

# A SEMIOTIC SOLUTION TO THE PROPERTIZATION PROBLEM OF TRADEMARK

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*It is generally agreed that the role of trademark protection is to ensure that consumers can efficiently identify and purchase a particular company's product. However, the scope of this protection is highly contested. The recent emergence and expansion of the dilution doctrine, assignments in gross, "intent to use" applications, and logo protection have raised scholarly concern: These doctrines seem to protect the trademark as property in itself with value quite apart from its role as a device to help consumers identify particular products from particular sellers.*

*This Comment explains why this "proPERTIZATION" critique of trademark law is not wholly accurate, and further why the economic rationale that supports trademark protection is unnuanced and therefore unhelpful as a tool to understanding the proper limits of trademark law. This Comment argues that by mapping the legally accepted operation of trademarks to a semiotic model, it is easier to see when such protections further the rationale and when they do not. Ultimately, this Comment concludes that in many cases these protections actually do further the accepted role of trademark protection. Using this more precise understanding of emerging trademark jurisprudence, commentators and jurists will be better able to assess the value of particular trademark protections.*

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## INTRODUCTION

Around 12,000 B.C., Paleolithic craftspeople would "sign" their finished stone handicrafts with a symbol as a mark of professional pride and confirmation of origin.<sup>1</sup> Manufacturers in Egypt and Mesopotamia would mark pottery, a practice that continued throughout Greek and Roman times.<sup>2</sup> Similarly, ancient Asiatic peoples would mark their earthenware with primordial characters in order to designate origin.<sup>3</sup> Cattle branding was used as early as the European Middle Ages to identify to cattle dealers that the animals came from stockbreeders known in the business to be reputable.<sup>4</sup> In this way, artisan signs have been handed down from "a great variety of occupations, ranging from gunsmith to printer, from painter to porcelain maker, from goldsmith to architect, and from weaver to papermaker."<sup>5</sup>

Today, the ubiquity of the trademark<sup>6</sup> is even more unassailable. One can scarcely walk down a city street, browse in a store, or even open one's cupboard without encountering dozens upon dozens of trademarks. These combinations

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1. ADRIAN FRUTIGER, SIGNS AND SYMBOLS: THEIR DESIGN AND MEANING 327 (Andrew Bluhm trans., 1991).

2. *Id.* at 328.

3. *Id.* at 328-29.

4. *Id.* at 326.

5. *Id.* at 328.

6. "Trademark" is used here and throughout this Comment to include service marks, trade-names, trade dress, and so on.

of words, symbols, and designs, like their early predecessors, are in their most basic form what semioticians call “signs.” In human language, a word<sup>7</sup> is a compact device whose mere evocation has the ability to convey to a listener a multitude of ideas and concepts depending on context. Similarly, in the marketplace, producers use trademarks as shortcuts to communicate information about their products efficiently.

In the modern market, where millions of products compete for consumer attention, the trademark has become an indispensable asset. As a consequence, the battles to protect the integrity of trademarks have become fierce, implicating the need for various forms of legal protection. Many scholars warn that the expansion of legal protection oversteps the boundaries of the trademark’s purpose in many ways.<sup>8</sup> Such criticism maintains that expansive rights in trademarks go beyond ensuring their proper functioning; instead the rights create unprecedented property rights in trademarks as trademarks, not as information-conveying devices. As a consequence, the expansion of legal rights threatens to affect negatively fair competition and free speech.

It is generally agreed that trademarks deserve legal protection to the extent that such protection allows them to serve the function of communicating information to consumers. Determining which protections go too far should therefore involve the simple matter of determining which protections are not necessary for trademarks to serve their function. Nevertheless, because scholars are not yet able to agree fully about what this function is or should be, the task has not proved simple. Moreover, even when scholars agree what the function of trademarks should be, the task of determining what protection is necessary to advance this function still eludes scholars, judges, and legislators who often speak about policy rationales and economic goals in vague and contradictory terms.

