court denied a petition for writ of certiorari on the following issue: "Whether a trademark infringer who sells a 'knock-off' product under the valid, incontestable trademark of another can be excused from liability under the Lanham Act because the infringing product is 'high-quality.'" *Gibson Guitar* Petition for Writ of Certiorari, *supra* note 19, at i.

supports a tarnishment theory in initial interest and post-sale confusion cases, while suggesting that point-of-sale confusion cases may apply the similarity theory.⁶⁵ By the end of 2005, the Sixth Circuit's reasoning had already been adopted by the Tenth Circuit.⁶⁶ This adoption will only further expand the confusion caused by these inter-circuit and intra-circuit splits.⁶⁷ In order to understand the cure, this Note will explore the status quo of trademark infringement analysis with a lens focused on the quality factor.⁶⁸

III. ANALYSIS

Courts continue to inconsistently apply the quality factor within the likelihood of consumer confusion test when handling trademark infringement cases.⁶⁹ Part III of this Note explains the faults within the current status quo of trademark infringement analysis: confusion among circuits and within circuits relating to the proper application of the quality factor under the likelihood of consumer confusion test.⁷⁰ Part III analyzes the basic legal trademark concepts in accordance with the general problems discussed in Part II.C.1.⁷¹ Part III further covers the elements necessary to understand the proposed alternative.⁷² Part III.A describes the impact the status quo will have on the future of trademark

⁶⁵ See *supra* note 64 and accompanying text (describing the *Gibson* decision).

⁶⁶ See *Gibson Guitar* Petition for Writ of Certiorari, *supra* note 19.

Indeed, the Sixth Circuit's flawed reasoning has already trickled down to subsequent district court decisions. See, e.g., *Big Dog Motorcycles, L.L.C. v. Big Dog Holdings, Inc.*, 2005 U.S. Dist LEXIS 31059 *60 (D. Kan. Dec. 2, 2005) (citing *Gibson* for the proposition that "post-sale confusion could not serve as substitute for point-of-sale confusion where allegedly infringing products were not clearly inferior to the trademark holder's product").

Id. at 14.

⁶⁷ See *supra* note 66 and accompanying text (describing the Tenth Circuit's adoption of the *Gibson* court's reasoning in determining that post-sale confusion is unavailable unless the allegedly infringing product is clearly inferior to the plaintiff's product).

⁶⁸ See *infra* Part III (analyzing the legal concepts developed in Part II in accordance with the general problem discussed in Part II.C.1).

⁶⁹ See *supra* Part II.C (outlining various strategies courts utilize when applying the quality factor to trademark infringement cases).

⁷⁰ See *supra* Part II.C.2 (explaining the inter-circuit and intra-circuit splits on the issue of the proper application of the quality factor to the likelihood of consumer confusion test in trademark infringement cases).

⁷¹ See *supra* Part II.C.1 (explaining the general problem in resolving trademark infringement cases created by a sharp divide among the circuit courts application of the quality factor).

⁷² See *infra* Part IV (describing the proposed alternative to the current approaches used by the circuits when applying the quality factor in resolving trademark infringement cases).

law, specifically focusing on the creation of confusion in the lower courts as to the proper application of the quality factor.⁷³ Next, Part III.B explains the advantages and disadvantages of each of the three approaches to applying the quality factor currently used by circuit courts in resolving a trademark infringement case.⁷⁴

A. *Disarray Among the Lower Courts*

Recognizing the low value of a confused judicial system, this Part focuses on the adverse effects caused by the current analysis used in resolving trademark infringement cases.⁷⁵ This Part begins by addressing the circuit split on the issue of applying the quality factor to the likelihood of consumer confusion test, explains three separate areas of disarray currently plaguing the circuit and district courts on this issue, and announces the expected ramifications caused by such confusion.⁷⁶ Part III.A.1 analyzes the disorder courts face when applying the initial-interest confusion, point-of-sale confusion, and post-sale confusion tests in determining whether a trademark infringement has occurred.⁷⁷ Part III.A.2 explores the confusion courts face in determining which characteristics the reasonably prudent consumer possesses.⁷⁸ Finally, Part III.A.3 examines the confusion courts face in determining what factors should be considered when analyzing the quality of defendant's goods.⁷⁹ The lower courts' application of the quality factor is in disarray exacerbating the problem created by the circuit split.⁸⁰ The previously discussed intra-circuit and inter-circuit splits serve as additional reasons for reforming judicial application of the quality factor in resolving trademark infringement cases.⁸¹ It is important to understand why the

⁷³ See *infra* Part III.A (recognizing the future impact caused by maintaining the status quo of analysis in a trademark infringement case).

⁷⁴ See *infra* Part III.B (discussing the advantages and disadvantages to applying the similarity, tarnishment, and quality-control theories in a trademark infringement case).

⁷⁵ See *infra* Part III.A (recognizing the confusion caused by the current status quo of trademark infringement analysis).

⁷⁶ See *infra* Parts III.A.1-3 (exploring the various areas of confusion plaguing the circuit and district courts in analyzing trademark infringement cases).

⁷⁷ See *infra* Part III.A.1 (outlining the confusion caused by applying initial-interest confusion, point-of-sale confusion, and post-sale confusion).

⁷⁸ See *infra* Part III.A.2 (exploring the obstacle courts face in determining what qualifies as a reasonably prudent consumer).

⁷⁹ See *infra* Part III.A.3 (recognizing the contention among courts in determining what elements or factors are relevant to establish the quality of defendant's goods in a trademark infringement case).

⁸⁰ See *supra* Part II.C (recognizing the disarray among district court in applying the quality factor to trademark infringement cases).

⁸¹ See *supra* Part II.C (describing the circuit courts' various methods for applying the quality factor to trademark infringement cases).

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quality factor affects lower court decisions in trademark infringement cases.⁸² Additionally, it is important to explore the advantages and disadvantages of each of the three theories currently applied by circuit courts.⁸³

1. The Quality Factor Creates Additional Complications in the Application of Initial-Interest Confusion and Post-Sale Confusion

Initial-interest confusion is a relatively new doctrine which has been applied sporadically by the judiciary.⁸⁴ The quality factor, under the likelihood of consumer confusion test, is relevant to initial-interest confusion because some courts and commentators have agreed that initial-interest confusion should be analyzed within the guidelines of the likelihood of consumer confusion test.⁸⁵ However, applying the quality factor as an element of the likelihood of consumer confusion test to the initial-interest confusion doctrine has created an elevated state of lower court disarray.⁸⁶ Complications arise when a lower court is forced to

⁸² See *infra* Parts III.A.1-3 (discussing areas of trademark law affected by the utilization of the quality factor in analyzing trademark infringement cases).

⁸³ See *infra* Parts III.B.1-3 (discussing the advantages and disadvantages of applying the tarnishment theory, similarity theory, and quality-control theory in resolving trademark infringement cases).

⁸⁴ MCKENNEY & LONG III, *supra* note 29, § 3:8. See *supra* note 32 and accompanying text (defining initial-interest confusion and discussing the various elements of initial-interest confusion). See also PACCAR Inc. v. TeleScan Techs., L.L.C., 319 F.3d 243, 253 (6th Cir. 2003) *overruled on other grounds by* KP Permanent Make-up, Inc. v. Lasting Impression I, Inc., 543 U.S. 111 (2004). “This ‘initial interest confusion’ is recognized as an infringement under the Lanham Act.” *Id.* at 253 (citing *Eli Lilly & Co. v. Natural Answers Inc.*, 233 F.3d 456, 464 (7th Cir. 2000)).

⁸⁵ *E.g.*, MCKENNEY & LONG III, *supra* note 29, § 3:8 (“Initial confusion should be analyzed in the context of the elements constituting the standard of likelihood of confusion.”); NIMMER, *supra* note 32, § 6:52 (recognizing that some courts, including the Ninth Circuit, have treated initial interest confusion as a separate type of confusion for which the likelihood of consumer confusion test should be applied). *But see* NIMMER, *supra* note 32, § 6:52 (explaining that some courts, such as the Sixth Circuit in *Gibson*, treat the concept of initial-interest confusion as a part of the likelihood of consumer confusion test instead of as a completely different type of confusion for which the likelihood of consumer confusion test should be applied).