This Comment argues that semiotic analysis<sup>9</sup> offers a more precise understanding of the functioning of trademarks, providing a useful framework

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7. The linguistic unit is often characterized simply as a “word,” though there is debate as to whether the linguistic unit is really a “word or phrase, subject of a sentence, [or] whole sentence.” JOHN DEELY, *INTRODUCING SEMIOTIC: ITS HISTORY AND DOCTRINE* 133 (Thomas A. Sebeok ed., 1982); see also FERDINAND DE SAUSSURE, *COURSE IN GENERAL LINGUISTICS* 113–14 (Wade Baskin trans., 1959) (“While the word does not conform exactly to the definition of linguistic unit . . . it at least bears a rough resemblance to the unit and has the advantage of being concrete.”).

8. See Ben Depoorter, *The Several Lives of Mickey Mouse: The Expanding Boundaries of Intellectual Property Law*, VA. J.L. & TECH., Spring 2004, at 1, 4; Tyler T. Ochoa, *Dr. Seuss, The Juice and Fair Use: How the Grinch Silenced a Parody*, 45 J. COPYRIGHT SOC’Y U.S.A. 546, 620–33 (1998); Mark Alan Thurmon, *The Rise and Fall of Trademark Law’s Functionality Doctrine*, 56 FLA. L. REV. 243 (2004).

9. As will be explained, semiotic analysis is the study of “signs.” A sign is broken up into three components: signifier, signified, and referent. See *infra* notes 78–91 and accompanying text. This Comment will tie the function of trademark to a semiotic model as a starting point for analysis.

for discussing what protections are necessary to allow them to function properly. Applying semiotic analysis, this Comment finds that much of trademark commentary has wrongly criticized recent developments in trademark law as failing to advance established legal goals. A more accurate understanding of these developments recognizes that in many cases they do advance the function of trademarks, even if they do so to an unnecessary degree. By providing a workable framework to better analyze the functioning of trademarks, semiotic analysis distinguishes instances when certain forms of trademark protection are outside the legitimate scope of trademark law from instances when they are better criticized as within the scope, but not worthy of protection. Part I traces the historical development of the rationales for trademark protection, lays out the “propertization” problem of trademarks, and introduces trademark semiotics. Part II argues that semiotics is a useful tool for understanding trademarks and advances a semiotic model of the economic rationale for trademark protection. Part III applies the semiotic model to various controversial trademark developments, ultimately finding that some developments correctly advance established trademark goals, while others do not.

## I. BACKGROUND

### A. Rationales for Trademark Protection

“Identifying the purposes of trademark law, and then tethering trademark rights to those purposes, has been a perennial concern in trademark jurisprudence.”<sup>10</sup> The main obstacle is the inability of jurists and scholars to form a consensus as to what goals ought to be advanced by trademark protection.<sup>11</sup> Determining the scope and limits of such protection is impracticable when jurists and scholars fail to determine, at the outset, the underlying rationale for why trademarks should be protected.

In its early days, trademark law only protected a plaintiff who could show that a defendant’s use of its mark constituted deliberate fraud.<sup>12</sup> By the latter half of the nineteenth century, courts relaxed this requirement, “adopting the view that defendants’ fraudulent intention could be inferred from their actions.”<sup>13</sup> This view was carried into the twentieth century, when the U.S.

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10. Graeme W. Austin, *Trademarks and the Burdened Imagination*, 69 BROOK. L. REV. 827, 838 (2004).

11. *Id.*

12. *Id.* at 839–40.

13. *Id.* at 840.

Supreme Court characterized trademark infringement as simply the “sale of goods of one manufacturer or vendor for those of another.”<sup>14</sup> Under this characterization of the trademark rationale, “the purpose of trademark rights [was] to protect a firm’s goodwill.”<sup>15</sup>

Thus, the modern characterization maintains that a trademark should be treated as “merely one of the visible mediums by which [a firm’s] good will is identified, bought and sold, and known to the public.”<sup>16</sup> By ensuring that a firm’s trademark is only used in connection with its goods, trademark protection “enable[s] the public to identify easily a particular product from a particular source.”<sup>17</sup> This line of reasoning developed into the widely accepted economic rationale that the purpose of trademarks is to reduce consumer search costs.<sup>18</sup>

The consumer-search-costs rationale maintains that “trademarks lower consumers’ search costs by providing them with valuable information about brands and encourage quality control rather than create social waste and consumer deception.”<sup>19</sup> The trademark’s value depends on a brand’s reputation, which is a product of a “firm’s expenditures on product quality, service, advertising, and so on.”<sup>20</sup> The Lanham Act of 1946 relied on this economic rationale of trademark as the basis for the codification of federal trademark law:

The purpose underlying any trade-mark statute is twofold. One is to protect the public so it may be confident that, in purchasing a product bearing a particular trade-mark which it favorably knows, it will get the product which it asks for and wants to get. Secondly, where the owner of a trade-mark has spent energy, time, and money in presenting to the public the product, he is protected in his investment from its misappropriation by pirates and cheats.<sup>21</sup>

While the consumer-search-costs rationale has been the dominant view in trademark jurisprudence, a handful of scholars have questioned its cogency. First, it was observed that marketplace realities made it likely that a customer may be loyal to a trademark even though she is not aware of the specific source of the goods or services.<sup>22</sup> This observation gave birth to the now generally

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14. *Id.* at 841 (quoting *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 412–13 (1916)).

15. *Id.*

16. *Coca-Cola Bottling Co. v. Coca-Cola Co.*, 269 F. 796, 806 (D. Del. 1920).

17. Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 YALE L.J. 1687, 1695 (1999).

18. WILLIAM M. LANDES & RICHARD A. POSNER, *THE ECONOMIC STRUCTURE OF INTELLECTUAL PROPERTY LAW* 173 (2003).

19. *Id.*

20. *Id.* at 168.

21. S. REP. NO. 79-1333, at 3 (1946).

22. Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813 (1927).

accepted “anonymous source theory,” which acknowledges that a consumer may “mistake one class of goods for another, although they do not know the names of the makers of either. A person whose name is not known, but whose mark is imitated, is just as much injured in his trade . . . .”<sup>23</sup>

Additionally, scholars observed that the dominant view “ignores the fact that the *creation and retention of custom*, rather than the designation of source, is the primary purpose of the trademark today, and that the preservation of the uniqueness or individuality of the trademark is of paramount importance to its owner.”<sup>24</sup> This conceptualization breaks free from the traditional assumption that goodwill preexists a trademark, arguing instead that “today the trademark is not merely the symbol of good will but often the most effective agent for the creation of good will . . . .”<sup>25</sup>

Discourse regarding the purposes of trademarks centers on ideas of source identification, the building of goodwill, and economic usefulness. As a result, the development of trademark jurisprudence is marked by the convergence and divergence of these various rationales throughout history.<sup>26</sup> The diversity of rationales has been paralleled by a diversity of trademark protection methods, giving rise to an area of great controversy in trademark law.

## B. Controversial Areas of Trademark Law: “Propertization”

Discord among commentators as to the purposes of trademarks has led to disagreement over the method and levels of protection trademarks should receive. In particular, those who hold fast to the conception of trademarks as mere source identifiers have had trouble digesting several recent trends in the law, such as the growth of the dilution doctrine,<sup>27</sup> the relaxation of prohibitions against assignments in gross,<sup>28</sup> the development of “intent to use” applications,<sup>29</sup> and the prominence of protecting logos as trademarks.<sup>30</sup> These

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23. *Id.* at 815 (quoting *Powell v. Birmingham Vinegar Brewery Co., Ltd.*, 13 R.P.C. 235, 250 (1896)).

24. *Id.* at 822.

25. *Id.* at 819.

26. See Irene Calboli, *Trademark Assignment “With Goodwill”: A Concept Whose Time Has Come*, 57 FLA. L. REV. 771 (2005); Robert C. Denicola, *Trademarks as Speech: Constitutional Implications of the Emerging Rationales for the Protection of the Trade Symbols*, 1982 WIS. L. REV. 158.

27. See, e.g., Lemley, *supra* note 17, at 1698–99; Christopher R. Perry, *Trademarks as Commodities: The “Famous” Roadblock to Applying Trademark Dilution Law in Cyberspace*, 32 CONN. L. REV. 1127 (2000).