⁸⁶ See NIMMER, *supra* note 32, § 6:52 (recognizing the difficulties associated with the application of the initial-interest confusion doctrine, which focuses on siphoning customers for final purchase or at least siphoning customers to approach and enter the business establishment). Nimmer argues:

The ultimate status of this concept, even in the Ninth Circuit, cannot be predicted, but either as part of an overall multi-factor analysis, or as a separate form of actionable confusion, the concept has limits grounded in both the consideration of factors relevant to the existence of confusion and in traditional trademark concepts associated with fair

determine whether the quality factor is applicable to the initial-interest confusion doctrine.⁸⁷ Additionally, if applicable, lower courts are then faced with additional complications when determining which theory of the quality factor to apply to a case alleging trademark infringement.⁸⁸

Lower courts are also plagued by the complications created when applying the post-sale confusion doctrine in resolving a trademark infringement case.⁸⁹ A judiciary's determination of which quality theory to apply could potentially alter the result of the case.⁹⁰ Such a dramatic

use and other permissible uses of a name to identify a separate or related products (so-called nominative use).

Id.

⁸⁷ See *Deere & Co. v. MTD Holdings Inc.*, No. 00 Civ. 5936(LMM), 2004 WL 324890, at *14 (S.D.N.Y. Feb. 19, 2004). In *Deere*, the court recognized that the quality of a defendant's good may be irrelevant because the initial-interest doctrine considers the potential consumer who may not purchase anything after he or she becomes aware of the source's actual identity. *Id.* (citing *Checkpoint Sys., Inc. v. Check Point Software Techs., Inc.*, 269 F.3d 270, 294 (3d Cir. 2001)). However, the court did recognize that a purpose for creating the initial-interest confusion is generally based on a "bait and switch" strategy which capitalizes on the goodwill of the plaintiff's high quality goods. *Id.* Nonetheless, the court determined that at the very least, the similarity of products and the consumer's sophistication or level of care employed when purchasing are relevant factors to consider under the likelihood of consumer confusion test. *Id.* See also *PACCAR*, 319 F.3d at 253 (recognizing that providing a disclaimer acknowledging that the product or service is not affiliated with the trademark owner after the consumer has already reached the place of business is too late to prevent infringement).

⁸⁸ See *supra* Part II.C (exploring the general problems created by circuit courts sporadically applying the tarnishment theory, similarity theory, and quality-control theory: three methods for applying the quality factor to the likelihood of consumer confusion test).

⁸⁹ See *supra* note 34 and accompanying text (discussing the post-sale confusion doctrine and analyzing district and circuit courts' adoption of the post-sale confusion doctrine).

⁹⁰ See *Gibson Guitar Corp. v. Paul Reed Smith Guitars, L.P.*, 423 F.3d 539 (6th Cir. 2005). In *Gibson Guitar*, the parties conceded that both the alleged infringer's and the plaintiff's single-cutaway electric guitars were of high quality. *Id.* at 553. Specifically, the court held that a guitar manufacturer producing an alleged infringing high quality guitar likely to cause post-sale confusion would not harm the original mark owner and guitar manufacturer. *Id.* If the court had adopted a similarity theory then the fact that both manufacturers sold high quality guitars would promote a finding of likelihood of confusion. *Id.* Furthermore, had the court adopted the quality-control theory then the mere fact that the mark owner lost control over the goods would support finding a likelihood of confusion. *Id.* The previous two assertions are supported by analyzing the court's rejection of the "smoky-bar theory of confusion." *Id.* This theory recognized that the mark owner loses control of the mark when the similar quality of the infringing guitar provokes a musician to use the guitar. *Id.* See *Gibson Guitar* Petition for Writ of Certiorari, *supra* note 19, at 11. The petitioner suggested that the court's reasoning was flawed because it did not consider losing control over the mark as a damage. *Id.* at 14. Specifically, the petitioner suggested that "[t]he court's decision will also significantly impair the ability of trademark holders to enforce their rights, as it provides counterfeiters with a loophole through which they can sidestep charges of infringement." *Id.* See also *Esercizio v. Roberts*, 944 F.2d 1235, 1245 (6th Cir. 1991) (holding that the inferior quality of the fiberglass Ferrari replica kit attachments damaged Ferrari's reputation from a post-sale

effect on trademark law must be controlled through a uniform application of the quality factor.⁹¹ However, this alone would not resolve the dilemma plaguing lower courts.⁹² Lower courts face additional complications when determining who is actually evaluating the quality of the good: the potential purchaser in an initial-interest confusion case, the purchaser in a point-of-sale confusion case, or the public in a post-sale confusion case.⁹³

2. Lower Court Disagreement in Defining the Reasonably Prudent Consumer that Evaluates the Quality of the Defendant's Goods

"[T]he case law elaborating these considerations is based on an ad hoc, impressionistic conception of sophistication; the courts have never articulated anything approaching a rigorous, theoretical understanding of consumer care."⁹⁴ A court's assessment of the reasonably prudent person is most valuable in point-of-sale confusion cases and should play little to no role in initial-interest confusion and post-sale confusion cases because third parties, regardless of their sophistication, lack the incentive to properly evaluate the good's quality.⁹⁵ Even in point-of-sale confusion

confusion context). See generally ALTMAN & POLLACK, *supra* note 34, § 22:11 (discussing post-sale confusion cases and the dangers caused by such knock-off goods). Altman and Pollack also recognize that in certain cases a "failure to take postsale confusion into account require[s] reversal of finding of noninfringement[.]" *Id.* § 22:11 n.12.

⁹¹ See Sheff, *supra* note 35, at 344-45 (recognizing that a lack of uniformity within any trademark element is a "generalized concern at the heart of trademark law").

⁹² See *infra* Parts III.A.2-3 (discussing the contention that exists among lower courts in determining what composes a reasonably prudent consumer and what factors should be applied in determining the quality of defendant's goods or services in a trademark infringement case).

⁹³ See *infra* Part III.A.2 (discussing the lower courts' difficulty in determining who qualifies as a reasonably prudent consumer in a trademark infringement case).

⁹⁴ Lee, Christensen & DeRosia, *supra* note 35, at 581.

⁹⁵ See *id.* at 647 (recognizing that care and sophistication can justify diminishing the likelihood of confusion among point-of-sale purchasers). However, the authors further recognize that "no amount of care or sophistication among point-of-sale purchasers will diminish the likelihood of cognizable confusion by third parties beyond the point of sale." *Id.* Lee, Christensen, and DeRosia argue:

Instead, in cases of cognizable post-sale confusion, the relevant sophistication is that of the third parties who may view the trademarked products in use. And such third parties are extremely unlikely to exercise the extended cognition necessary to perform the source-identification judgment with any accuracy, given that (1) there are unlikely to be any significant risk factors implicated in the context of a casual post-sale encounter with someone else's trademarked item; (2) there will often be time constraints and other situational limitations on the opportunity for extended cognition; and (3) the junior mark is

cases, a sophisticated consumer who has both the motivation and ability to analyze the product may be unable to fully evaluate the product's quality without first purchasing and consuming the product.⁹⁶ This

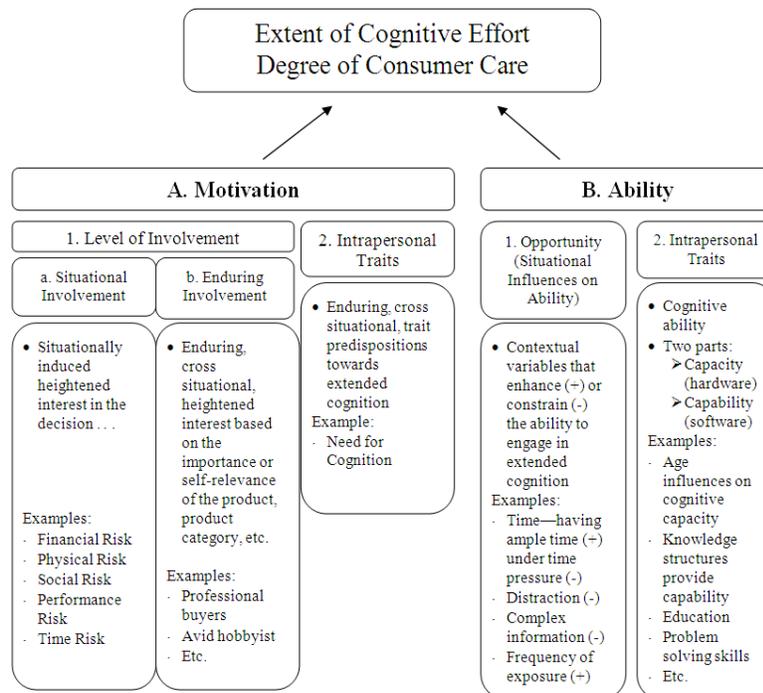
often a bad-faith counterfeit carefully contrived so that only an expert would be able to distinguish it from an original.

Id. Furthermore, consumer care and sophistication is completely irrelevant under the initial-interest confusion doctrine. *Id.* at 647–48. This conclusion is supported by the basic understanding that “the expectation of a high level of care at later stages of the transaction” does not dispel a claim of initial-interest confusion. *Id.* at 648. Moreover, the authors acknowledge that “certain forms of consumer sophistication may only exacerbate the likelihood of initial-interest confusion.” *Id.* Lee, Christensen, and DeRosia further note, “where sophistication is rooted in enduring involvement in or repeated exposure to a senior mark or product category, the sophisticated consumer may be the one most likely to develop an initial interest in a junior mark that at first glance appears similar.” *Id.* at 649. (citing *Lois Sportswear, U.S.A. v. Levi Strauss & Co.*, 799 F.2d 867, 875 (2d Cir. 1986)). The authors also recognize that courts have determined that “initial interest confusion . . . typically defeats the sophisticated purchaser defense[.]” which recognizes that a sophisticated consumer takes the necessary precautions to ensure he or she is not actually confused about the item being purchased. *Id.* at 582–83. (alterations in original) (quoting *SecuraComm Consulting, Inc. v. SecuraCom Inc.*, 984 F. Supp. 286, 299 (D.N.J. 1997)). The authors further note that courts have reasoned that “sophistication does not obviate the possibility that they may ‘mistakenly’ find a ‘connection’ with the senior trademark holder and ‘develop an interest . . . that [they] would not otherwise have had.’” *Id.* at 582. (alterations in original) (quoting *Kompan A.S. v. Park Structures, Inc.*, 890 F. Supp. 1167, 1180 (N.D.N.Y. 1995)). *See also* Sheff, *supra* note 35, at 367 (explaining that similar stimuli can play tricks on the human mind). Specifically, Sheff notes that “[m]emory can play . . . tricks on us, particularly when a novel, distorted, or misplaced stimulus is presented in a context where we would expect to encounter a similar, familiar stimulus.” *Id.* Furthermore, Sheff suggests that a consumer can miss quality discrepancies after a stimulus has been triggered. *Id.*

⁹⁶ Lee, Christensen & DeRosia, *supra* note 35, at 584. The authors use the following diagram to help explain the relevance of motivation and ability to consumer care:

necessity further complicates a judiciary's use of the reasonably prudent consumer standard in resolving trademark infringement cases.⁹⁷

The standard used in determining the reasonably prudent consumer's effect on the likelihood of consumer confusion stemming from a trademark use is further complicated by courts adopting different methods for applying the quality factor.⁹⁸ The level of care a consumer exercises during the purchasing process is irrelevant to his or her likelihood of noticing quality discrepancies after purchasing the good.⁹⁹



Id. at 589.

⁹⁷ See *id.* at 578–79 (“[C]ourts may simply be ‘adjusting their finding of whether the relevant consumer population is sophisticated or unsophisticated to conform to the result they wish to achieve.’” (quoting Beebe, *supra* note 28, at 2040.))

⁹⁸ See *supra* notes 91–93 and accompanying text (describing the complications arising from the application of each quality theory to trademark infringement cases).

⁹⁹ See Lee, Christensen & DeRosia, *supra* note 35, at 579–80. Lee, Christensen, and DeRosia argue:

A sophisticated consumer is expected to act not on impulse, but on the basis of a careful consideration of the reliability and dependability of the manufacturer and seller of the product. . . . [A]nd who is thus deemed less likely to be confused as to the source or sponsorship of the trademarked products she *buys*. Unsophisticated consumers, by contrast, are the ignorant, the unthinking, and the credulous, who, *in*

Under this general view, the tarnishment theory only protects a consumer that is sophisticated enough to notice a discrepancy in quality between the alleged infringer's good and the trademark owner's good, but not sophisticated enough during the purchasing process as to eliminate the applicability of the likelihood of confusion test.¹⁰⁰ However, under the similarity theory, both sophisticated and unsophisticated consumers are likely to be confused by the similarity in quality between the alleged infringer's good and the trademark owner's good.¹⁰¹ Finally, under the quality-control theory, the consumer's level of sophistication is irrelevant to the likelihood of consumer confusion test because the mark owner has already lost his ability to control the mark.¹⁰²

making purchases, do not stop to analyze, but are governed by appearance and general impressions. The prototypical unsophisticated consumer is the man walking the supermarket aisle who undergoes an experience not unlike that of hypnosis, in which purchases are made impulsively and thoughtlessly.

Id. (emphasis added) (footnotes and quotations omitted).

¹⁰⁰ See *id.* at 581. The authors recognize the split among circuits regarding the weight accredited to buyer sophistication. *Id.* Specifically, the authors mention that some courts will interpret a market of highly sophisticated or professional consumers as evidence necessary to supersede the entire likelihood of consumer confusion test, eliminating the quality factor. *Id.*; Sara Lee Corp. v. Kayser-Roth Corp., 81 F.3d 455, 467 (4th Cir. 1996) (citing Perini Corp. v. Perini Constr., Inc., 915 F.2d 121, 128 (4th Cir. 1990)). Other courts limit the importance of consumer sophistication as only one small element of the likelihood of consumer confusion test. Lee, Christensen & DeRosia, *supra* note 35, at 581. See also PACCAR Inc. v. TeleScan Techs., L.L.C., 319 F.3d 243, 253 (6th Cir. 2003) *overruled on other grounds by* KP Permanent Make-up, Inc. v. Lasting Impression I, Inc., 543 U.S. 111 (2004) (recognizing that the typical standard applied by courts in determining consumer sophistication is an ordinarily cautious buyer, but noting that higher standard is proper for more sophisticated buyers); MCKENNEY & LONG III, *supra* note 29, § 3:8 (recognizing that some courts apply a more general ordinary person standard guided by a "normal measure of the layman's common sense and judgment" in determining the level of consumer sophistication (quoting A1 Mortgage Corp. v. A1 Mortgage & Fin. Servs., L.L.C., No. 2:03-CV-2002, 2006 WL 1437744 (W.D. Pa. Mar. 16, 2006))).

¹⁰¹ See Lee, Christensen & DeRosia, *supra* note 35, at 587, 646. "The courts have generally held that if consumers exercise a low degree of care, likelihood of confusion in the marketplace will be increased." *Id.* at 587. Simultaneously, "high levels of involvement might even be expected to exacerbate the likelihood of sponsorship confusion[.]" *Id.* at 646. This is true because a consumer exercising high levels of care "can only increase the perception of a connection between two disparate uses of the same trademark, and no amount of additional comparison of the two marks is likely to dispel it." *Id.*

¹⁰² See *id.* at 583. When a mark owner loses control over the mark and a consumer identifies an infringer's product with the mark owner, then the consumer will infer the product's traits and quality as being equal to the mark owner's product. *Id.*

3. Lower Courts Face Additional Complications in Determining What Attributes to Consider Under the Quality Factor

Courts and commentators have listed several relevant company, product, and service attributes to be considered as a part of the quality of defendant's goods, ranging from the product or service itself to the company's advertisements and environmental policies.¹⁰³ This wide range of discretion complicates the court's application of its chosen quality analysis theory.¹⁰⁴ Since trademark law focuses on the context of the specific case, a court can suggest using certain attributes in particular cases and thus find infringement or non-infringement under either the tarnishment theory, similarity theory, or quality-control theory.¹⁰⁵ This complication serves as additional support for removing the quality factor from the liability stage of analysis in a trademark infringement case.¹⁰⁶ Nonetheless, it is important to understand the benefits and detriments of each quality theory.¹⁰⁷

¹⁰³ See *supra* notes 40–42 and accompanying text (outlining the attributes considered as relevant to the analysis of the quality of defendant's goods in trademark infringement cases).

¹⁰⁴ See *infra* note 105 and accompanying text (recognizing the complications arising from an analysis of the attributes of the quality of defendant's goods in a trademark infringement case).

¹⁰⁵ See Leon, *supra* note 42, at 978. Leon recognizes the contextual nature of trademark law by establishing that "[i]n commercial advertising the quality of the advertisement may reflect the quality of the product." *Id.* W. Publ'g Co., Inc. v. Rose Art Indus., Inc., 910 F.2d 57, 63 (2d Cir. 1990). The court reasoned that in the context of a family mark being used by another company, the product itself is the only item that should be used when considering the quality of defendant's goods. *Id.* Additionally, Attiya Malik cites a case which recognized that in the context of domain names and home page addresses, the general image or message the organization or company portrays is relevant. Malik, *supra* note 42, at 460 (citing Planned Parenthood Fed'n of Am. v. Bucci, No. 97 Civ. 0629 (KMW), 1997 U.S. Dist. LEXIS 3338, at *31 (S.D.N.Y. Mar. 19, 1997)); Biosafe-One, Inc. v. Hawks, 524 F. Supp. 2d 452, 465 (S.D.N.Y. 2007) (suggesting that in the context of an industrial-strength septic system cleaning product, experience was an invalid attribute to consider when evaluating the quality of defendant's goods); MGM-Pathe Commc'ns Co. v. Pink Panther Patrol, 774 F. Supp. 869, 876 (S.D.N.Y. 1991) (determining that in the context of the Pink Panther mark, image was an important, necessary attribute to consider when analyzing the quality of defendant's goods).