28. See, e.g., Stephen L. Carter, *The Trouble With Trademark*, 99 YALE L.J. 759, 785–86 (1990).

29. See *id.*

30. See, e.g., Lemley, *supra* note 17, at 1706–07; Jessica Litman, *Breakfast With Batman: The Public Interest in the Advertising Age*, 108 YALE L.J. 1717 (1999).

trademark phenomena seem to protect a producer's rights in the trademark, specifically the word or symbol, and such protection has been characterized as "propertization."<sup>31</sup> This describes the improper protection of a trademark in itself, separate from its function as a conveyer of goodwill. Each trademark development is addressed below, revealing the propertization problem identified by scholars.

### 1. The Dilution Doctrine

Dilution occurs when the use of a word or symbol has the effect of "lessening . . . the capacity of a famous mark to identify and distinguish goods and services."<sup>32</sup> The dilution doctrine represents a departure from trademark protection in that it explicitly does not require a "likelihood of confusion,"<sup>33</sup> or that the user of a word or symbol be in competition with the owner of the famous mark.<sup>34</sup> The main instances of dilution have been described as "blurring," where although there may be little danger of ultimately confusing the two marks, the use of a same or similar mark, even in a noncompeting way, will cause a consumer initially to think not solely of the correct goodwill but rather of the goodwill of the famous company as well.<sup>35</sup> When "blurring" occurs between the goodwill of a company that sells ill-reputed goods or services and one that sells goods and services of high repute, it is known pejoratively as "tarnishment."<sup>36</sup>

Scholarly criticism of the dilution doctrine stems from what some perceive as a deviation from the confusion-of-source rationale for trademark.<sup>37</sup> That is, since consumers ultimately do not risk being confused as to the origin

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31. See Mark A. Lemley, *Romantic Authorship and the Rhetoric of Property*, 75 TEX. L. REV. 873, 895 (1997) (reviewing JAMES BOYLE, *SHAMANS, SOFTWARE, AND SPLEENS: LAW AND THE CONSTRUCTION OF THE INFORMATION SOCIETY* (1996)) (describing "propertization" as the trend in the law towards endowing intellectual property with characteristics and protections usually reserved for property as traditionally conceived).

32. Federal Trademark Dilution Act of 1995 § 4, Pub. L. No. 104-98, 109 Stat. 985, 986 (codified at 15 U.S.C. § 1127 (2000)).

33. "Likelihood of confusion" is the test for trademark infringement. See *Brookfield Commc'ns., Inc. v. West Coast Entm't Corp.*, 174 F.3d 1036, 1046 (9th Cir. 1999); *Nissan Motor Co., Ltd. v. Nissan Computer Corp.*, 89 F. Supp. 2d 1154, 1162 (C.D. Cal. 2000); see also *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 780 (1992) (finding the tests for trademark infringement, unfair competition, and false designation of origin under the Lanham Act to be identical).

34. 15 U.S.C. § 1127.

35. *Ty Inc. v. Perryman*, 306 F.3d 509, 511 (7th Cir. 2002).

36. *Id.*

37. See Lemley, *supra* note 17, at 1699. This confusion-of-source rationale is related to the consumer-search-costs rationale discussed earlier, see *supra* notes 16–19 and accompanying text, because search costs become too high when customers are confused.

of goods or services, particularly since the goods or services often operate in noncompeting areas, many scholars think that dilution is beyond the scope of trademark protection.<sup>38</sup> Furthermore, since dilution seemingly protects the usage of a word or symbol, even when confusion is unlikely, critics accuse the doctrine of impermissibly granting *in gross* rights in trademarks themselves.<sup>39</sup> Such *in gross* rights are considered in the subsequent section.

## 2. Assignments in Gross and Naked Licenses

It is a basic tenet that a trademark must be used in connection with the goodwill of the firm that owns it.<sup>40</sup> From this premise derives trademark law's prohibition on assignments in gross and naked licenses. An assignment in gross assigns a trademark to another firm without the trademark's accompanying goodwill.<sup>41</sup> A naked license grants permission to use a firm's trademark without exercising adequate quality control.<sup>42</sup>

Recent trademark scholarship has lamented judicial laxity in enforcing rules against assignments in gross and naked licenses.<sup>43</sup> For example, one court held that the "transfer of tangible assets (inventory, labels, customer lists, formulas, etc.) is not necessary to an effective trademark assignment."<sup>44</sup> As a result, the court found that an assignment was not *in gross* (and was therefore legitimate) when the assignor promptly left the market after merely transferring the mark to an assignee that was willing to use it.<sup>45</sup> Critics argue that when a court legitimizes such a transfer, it "chip[s] away at [the] edges" of the prohibition against assignments in gross.<sup>46</sup>

Since the goodwill represented by a trademark serves as the only reason for its protection, a firm's failure to ensure that its goodwill remains appurtenant to its mark's usage favors a judicial finding that the mark has been abandoned.<sup>47</sup> Assignments in gross and naked licenses represent paradigmatic

38. *Id.*

39. *Id.*; see also Kenneth L. Port, *The "Unnatural" Expansion of Trademark Rights: Is a Federal Dilution Statute Necessary?*, 18 SETON HALL LEGIS. J. 433, 466–67 (1994).

40. See, e.g., 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 2:15 (4th ed. 2005) ("A trademark is a very peculiar kind of property. For it has no existence apart from the good will of the product or service it symbolizes. Good will of a business and its symbol, a trademark, are inseparable.").

41. 15 U.S.C. § 1060 (2000).

42. *Yocum v. Covington*, 216 U.S.P.Q. (BNA) 210 (T.T.A.B. 1982).

43. Carter, *supra* note 28, at 786 ("In recent years, the prohibition unfortunately has been reserved for the most egregious cases . . ."); see also Lemley, *supra* note 17, at 1711.

44. *Glamorene Prods. Corp. v. Procter & Gamble Co.*, 538 F.2d 894, 895–96 (C.C.P.A. 1976).

45. *Id.*

46. Carter, *supra* note 28, at 785–86.

47. See *id.* at 785.

instances of the problem scholars label “proPERTIZATION.”<sup>48</sup> That is, since the trademark is sold as a thing of value, separated from its “Siamese twin,”<sup>49</sup> goodwill, the trademark owner is improperly endowed with the property-like right to assign the mark itself.

### 3. “Intent to Use” Applications Under the TMRA of 1988

Under the Trademark Law Revision Act of 1988 (TMRA),<sup>50</sup> a trademark “applicant can receive nationwide priority . . . in a mark it has never used anywhere.”<sup>51</sup> Before the TMRA, a firm seeking to register its trademark for federal protection was required to show that common law ownership had been established through use.<sup>52</sup> Under the TMRA, a firm may apply by only stating a bona fide intention to use a mark; then it must commence actual use of the mark within a certain time period, ranging anywhere from six months to two years.<sup>53</sup> Although legal protection does not inure until the mark is actually used and registered, the application date serves as the priority date in trademark disputes. In effect, a firm can apply for registration before it begins use of the mark, and as a consequence obtain an ownership interest superior to current users of the same mark.<sup>54</sup>

Much of trademark law, including the TMRA, seems to rest on the assumption that “marks are fungible and their number infinite.”<sup>55</sup> If it is true that no mark is better than any other mark prior to its connection with goodwill, then “intent to use” applications are not problematic.<sup>56</sup> However, the fact that consumer product marketers invest so heavily in developing and testing marks suggests that this assumption is not entirely true.<sup>57</sup> Therefore, by using certain “better” words or symbols as a trademark, a firm selling a similar product as another firm has the advantage of being able to build goodwill more quickly and cheaply.<sup>58</sup>

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48. See *id.* at 786; Lemley, *supra* note 17, at 1709. But see Calboli, *supra* note 26, at 833–36 (arguing that assignments in gross do not present as great a problem as some suppose).

49. 2 MCCARTHY, *supra* note 40, § 18:2 (describing “[g]ood will and its trademark symbol . . . as inseparable as Siamese Twins who cannot be separated without death to both”).

50. Trademark Law Revision Act of 1988, Pub. L. No. 100-667, 102 Stat. 3935 (amending 15 U.S.C. §§ 1051–1127 (2000)).

51. Carter, *supra* note 28, at 760.

52. *Id.* at 778.

53. *Id.*

54. *Id.* at 781–82.

55. *Id.* at 769–70 (naming this phenomenon the “Irrelevant Mark assumption”).