¹⁰⁶ Bone, *supra* note 42, at 2152 n.150 (suggesting that adding a quality comparison is likely to promote litigation and increase administrative and error costs).

¹⁰⁷ See *infra* Part III.B (outlining the advantages and disadvantages of applying the tarnishment, similarity, and quality-control theories to the quality of defendant's goods in the likelihood of consumer confusion test for trademark infringement cases).

B. *Advantages & Disadvantages of the Three Quality Theories*

After analyzing the continued contention among lower courts regarding the future of the quality factor, Part III.B concentrates on each of the three quality theories under the point-of-sale confusion doctrine.¹⁰⁸ Part III.B.1 examines the advantages and disadvantages of using the tarnishment theory in applying the quality factor under the likelihood of consumer confusion test to a trademark infringement case.¹⁰⁹ Next, Part III.B.2 analyzes the advantages and disadvantages of using the similarity theory in applying the quality factor in a trademark infringement case.¹¹⁰ Finally, Part III.B.3 discusses the advantages and disadvantages of applying the quality-control theory to the quality factor in a trademark infringement case.¹¹¹

1. The Tarnishment Theory

The tarnishment theory has two advantages and two disadvantages.¹¹² First, the tarnishment theory allows the court to focus on the likelihood of expected harm stemming from the continued use of the alleged infringer's mark.¹¹³ Second, the tarnishment theory can be a safeguard in protecting the consumer's interest by preventing the sale of poor quality goods.¹¹⁴ However, with these benefits comes an

¹⁰⁸ See *infra* Parts III.B.1-3 (analyzing the advantages and disadvantages of the tarnishment theory, the similarity theory, and the quality-control theory).

¹⁰⁹ See *infra* Part III.B.1 (analyzing the advantages and disadvantages to using the tarnishment theory in trademark infringement cases).

¹¹⁰ See *infra* Part III.B.2 (analyzing the advantages and disadvantages to using the similarity theory in trademark infringement cases).

¹¹¹ See *infra* Part III.B.3 (analyzing the advantages and disadvantages to using the quality-control theory in trademark infringement cases).

¹¹² See *infra* notes 113-18 and accompanying text (describing each individual advantage and disadvantage of the tarnishment theory).

¹¹³ E.g., *MGM-Pathe Commc's Co. v. Pink Panther Patrol*, 774 F. Supp. 869, 876 (S.D.N.Y. 1991) (recognizing the tarnishment theory). Under the tarnishment theory "[t]he quality comparison factor concerns itself . . . with the likelihood of harm resulting from any such confusion." *Id.* In *MGM*, the court held that the tarnishment theory helps prevent an alleged infringer from using a mark that is likely to be destructive to the image and goodwill of the senior user's mark. *Id.* See also *Neles-Jamesbury, Inc. v. Valve Dynamics, Inc.*, 974 F. Supp. 964, 970 (S.D. Tex. 1997) (recognizing the quality factor under a tarnishment theory title). The court analyzed, as its eleventh element of the likelihood of consumer confusion test, "the degree to which any inferior qualities associated with the reconditioned product would likely to be identified by the typical purchaser with the manufacturer." *Id.*

¹¹⁴ See, e.g., *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 163-64 (1995); *Perini Corp. v. Perini Constr., Inc.*, 915 F.2d 121, 128 (4th Cir 1990) (recognizing that the tarnishment theory serves the general public's interest by protecting it from low quality goods). The *Qualitex* court concludes:

understanding that the tarnishment theory focuses on dilution rather than confusion to the consumer.¹¹⁵ This focus may seem counterintuitive to courts using the tarnishment theory because it is being applied as a factor of the likelihood of consumer confusion test.¹¹⁶ Moreover, products of a distinctly different quality are less likely to be confused with each other.¹¹⁷ Therefore, the tarnishment theory is likely to prevent a finding of consumer confusion in those cases where confusion is most likely to occur because the tarnishment theory, unlike the similarity

[T]rademark law, by preventing others from copying a source-identifying mark, reduces the customer's costs of shopping and making purchasing decisions, for it quickly and easily assures a potential customer that *this* item—the item with this mark—is made by the same producer as other similarly marked items that he or she liked (or disliked) in the past... The law thereby encourages the production of quality products and simultaneously discourages those who hope to sell inferior products by capitalizing on a consumer's inability quickly to evaluate the quality of an item offered for sale.

Qualitex., 514 U.S. at 163–64. (citations and internal quotations omitted). See also *Henry v. Chloride, Inc.*, 809 F.2d 1334, 1350 (8th Cir. 1987) (noting that trademark infringement may prevent the sale of goods which are “seconds” of inferior quality and prevent the sale of goods that have been tainted by mishandling). See generally RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 9 cmt. b (1995) (recognizing that defrauded purchasers were expected to bring suit against trademark infringers in the Roman times).

¹¹⁵ E.g., *Playmakers L.L.C. v. ESPN, Inc.*, 376 F.3d 894, 897 (9th Cir. 2004) (“Tarnishment may be a theory of liability or a type of harm, but it is not itself a factor to be considered in determining whether consumer confusion is likely.”).

¹¹⁶ See, e.g., *Polaroid Corp. v. Polaroid Elecs. Corp.* 287 F.2d 492, 495 (2d Cir. 1961) (noting that the quality factor is one factor considered under the likelihood of consumer confusion test). See also *Neles-Jamesbury, Inc. v. Valve Dynamics Inc.*, 974 F. Supp. 964, 970 (S.D. Tex. 1997) (differentiating between the likelihood of consumer confusion factors and an additional factor applied by the court titled “(11) the degree to which any inferior qualities associated with the reconditioned product would likely to be identified by the typical purchaser with the manufacturer”). In *Neles-Jamesbury*, the court recognized the importance of this factor applied to the facts of this particular case but clearly separated it from the factors which logically focus on identifying the possibility for consumer confusion. *Id.* Additionally, the court implied that this factor might be superfluous by noting that it combines elements of a number of the likelihood of consumer confusion factors. *Id.* at 976.

¹¹⁷ E.g., *Jordache Enters., Inc. v. Hogg Wyld, Ltd.*, 828 F.2d 1482, 1488 (10th Cir. 1987) (“If there is a difference in quality between the [products], the public is less likely to be confused. A showing that products are of dissimilar quality affords no support for a finding of a likelihood of confusion.”). See also *Plus Prods. v. Plus Disc. Foods, Inc.*, 722 F.2d 999, 1006–07 (2d Cir. 1983) (noting that marked differences between the quality of the two parties’ goods supports a finding against likelihood of confusion). The court in *Plus Products* justified this conclusion by recognizing that the mark owner targeted a special consumer market who desires natural ingredients and high nutritional value, where the alleged infringer targeted consumers who were “cost conscious shoppers looking for garden-variety grocery items which are sold at bargain-basement prices.” *Id.* at 1007. The court explained that such a distinction is likely to lower the likelihood of confusion in even the unsophisticated consumer. *Id.*

theory discussed in Part III.B.2, holds that products of similar quality weigh against a finding of consumer confusion.¹¹⁸

2. The Similarity Theory

The similarity theory has two advantages and two disadvantages.¹¹⁹ First, the similarity theory recognizes the likelihood of confusion caused by similarities in product quality.¹²⁰ Conversely, the similarity theory recognizes that differences in quality are more likely to cause a consumer to recognize the difference in sponsorship or source of the good.¹²¹

¹¹⁸ See *Sara Lee Corp. v. Kayser-Roth Corp.*, 81 F.3d 455, 467 (4th Cir. 1996) (suggesting that pantyhose of similar quality are less likely to be confused than pantyhose of vastly different quality); *Hormel Foods Corp. v. Jim Henson Prods., Inc.*, 73 F.3d 497, 505 (2d Cir. 1996) (suggesting that a positive, not lesser quality, cartoon character with a trademarked name does not support a finding of sponsorship confusion because the character was not inferior to that of the trademarked good and was not related in make-up or usage); *Hasbro, Inc. v. Lanard Toys, Ltd.*, 858 F.2d 70, 78 (2d Cir. 1988) (suggesting that the quality factor did not support likelihood of confusion where the infringers' international security figures were not of lesser quality than the mark owners' military action figures); *George & Co., L.L.C. v. Imagination Entm't Ltd.*, No. 1:07cv498(LMB/TRJ), 2008 WL 2883771, *7 (E.D. Va. July 25, 2008) (suggesting that likelihood of confusion is less likely to occur where a company used the mark "Left Center Right" for a product of great similarity to that of a "LCR" mark owner because the products were sold at the same price and were of a similar quality); *Artisan Mfg. Corp. v. All Granite & Marble Corp.*, 559 F. Supp. 2d 442, 453 (S.D.N.Y. 2008) (suggesting that the quality factor is irrelevant where the alleged infringer made the same product, eighteen-gauge sinks, as the mark owner and inferiority was not proven); *Toys "R" Us, Inc. v. Canarsie Kiddie Shop, Inc.*, 559 F. Supp. 1189, 1199 (E.D.N.Y. 1983) (suggesting that the quality factor is irrelevant where a company uses "Kids 'r Us" as their mark for toy products of similar quality to the "Toys 'R Us" mark owner). *But see* *Lemme v. NBC, Inc.*, 472 F. Supp. 2d 433, 451 (E.D.N.Y. 2007) (noting that an infringing national broadcast company who was vastly superior in quality to the local broadcast mark owner supported a finding against likelihood of confusion). See *infra* Part III.B.2 (analyzing the advantages and disadvantages to using the similarity theory in trademark infringement cases).

¹¹⁹ See *infra* notes 120-23 and accompanying text (explaining the advantages and disadvantages to using the similarity theory in applying the quality factor in a trademark infringement case).

¹²⁰ See, e.g., *Constellation Brands, Inc. v. Arbor Hill Assocs.*, 535 F. Supp. 2d 347, 370 (W.D.N.Y. 2008) (suggesting that the quality factor relates to harm and not confusion; however the court noted that two products that are not markedly different under a quality analysis could generate confusion as to who actually produced each product); *Jordache*, 841 F. Supp. at 520 (recognizing that the parties' admission of both manufacturing quality jeans strengthened an inference that consumers will believe that they originated from the same source); *In re Leslie Fay Cos.*, 216 B.R. 117, 131 (S.D.N.Y. 1997) (acknowledging that the two parties' ties were not distinctly different from a quality perspective and thus were likely to be confused).

¹²¹ See, e.g., *Constellation Brands*, 535 F. Supp. 2d at 370 (noting that the two wines produced by the parties were not markedly different under a quality analysis so as to militate against a finding of confusion stemming from the wines); *Savin Corp. v. Savin Group*, 391 F.3d 439, 461 (2d Cir. 2004) (recognizing that in cases where lesser quality

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However, these similarities may be irrelevant where the products differ in appearance, function and price.¹²² Furthermore, applying the similarity theory to the quality factor is unnecessary when the similarity theory is also applied to the proximity factor, which has been adopted by every circuit.¹²³ Finally, it is important to recognize that the quality factor becomes inconsequential when both the similarity and tarnishment theories are applied to the quality factor.¹²⁴ Therefore, some

products are produced by the alleged infringer, consumers will be less likely to presume the low quality product was created by the same mark owner that prides itself on delivering high quality goods).

¹²² *Arrow Fastener Co. v. Stanley Works*, 59 F.3d 384, 398 (2d Cir. 1995) (suggesting that the similarity theory is inapplicable where the two products differ in appearance, function, and price). *But see* *MGM-Pathe Comm'ns Co. v. Pink Panther Patrol*, 774 F. Supp. 869, 875 (S.D.N.Y. 1991) (recognizing the irrelevance possibly caused by distinct differences in the good's nature and function, but also noting that this irrelevance is only true in certain contexts). The court in *Pink Panther Patrol* recognized that:

It is indeed entirely likely that a large percentage of the population of the United States might see and hear both plaintiff's and defendant's names during a single evening of nationwide television broadcasting, if a telecast of an MGM film should be followed by a newscast including reference to the Patrol's activities.

Id.

¹²³ *See* RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 21 (1995) (“[T]he degree of similarity in the marketing methods and channels of distribution used for the respective goods or services[.]”); *Malletier v. Dooney & Bourke, Inc.*, 340 F. Supp. 2d 415, 432 (S.D.N.Y. 2004), *aff'd in part, vacated in part*, 454 F.3d 108 (2d Cir. 2006) (“In examining [the proximity] factor a court should compare all aspects of the products, including price, style, intended uses, target clientele, typical distribution channels, and others.” (quoting *Brockmeyer v. Hearst Corp.*, No. 01 Civ. 7746 (JGK), 2002 WL 1402320, at *10 (S.D.N.Y. June 27, 2002) (internal quotations omitted))); *Beebe*, *supra* note 28, at 1589 (noting that all of the circuits have adopted the proximity or similarity of the goods factor under the likelihood of consumer confusion test). *See also, e.g., Savin Corp.*, 391 F.3d at 460 (recognizing that the general class of the products, which should include quality, is a relevant consideration under the proximity factor); *Jordache*, 841 F. Supp. at 517 (including the following factors under the proximity of the products factor: appearance, style, function, fashion appeal, advertising orientation, and price); *supra* Part II.B.2 (recognizing that these factors are also elements which have been considered under the quality factor); *In re Leslie Fay Cos.*, 216 B.R. at 129, 131 (establishing price as a determinative element under both the proximity factor and quality factor). *But see Constellation Brands*, 535 F. Supp. 2d at 366 (noting that price alone does not negate the proximity factor or determine by itself whether the parties are competitors).

¹²⁴ *See, e.g., Morningside Group Ltd. v. Morningside Capital Group, L.L.C.*, 182 F.3d 133, 142 (2d Cir. 1999) (recognizing that adopting both the tarnishment theory and similarity theory “cuts both ways” in favor of the plaintiff); *24 Hour Fitness USA, Inc. v. 24/7 Tribeca Fitness, L.L.C.*, 447 F. Supp. 2d 266, 286 (S.D.N.Y. 2006) (recognizing both the tarnishment theory and similarity theory); *Kadant, Inc. v. Seeley Mach., Inc.*, 244 F. Supp. 2d 19, 28 (N.D.N.Y. 2003) (recognizing that by adopting both the tarnishment theory and similarity theory this factor is likely to favor plaintiff); *Cline v. 1-888-Plumbing Group, Inc.*, 146 F. Supp. 2d 351, 368 (S.D.N.Y. 2001) (recognizing both the tarnishment theory and similarity

courts have chosen to apply the quality-control theory as discussed in Part III.B.3.¹²⁵

3. The Quality-Control Theory

The quality-control theory's application to the quality factor in the likelihood of consumer confusion test has one advantage and one disadvantage.¹²⁶ Unlike the tarnishment and similarity theories, the quality-control theory protects a trademark owner from alleged infringers with superior goods.¹²⁷ However, similar to courts which adopt both the tarnishment theory and similarity theory, courts adopting the quality-control theory strongly favor plaintiffs in trademark infringement suits by creating an almost per se rule of invalidity.¹²⁸ Nonetheless, the mark itself must be confusingly similar in order to justify a finding of trademark infringement.¹²⁹ This still does not explain

theory, but noting that the court cannot address either if no evidence is submitted on the topic).

¹²⁵ See *infra* Part III.B.3 (analyzing the advantages and disadvantages to using the quality-control theory in trademark infringement cases).

¹²⁶ See *infra* notes 127-29 and accompanying text (describing the advantage and disadvantage of applying the quality-control theory to the quality factor in a likelihood of confusion case).

¹²⁷ See, e.g., *Am. Farm Bureau Fed'n v. Ala. Farmers Fed'n*, 935 F. Supp. 1533, 1546 (M.D. Ala. 1996) ("Even if a defendant's product rivals or exceeds the quality of a registrant's product, the unauthorized product is still trademark infringement because it deprives the registrant of its ability to shape the contours of its reputation."); *Brach Van Houten Holding, Inc. v. Save Brach's Coal. for Chi.*, 856 F. Supp. 472, 474 n.1 (N.D. Ill. 1994) ("Trademark infringement will lie even when a defendant's product is superior to the product of the trademark owner, simply because of the potential for damage to reputation where the trademark owner has no control over the quality of the defendant's product or service."); *Waples-Platter Cos. v. Gen. Foods Corp.*, 439 F. Supp. 551, 574 (N.D. Tex. 1977) ("[T]he actual quality of the subsequent user's product is normally immaterial. Even if the subsequent user's product is of higher quality than that of the prior user, the prior user has lost the exclusive control of his mark and his good will and, if there is a likelihood of confusion, has suffered infringement."); *Juvenile Shoe Co. v. FTC*, 289 F. 57, 59 (9th Cir. 1923).

¹²⁸ See *Yale Elec. Corp. v. Robertson*, 26 F.2d 972, 974 (2d Cir. 1928) (acknowledging the quality-control theory, after discounting both the tarnishment and similarity theories). The court explained that "unless the borrower's use is so foreign to the owner's as to insure against any identification of the two, it is unlawful." *Id.*; *Wesley-Jessen Div. of Schering Corp. v. Bausch & Lomb Inc.*, 698 F.2d 862, 867 (7th Cir. 1983) ("[A company's] loss of control over its reputation justifies a finding of irreparable harm even if it could demonstrate no loss of sales or market share."). *But see Paulsson Geophysical Servs., Inc. v. Sigmar*, 529 F.3d 303, 312 (5th Cir. 2008) (avoiding the presumptive adoption of irreparable harm stemming from a lack of control over the quality of defendant's goods).