56. *Id.* at 769.

57. *Id.* at 770.

58. *Id.*

Trademark law recognizes this reality and therefore divides marks into categories, delimiting the ease with which a mark may receive protection based on its type. "Arrayed in an ascending order which roughly reflects their eligibility to trademark status and the degree of protection accorded, these [categories] are (1) generic, (2) descriptive, (3) suggestive, and (4) arbitrary or fanciful."<sup>59</sup> Generic marks simply state what the product is, for instance, BREAD for bread or CAT FOOD for cat food. Such marks will rarely, if ever, receive trademark protection. Descriptive marks are those that describe an aspect of a product.<sup>60</sup> Marks "that do not describe the product but call to mind some attribute of it are called 'suggestive.'"<sup>61</sup> For example, FRESH-SQUEEZED for orange juice is descriptive, while NIKE for sporting equipment is suggestive.<sup>62</sup> A descriptive or suggestive mark will only be protected when it acquires secondary meaning, that is, "when the public comes to associate the word with a particular brand."<sup>63</sup> Fanciful marks and arbitrary marks most readily receive trademark protection.<sup>64</sup> A mark is fanciful when it is created for use with the product, such as KODAK; a mark is arbitrary when its use in connection with the product is unrelated to the product itself, for instance, BUTTERFLY for a rice cooker.

Against this backdrop, critics point out that "intent to use" applications allow firms to remove more coveted marks, such as descriptive marks, from the market language without first establishing use or acquiring secondary meaning.<sup>65</sup> The premature appropriation of these more desirable marks will often "drive up the costs of later entrants [into the market] who do not have available those low-cost ways of implying, without actually stating, something about the[ir] goods."<sup>66</sup> Since a mark's "appeal [should have] nothing to do with the reason [it] receive[s] protection,"<sup>67</sup> it is argued that the result is the unfair impoverishment of the market language<sup>68</sup> to the disadvantage of an

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59. *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4 (2d Cir. 1976).

60. *Carter*, *supra* note 28, at 771.

61. *Id.*

62. Nike is the goddess of victory in Greek mythology and means "victory" in Modern Greek. Thus, the mark suggests that users of Nike equipment will be victorious.

63. *Carter*, *supra* note 28, at 772. *But see* *Union Nat'l Bank of Tex., Laredo v. Union Nat'l Bank*, Austin, 909 F.2d 839, 844 (5th Cir. 1990) (asserting that suggestive marks are "protectable without proof of secondary meaning").

64. See, e.g., *Blacks in Gov't v. Nat'l Ass'n of Blacks Within Gov't*, 601 F. Supp. 225, 227 (D.D.C. 1983) ("Arbitrary and fanciful marks are considered inherently distinctive and are given legal protection immediately upon their adoption and use." (internal quotations omitted)).

65. *Carter*, *supra* note 28, at 772.

66. *Id.*

67. *Id.* at 768.

68. *Id.* at 773.

“intent-to-use” applicant’s competitors. Therefore, by offering a foundation for protection to trademarks separate from use, intent to use seems improperly to grant some firms property rights in words and symbols at the expense of competition.

#### 4. Logos

Assuming that trademarks are mere identifiers of the source of a good or service with which a consumer has had a positive experience, the rise of brand consumption is paradoxical. Scholars have observed that consumers buy certain products “because they have a logo emblazoned on them.”<sup>69</sup> In this way, the trademark, which is normally a mere identifier, has seemingly become the product itself.<sup>70</sup>

Trademark protection of these logos-as-products has been difficult for many scholars to justify under traditional trademark theory.<sup>71</sup> “If the goals of trademark law are to prevent consumer confusion, or to maintain product quality standards, there is no particular reason to give trademark owners the right to control such merchandising of their marks unless consumers in fact view the marks as an identifier of source.”<sup>72</sup> Thus, by allowing the “commodification” of trademarks as products in themselves, scholars fear that trademark erroneously has “begun to claim for itself subject matter traditionally reserved to copyright protection.”<sup>73</sup>

In addition, critics of this newer use of trademarks observe that “having accepted the merchandising rationale for certain sorts of trademarks, we may find it hard to undo.”<sup>74</sup> Consumers of logo-marked goods may come to expect that these goods come from a particular source, not because the logos are actually serving a rightful trademark function, but because trademark law already has established a practice of granting protection for these uses.<sup>75</sup>

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69. Lemley, *supra* note 17, at 1706.