¹²⁹ *Ferrellgas Partners, L.P. v. Barrow*, 143 F. App'x 180, 191 (11th Cir. 2005) (recognizing that under the quality-control theory a plaintiff must show that a consumer is likely to be

why a court should apply a rule of invalidity to the likelihood of consumer confusion test.¹³⁰ Therefore, each of the three quality theories has significant individual flaws and lends to discrepancies among lower courts when each quality theory is applied on an erroneous ad hoc basis.¹³¹

The current state of trademark infringement law, as a result, is in disarray.¹³² Steps must be taken to create a single likelihood of consumer confusion test that can be uniformly applied by the judiciary.¹³³ The first step to creating a uniform likelihood of consumer confusion test is to properly analyze each factor.¹³⁴ While analyzing each factor of the likelihood of consumer confusion test is beyond the scope of this Note, the most severe complications created by the test can be solved by unifying circuit courts' application of the quality factor within the likelihood of consumer confusion test in trademark infringement cases.¹³⁵ Part IV proposes an alternative to the current application of the

confused in addition to noting that he or she will suffer irreparable injury due to the lack of control over the quality of defendant's goods).

¹³⁰ Under this per se rule of invalidity, the reputation and goodwill created by the senior user's mark is affected regardless of the quality of defendant's goods. See *Pizzeria Uno Corp. v. Temple*, 747 F.2d 1522, 1535 (4th Cir. 1984) (recognizing that when someone borrows a mark owner's reputation, the mark owner has lost control over the mark even where the borrower does not attempt to tarnish the mark); *Warner-Lambert Co. v. Schick U.S.A., Inc.*, 935 F. Supp. 130, 141 (D. Conn. 1996) (suggesting that the quality of one's goods is irrelevant if a party cannot maintain his or her reputation); *McDonald's Corp. v. McBagel's, Inc.*, 649 F. Supp. 1268, 1279 (S.D.N.Y. 1986) (suggesting that plaintiffs are entitled to protection of reputation regardless of the current quality of defendant's goods); *Cont'l Connector Corp. v. Cont'l Specialties Corp.*, 492 F. Supp. 1088, 1094 n.4 (D. Conn. 1979) (recognizing that confusion between two products can allow an infringing party to hold the plaintiff's reputation hostage regardless of product quality).

¹³¹ See *supra* Part III.B (describing the minor benefits and serious flaws of each quality theories).

¹³² See *supra* Part III (noting the many complications arising from federal courts ad hoc use of the three various theories in applying the quality of defendant's goods to the likelihood of consumer confusion test in trademark infringement cases).

¹³³ See *supra* note 28 and accompanying text (recognizing that each circuit has created its own multifactor test for determining the likelihood of consumer confusion in a trademark infringement case).

¹³⁴ See *supra* note 91 (recognizing that uniformity within each trademark element, including each factor applied in the likelihood of consumer confusion test, is necessary to the heart of trademark law).

¹³⁵ See *infra* Part IV (outlining a method for preventing the current state of disarray created by using the quality of defendant's goods as a factor in determining whether a consumer will likely be confused as to the source of a specific mark); *supra* note 52 and accompanying text (recognizing the discretion courts have when choosing to apply the theory of quality that fits the judiciaries chosen outcome for the case); *supra* note 115 and accompanying text (emphasizing that unlike the other factors applied by the circuit courts' individual multifactor tests, the quality of defendant's goods can be applied in a way which does not actually create consumer confusion).

quality of defendant's goods in a way which maintains the advantages of each quality theory while eliminating the complications and disadvantages created by the current competing methods used in applying each theory to the likelihood of consumer confusion test in trademark infringement cases.¹³⁶

IV. PROPOSED METHOD FOR APPLYING THE QUALITY OF DEFENDANT'S
GOODS TO THE LIKELIHOOD OF CONSUMER CONFUSION TEST IN A
TRADEMARK INFRINGEMENT CASE

As Part II.B recognized, each circuit has adopted its own factors for analyzing the likelihood of consumer confusion in trademark infringement cases.¹³⁷ Furthermore, Part II.C explained that circuit courts sporadically use three different approaches in applying the quality of defendant's goods to the likelihood of consumer confusion test.¹³⁸ These applications were then examined in Part III.B to outline the advantages and disadvantages of each quality theory.¹³⁹ Next, this Part focuses on providing a new method for applying the quality of defendant's goods to trademark infringement cases.¹⁴⁰

Specifically, the proposed alternative presents three key steps to altering the current common law procedures applied by circuit courts in considering the quality of defendant's goods in trademark infringement cases.¹⁴¹ First, Part IV.A discusses the importance of eliminating the quality of defendant's goods as an individual factor from the likelihood of consumer confusion test in trademark infringement cases.¹⁴² Second, Part IV.B outlines the reasons for including the quality of defendant's

¹³⁶ See *infra* Part IV (announcing the proposed changes to the current trademark infringement common law and specifically focusing on the necessary adjustments to the courts current methods for applying the quality of defendant's goods to trademark infringement cases).

¹³⁷ See *supra* Part II.B (analyzing trademark infringement and the likelihood of consumer confusion test).

¹³⁸ See *supra* Part II.C (examining the various splits among the circuits regarding the application of the tarnishment, similarity, and quality-control theories to the likelihood of consumer confusion test in trademark infringement cases).

¹³⁹ See *supra* Part III.B (outlining the advantages and disadvantages to applying the tarnishment, similarity, and quality-control theories to the likelihood of consumer confusion test in trademark infringement cases).

¹⁴⁰ See *infra* Part IV (explaining several adjustments to the current use of the tarnishment, similarity, and quality-control theories in trademark infringement cases).

¹⁴¹ See *infra* Parts IV.A-C (delineating, separately, each step of the proposed alternative to the current use of quality of defendant's goods in a trademark infringement case).

¹⁴² See *infra* Part IV.A (suggesting eliminating the quality of defendant's goods, as its own factor, from the likelihood of consumer confusion test in trademark infringement cases).

goods under the proximity factor as an element of similarity.¹⁴³ Third, Part IV.C recognizes the importance of incorporating the quality of defendant's goods into the assessment of damages and relief.¹⁴⁴ Finally, Part IV.D integrates the three common law alterations into the Restatement (Third) of Unfair Competition, and Part IV.E applies the proposed alterations to the introductory hypothetical.¹⁴⁵

A. *Eliminating the Quality of Defendant's Goods as an Individual Factor from the Likelihood of Consumer Confusion Test*

Choosing to uniformly apply one quality theory to the individual quality factor is an insufficient method for solving the disarray created by the factor because the detriments related to the chosen quality theory will still exist.¹⁴⁶ Therefore, the first step to solving the disarray created among federal courts, regarding the introduction of the quality of defendant's goods factor to the likelihood of consumer confusion test in trademark infringement cases, is to remove the individual factor from the test.¹⁴⁷ Completely removing this individual factor from the test will allow circuit courts to focus the likelihood of consumer confusion test on the existence of consumer confusion.¹⁴⁸ Although the quality of defendant's goods should not be considered as its own factor, it should

¹⁴³ See *infra* Part IV.B (recommending the inclusion of quality of defendant's goods into the proximity factor from a similarity perspective).

¹⁴⁴ See *infra* Part IV.C (indicating that the quality of defendant's goods should be a factor used to determine the appropriate relief in trademark infringement cases).

¹⁴⁵ See *infra* Part IV.D (suggesting a specific method for integrating the proposed common law alterations to the RESTATEMENT (THIRD) OF UNFAIR COMPETITION); *infra* Part IV.E (applying the proposed common law alterations to the introductory hypothetical).

¹⁴⁶ See *supra* notes 115-17 and accompanying text (discussing the disadvantages to applying the tarnishment theory to the individual quality of defendant's goods factor in the likelihood of consumer confusion test); *supra* notes 122-24 and accompanying text (discussing the disadvantages to applying the similarity theory to the individual quality of defendant's goods factor in the likelihood of consumer confusion test); *supra* notes 128, 130 and accompanying text (discussing the disadvantage to applying the quality-control theory to the individual quality of defendant's goods factor in the likelihood of consumer confusion test).

¹⁴⁷ See *supra* note 52 and accompanying text (noting that using the quality of defendant's goods to act as its own single factor in the likelihood of consumer confusion test currently provides judges with the discretion to make the quality factor fit the outcome the judge has chosen for the case).