70. *Id.*

71. *Id.*

72. *Id.*

73. Barton Beebe, *The Semiotic Analysis of Trademark Law*, 51 UCLA L. REV. 621, 661 (2004); see also Lemley, *supra* note 17, at 1697.

74. Lemley, *supra* note 17, at 1708.

75. *Id.*; see also Felix S. Cohen, *Transcendental Nonsense and the Functional Approach*, 35 COLUM. L. REV. 809 (1935) (arguing that the theory “purports to base legal protection upon economic value, when, as a matter of actual fact, the economic value of a sales device depends on the extent to which it will be legally protected”). But see 1 MCCARTHY, *supra* note 40, § 2:38 (rejecting the position that the above argument is equally applicable to all forms of legally protected property and is no more or less compelling in the case of trademarks).

### C. Trademark Semiotics

Judicial and scholarly treatment of trademark law often makes passing reference to the semiotic nature of trademarks.<sup>76</sup> This is unsurprising as trademarks are, after all, signs used to designate a firm's goodwill and identify its goods or services. In an effort to shed light on some of the questions left unanswered by traditional economic rationales of trademark law, Professor Barton Beebe recently undertook a thorough and sophisticated application of semiotics to the area of trademark law.<sup>77</sup> However, general unfamiliarity with semiotics compels reiteration of its basic tenets, and how semiotics applies to trademarks, prior to an analysis of Professor Beebe's analysis of trademark semiotics. After briefly explaining Professor Beebe's application of semiotics, some critiques and modifications will be offered.

#### 1. Basics of Semiotics

Most simply put, semiotics is the study of signs.<sup>78</sup> Specifically, semiotics undertakes to understand the operation of a given system or process by observing the function of signification, expression, representation, and communication.<sup>79</sup> Semiotics has mainly followed two independent lines: the "linguistic" tradition of Ferdinand de Saussure, and the "logical" tradition of Charles Sanders Peirce.<sup>80</sup>

The purely linguistic formulation of a sign is best seen in Saussure's dyadic model. In this model, a linguistic sign is composed of two parts, a concept (signified) and a sound-image (signifier).<sup>81</sup> "The two elements are intimately united, and each recalls the other."<sup>82</sup> For example, the word "dog" is a signifier; when it is spoken, it triggers the signified in the listener's mind, namely the mental image of a dog. The connection between the signifier and signified is wholly arbitrary; there is nothing about the sound "dog" that

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76. See generally *Dippin' Dots, Inc. v. Frosty Bites Distrib., LLC*, 369 F.3d 1197 (11th Cir. 2004); *Checkpoint Sys., Inc. v. Check Point Software Techs., Inc.*, 269 F.3d 270, 282–84 (3d Cir. 2001) (describing the role of trademark as a signifier of origin).

77. See generally Beebe, *supra* note 73, at 621 (discussing trademark "distinctiveness" and trademark "dilution," areas that "economic analysis has failed to explain, because it is unequipped to do so").

78. See DE SAUSSURE, *supra* note 7, at 16.

79. Paul Perron, *Semiotics*, in THE JOHNS HOPKINS GUIDE TO LITERARY THEORY AND CRITICISM 658 (Michael Groden & Martin Kreiswirth eds., 1997), available at [http://www.press.jhu.edu/books/hopkins\\_guide\\_to\\_literary\\_theory/entries/semiotics.html](http://www.press.jhu.edu/books/hopkins_guide_to_literary_theory/entries/semiotics.html).

80. Beebe, *supra* note 73, at 628–29.

81. See DE SAUSSURE, *supra* note 7, at 66.

82. *Id.*

necessarily evokes the image of a dog. For this reason we observe that the word for “dog” takes a variety of unrelated forms across continents: “ngitĩ,”<sup>83</sup> “skílos,”<sup>84</sup> “chó,”<sup>85</sup> “shoon,”<sup>86</sup> “Hund,”<sup>87</sup> “sau,”<sup>88</sup> “perro,”<sup>89</sup> “gǒu,”<sup>90</sup> and so on.