¹⁴⁸ See *supra* note 117 and accompanying text (recognizing that products of a distinctly different quality do not actually show a likelihood of consumer confusion); *supra* note 123 and accompanying text (suggesting that products of a similar quality should be considered under the proximity factor, adopted by every circuit, and not under an individual quality of defendant's goods factor).

still be considered as a subpart to the proximity factor in the likelihood of consumer confusion test.¹⁴⁹

B. Applying the Quality of Defendant's Goods to the Proximity Factor in the Likelihood of Consumer Confusion Test

Considering the quality of defendant's goods under the similarity theory produces certain benefits that should be maintained within the likelihood of consumer confusion test.¹⁵⁰ Therefore, to maintain the benefits of the similarity theory, the proximity factor which has been adopted by every circuit should include, as a subpart, the quality of defendant's goods from a similarity perspective.¹⁵¹ However, this subpart should only be considered when analyzing a trademark infringement suit based on the point-of-sale confusion doctrine because the quality factor is not relevant to initial-interest and post-sale confusion suits.¹⁵² Furthermore, the term quality in "quality of defendant's goods" under the altered proximity factor should be limited to the quality of the good itself and should not consider any additional elements.¹⁵³ The quality of defendant's goods should be considered from the perspective of a reasonably prudent consumer.¹⁵⁴ Although the quality of

¹⁴⁹ See *infra* Part IV.B (applying the quality of defendant's good to the proximity factor in the likelihood of consumer confusion test for trademark infringement suits).

¹⁵⁰ See *supra* notes 120–21 and accompanying text (outlining the benefits provided by applying a similarity theory to the quality of defendant's goods).

¹⁵¹ See *supra* note 123 and accompanying text (noting that similar quality products should be considered under the proximity factor which has been adopted by every circuit).

¹⁵² See *supra* Part II.B.1 (outlining the elements of the initial-interest, point-of-sale, and post-sale confusion doctrines); *supra* Part III.A.1 (recognizing the complications created when courts begin applying the quality factor to initial-interest and post-sale confusion suits).

¹⁵³ See *supra* Part II.B.2 (recognizing the difficulty courts face in determining what should be considered under the quality factor in trademark infringement cases); *supra* Part III.A.3 (noting the contention developing among judiciary in deciding which attributes should be considered under the quality factor in trademark infringement cases).

¹⁵⁴ See *supra* Part III.A.2 (recognizing the difficulty in deciding what type of consumer should be considered a reasonably prudent consumer). Ensuring that the quality of defendant's goods is not considered in initial-interest and post-sale confusion cases will eliminate the problems created by such application. See *supra* text accompanying note 152 (noting that the quality of defendant's good's should only be considered as a subpart of the proximity factor in point-of-sale confusion trademark infringement suits). Furthermore, the problems associated with applying the reasonably prudent consumer standard to the tarnishment and quality-control theories are eliminated because the quality of defendant's goods will now be considered from a similarity perspective under the proximity factor. See *supra* notes 100–02 and accompanying text (recognizing the problems of applying the reasonably prudent consumer standard to the tarnishment and quality-control theories and recognizing that under the similarity theory, more prudent consumers are more likely to notice the similarity and, therefore, be confused as to source).

defendant's goods will be considered from a similarity perspective under the proximity factor of the likelihood of consumer confusion test, it should also be considered from a tarnishment perspective when choosing the proper relief in a trademark infringement suit.¹⁵⁵

C. *Incorporating the Quality of Defendant's Goods into the Court's Relief Assessment*

The quality of the alleged infringer's goods should play an important role in the court's decision to issue different forms of relief.¹⁵⁶ When determining the "quality" of defendant's goods the court should consider relevant elements about the nature of the good in addition to the quality of the good itself.¹⁵⁷ Furthermore, as part of the court's decision to grant judicial relief the court should apply the tarnishment theory recognizing that a confusingly similar mark applied to a distinctly lesser quality good may cause immediate irreparable harm to both the senior user and the consumer.¹⁵⁸ Specifically, the quality of defendant's goods can be a determining factor in issuing immediate injunctive relief.¹⁵⁹ By incorporating these changes, the benefits of initially adopting the quality of defendant's goods as a factor have been maintained, while eliminating the detriments caused by making it a separate factor in the likelihood of consumer confusion test in trademark infringement suits.¹⁶⁰

¹⁵⁵ See *infra* Part IV.C (incorporating the quality of defendant's goods into the courts assessment of damages and relief in trademark infringement cases).

¹⁵⁶ See *infra* notes 158-59 and accompanying text (explaining the importance of including quality of defendant's goods in the court's decision to issue damages and relief).

¹⁵⁷ See *supra* Part II.B.2 (recognizing the difficulty courts face in determining what should be considered under the quality factor in trademark infringement cases); *supra* Part III.A.3 (noting the contention developing among judiciary in deciding which attributes should be considered under the quality factor in trademark infringement cases).

¹⁵⁸ See *supra* notes 113-14 and accompanying text (recognizing that the tarnishment theory has two benefits which include focusing on the potential current and future harm developed by the alleged infringer and protecting the consumer from worry related to purchasing a cheap knock-off or inferior product).

¹⁵⁹ See *supra* note 113 and accompanying text (supporting a conclusion that the quality of defendant's goods may be justification for immediate injunctive relief because of the destructive nature a distinctly inferior good plays on a senior user's image and goodwill).

¹⁶⁰ Adding the quality of defendant's goods under a tarnishment perspective to the court's damages and relief assessment maintains the benefits of focusing on the current and future harm caused to the senior user and the consumer from a distinctly inferior good. See *supra* note 158 and accompanying text (recognizing the two benefits of the tarnishment theory). Furthermore, the detriments relating to the tarnishment theory were only applicable when the theory was being applied under the likelihood of consumer confusion test and are therefore eliminated. See *supra* notes 115-18 and accompanying text (outlining the detriments relating to the tarnishment theory's application to the likelihood of consumer confusion test in trademark infringement cases). Additionally, adding the

These three alterations, as outlined in Parts IV.A–C, do not affect the current federal statutory law governing trademark infringement suits.¹⁶¹ The law's clear intent that courts must determine the likelihood of consumer confusion in trademark infringement suits caused the circuits to adopt individual multifactor tests through common law.¹⁶² Therefore, the changes will only affect the current state of each circuit's trademark infringement common law and slightly alter the Restatement (Third) of Unfair Competition which, if adopted by the jurisdiction, protects unregistered marks.¹⁶³

D. Amending the Restatement (Third) of Unfair Competition §21(b), Comment g, & Comment k to Reflect the Three Common Law Alterations

The proposed changes to the Restatement occur in section twenty-one.¹⁶⁴ Section twenty-one includes suggested likelihood of confusion factors and subpart (b) references what is commonly known as the proximity factor.¹⁶⁵ The following text is an excerpt of section twenty-

quality of defendant's goods to the proximity factor from a similarity perspective maintains the benefits of recognizing a likelihood of confusion from similar quality goods and recognizing that distinctly different quality goods are less likely to confuse consumers. *See supra* notes 120–21 and accompanying text (noting the two advantages the similarity theory has when applied to the quality of defendant's goods in trademark infringement cases). Moreover, both of the similarity theory detriments have been eliminated. *See supra* notes 123–24 and accompanying text (explaining that the similarity theory is inconsequential when the tarnishment theory is applied or when the court considers it under both the proximity factor and the individual quality of defendant's goods factor). Finally, the only benefit gained from applying the quality-control theory did not actually relate to consumer confusion and therefore is no longer relevant to the likelihood of consumer confusion test. *See supra* note 127 and accompanying text (suggesting that the quality-control theory can provide protection to those senior users suing alleged infringers with higher quality goods). Concurrently, the disadvantageous nature of implementing a per se rule of invalidity as recognized by the quality-control theory has been eliminated from the current application of the quality of defendant's goods in trademark infringement suits. *See supra* note 130 and accompanying text (identifying the quality control theory as an almost per se rule of invalidity).

¹⁶¹ *See supra* note 22 and accompanying text (outlining the relevant federal trademark infringement laws).

¹⁶² *See supra* note 22 (recognizing that both sections 32 and 43(a) of the Lanham Act require likelihood of consumer confusion for a trademark infringement finding); *supra* note 28 and accompanying text (outlining each circuit's multifactor likelihood of consumer confusion test).

¹⁶³ *See supra* note 22 (outlining the RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 20 (1995), which is used to protect unregistered trademarks from infringement). *See also infra* Part IV.D (amending the RESTATEMENT (THIRD) OF UNFAIR COMPETITION).

¹⁶⁴ *See infra* text accompanying notes 167–68 (amending two comments of RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 21).

¹⁶⁵ *See infra* note 166 and accompanying text (outlining RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 21(b)).

one of the Restatement (Third) of Unfair Competition with proposed language adding the discussed changes in italics and proposed deletions struck-out:

(b) the degree of similarity in the marketing methods and channels of distribution used for the respective goods or services¹⁶⁶

[Comment] g. Marketing methods. The likelihood that confusion will result from the concurrent use of similar designations may depend on the marketing methods and channels of distribution used by the respective sellers. If similar marks are used on goods sold through the same marketing channels, the probability of confusion may be higher than if the goods are marketed through separate channels. Thus, similar marks used on goods sold through single-brand distributors may be less confusing than when used on goods sold through multi-brand outlets, and goods sold only at discount outlets might not be confused with goods sold only in specialty shops. *Therefore, a court may consider whether the defendant's goods alone are of similar quality in a point-of-sale confusion suit to assist in determining if the goods are likely to be sold to the same reasonably prudent consumer.*

If similar marks are used on goods or services that are marketed to the same prospective purchasers, the likelihood of confusion is greater than if there are few common purchasers. Use of a mark in advertisements appearing only in trade journals directed at professional buyers, for example, may be unlikely to cause confusion with a similar mark used in advertising directed to the general public. Men's suits and are men's ties bearing similar marks are more likely to be associated with a common source than are men's suits and women's shoes, in part because the latter kinds of goods are normally sold in different stores or departments and are purchased by different consumers.¹⁶⁷

¹⁶⁶ RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 21(b).

¹⁶⁷ The proposed changes are the contribution of the author. The added portion in italics and deleted portion struck-through modify RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 21(b), cmt. g.

[Comment] ~~kh~~. Quality of ~~defendant's~~ ~~the actor's~~ goods or services. The quality of ~~defendant's~~ ~~the actor's~~ goods or services may be relevant in assessing the likelihood of consumer confusion. For purposes of determining whether confusion is likely, the relevant factor is the extent of the ~~similarity~~ ~~difference~~ in quality between the goods or services of the subsequent user and those of the trademark owner. Markedly ~~similar~~ ~~different~~ quality goods may suggest that the goods are sold to ~~similar~~ ~~different~~ purchasers or in ~~similar~~ ~~different~~ market channels, or that the products are unlikely to be associated with a common source. ~~On the other hand, if the subsequent user's goods are inferior to those of the prior user and confusion does occur, the threat to the reputation of the prior user is particularly acute. Although courts sometimes require less evidence of confusion when the subsequent use is on inferior goods, [E]vidence of inferior quality is more properly relevant to~~ may be used by courts in fashioning appropriate relief if a likelihood of confusion is otherwise established.¹⁶⁸

Commentary

The following discussion is a commentary to the proposed changes to section twenty-one of the Restatement (Third) of Unfair Competition.¹⁶⁹ The Restatement (Third) of Unfair Competition does not delineate each consideration when analyzing the proximity factor of the likelihood of consumer confusion test in an unregistered trademark infringement suit.¹⁷⁰ Therefore, the changes made to section twenty-one had to be incorporated into the comment section in order to ensure that the quality of defendant's goods is only used as one subpart to the overall proximity factor.¹⁷¹ Furthermore, the new addition includes the limitation of only applying the subpart in point-of-sale confusion suits and only considering the actual quality of defendant's goods through the

¹⁶⁸ The proposed changes are the contribution of the author. The added portion in italics and deleted portion struck-through modify RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 21(b), cmt. k.

¹⁶⁹ See *infra* notes 170–75 and accompanying text (commenting on the amendments to comment g and comment k in the RESTATEMENT (THIRD) OF UNFAIR COMPETITION).

¹⁷⁰ See *supra* text accompanying note 166 (recognizing that subpart (b), also known as the proximity factor, does not include a discussion of what attributes should be considered in determining the similarity or proximity of the goods).

¹⁷¹ See *supra* notes 167–68 and accompanying text (amending RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 21 cmts. g, k).

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perspective of a reasonably prudent consumer.¹⁷² The previously titled “quality of the actor’s goods or services” comment was relocated to ensure consistent application within the proximity factor.¹⁷³ The restatement section already described the similarity doctrine but needed minor alterations to maintain consistency and ensure that the reader would realize that the tarnishment theory was no longer applicable at this point in the analysis.¹⁷⁴ Finally, the last line was altered to express the appropriate method for applying the quality of defendant’s goods in the determination of appropriate relief.¹⁷⁵ These alterations will help courts understand the proposed common law alterations and prevent the disarray among judiciary as illustrated by the Bale University hypothetical.¹⁷⁶

E. Applying the Common Law Alterations to the Bale University Hypothetical

The Bale University hypothetical recognized the problems created by the current disarray among and within circuit courts.¹⁷⁷ Furthermore, it recognized the degree of injustice created by the split among circuit courts in determining the proper application of quality of defendant’s goods in trademark infringement cases.¹⁷⁸ This Part recognizes that justice can be served by applying the proposed common law alterations to the Bale University hypothetical.¹⁷⁹

Applying the first common law alteration, which removes the quality of defendant’s goods as an individual factor, immediately eliminates the discrepancies created by each circuit court’s application of different methods for using the quality factor in the separate trademark

¹⁷² See *supra* note 167 and accompanying text (adding a sentence to the end of the first paragraph which recognizes that the reasonably prudent consumer may only apply the actual quality of defendant’s goods to the proximity factor in point-of-sale confusion cases).

¹⁷³ See *supra* note 168 and accompanying text (altering comment k’s location by placing it under RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 21(b) as comment h).

¹⁷⁴ See *supra* note 168 and accompanying text (changing the focus of the new comment h from a difference perspective to a similarity perspective).

¹⁷⁵ See *supra* note 168 and accompanying text (adding a final line to the new comment h that recognizes a courts ability to use the quality of defendant’s goods in determining a proper remedy).

¹⁷⁶ See *infra* Part IV.E (reanalyzing the introductory hypothetical under the proposed common law alterations).

¹⁷⁷ See *supra* Part I (noting that a single plaintiff can encounter four different methods of applying the quality of defendant’s goods to trademark infringement cases).

¹⁷⁸ See *supra* Part I (recognizing that an argued legal theory may be successful in one circuit and may be dismissed in another, even if the plaintiff has mandatory case law showing higher courts’ adoption of the legal theory).

¹⁷⁹ See *infra* text accompanying notes 180–82 (applying each of the proposed alterations to the common law to create justice in a previously unjust hypothetical).

infringement suits.¹⁸⁰ Furthermore, the second common law alteration, incorporating the similarity theory in the proximity factor, ensures that Bale University can argue that consumers are more likely to be confused by marks placed on similar quality services because similar quality services are offered to similar consumers.¹⁸¹ Finally, the third alteration to the common law, incorporating the tarnishment theory into the remedy decision making process, allows Bale University to receive preliminary injunctive relief in cases where the alleged infringer's mark, if confused with the "Bale University" trademark, is likely to cause destructive damage to the Bale University image.¹⁸² Therefore, applying the proposed common law alterations will remove the injustices created by the current federal court disarray.¹⁸³

V. CONCLUSION

The current methods for applying the quality of defendant's goods to trademark infringement suits are inadequate. Currently, courts have the discretion to apply any of the three mutually exclusive theories on an erroneous ad hoc basis. The tarnishment, similarity, and quality-control theories each have weaknesses when applied to the individual factor known as quality of defendant's goods. However, eliminating the individual factor while still applying the similarity and tarnishment theories in new ways will create order among the circuits regarding the proper application of the quality of defendant's goods to trademark infringement cases.

The best solution for applying the quality factor to trademark infringement suits is to eliminate it as a separate factor, incorporate the factor with certain express limitations as a subpart of the proximity factor through the similarity theory, and include the factor in the court's determination of damages and relief through the tarnishment theory. Courts must know that the quality of defendant's goods matters only under the proximity factor with the following limitations: it may only be applied to point-of-sale confusion cases, quality only relates to the goods themselves, and quality is determined by the reasonably prudent

¹⁸⁰ See *supra* Part IV.A (explaining the reasons for removing the quality of defendant's goods as an individual factor).

¹⁸¹ See *supra* Part IV.B (supporting the addition of quality of defendant's goods to the proximity factor).

¹⁸² See *supra* Part IV.C (recognizing the benefit of applying the quality of defendant's goods to the court's remedy decision making process).

¹⁸³ See *supra* Part IV (detailing the benefits of adopting the proposed alterations, including the elimination of the erroneous application of three mutually exclusive legal theories to the quality of defendant's goods in trademark infringement cases).

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consumer. Uniformly adopting these alterations to the common law of trademark infringement will remove the current status of disarray among judiciary and prevent the injustice recognized by the Bale University hypothetical. Quality does matter in limited circumstances.

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