Borrowing from the Peircean conception of the sign, modern semiotics adopted a third subsign element to complete Saussure’s linguistically sound, but pragmatically incomplete, model: the referent.<sup>91</sup> In situations where a speaker uses language to alert the listener to a specific physical object, a triadic model is necessary. Thus, in the example just discussed, the word or sound “dog” is the signifier, the mental image evoked is the signified, and the actual dog being discussed is the referent.

There are two general components to the functioning of a semiotic sign: signification and value. Signification represents the process by which a signifier evokes a signified, which in turn can lead to the identification of a referent or object.<sup>92</sup> This aspect of semiotics is often conceptualized as the vertical relation of semiotic subparts.<sup>93</sup>

Value is described as the horizontal relation among subparts and involves differentiating among subparts (that is, for example, signifiers from other signifiers or signifieds from other signifieds).<sup>94</sup> Both signifiers and signifieds “are purely differential and defined not by their positive content, but negatively by their relations with the other terms in the system.”<sup>95</sup> Thus, when considered separately (apart from their role within the sign), signifiers’ and signifieds’ values are determined by their difference from other sign subparts. In order to demonstrate this rather analytically complex operation, Saussure offers the following example:

Modern French *mouton* can have the same signification as English *sheep* but not the same value . . . because in speaking of a piece of meat ready to be served on the table, English uses *mutton* and not *sheep*. The dif-

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83. Kamba.

84. Modern Greek.

85. Vietnamese.

86. Armenian.

87. German.

88. Eastern Cham.

89. Spanish.

90. Mandarin Chinese.

91. See generally CHARLES SANDER PEIRCE, *PEIRCE ON SIGNS: WRITINGS ON SEMIOTIC* (James Hoopes ed., 1991).

92. See DE SAUSSURE, *supra* note 7, at 114.

93. *Id.*

94. *Id.* at 115.

95. *Id.* at 117.

ference in value between *sheep* and *mouton* is due to the fact that *sheep* has beside it a second term while the French word does not.<sup>96</sup>

Looking solely at the process of signification, one can observe simply that the word *sheep* in English and the word *mouton* in French can both signify a woolly quadruped. While this describes what happens when the word is evoked, it does not offer a full picture of the linguistic occurrence. To fully understand what is signified by the terms *sheep* and *mouton*, we must know what other concepts share the same signifier. Put another way, *sheep* means *sheep* because it does not mean *mutton*, or for that matter, *cow*, *umbrella*, or *mountain*.

As Saussure explains in advancing these concepts, the distinction between signification and value is subtle, yet crucial.<sup>97</sup> Analysis that ignores value and focuses solely on signification is deficient because "stat[ing] simply that a word signifies . . . a concept . . . may suggest what actually happens, but by no means . . . express[es] the linguistic fact in its essence and fullness."<sup>98</sup>

## 2. Recent Application of Semiotics to Trademark

Recent application of semiotics adopts the triadic model in order to explain trademark law.<sup>99</sup> According to this model's structure, trademark is broken down into three component parts: (1) the word or symbol (signifier), (2) the firm's goodwill associated with the word or symbol (signified), and (3) the good or service sold (referent).<sup>100</sup> For example, the NIKE mark can be understood semiotically thus: The word "Nike" and/or the "swoosh" symbol comprise(s) the signifier, the goodwill of Nike, Inc., is the signified, and the athletic gear being sold (shoes, shirts, and so on) are the referents.<sup>101</sup>

Professor Beebe applies this model of semiotic analysis to the trademark problems of logos and dilution. In looking at logos, Professor Beebe argues that the law has developed "sophisticated rules" in an attempt to preserve this triadic trademark structure.<sup>102</sup> Since the word or symbol (signifier) is arguably

96. *Id.* at 115–16.

97. *Id.* at 114.

98. *Id.* at 117.

99. Beebe, *supra* note 73, at 645.

100. *Id.* at 646.

101. This example is adapted with only some minor additions and changes from *id.*

102. For instance:

The signifier will not qualify for protection if its owner does not affix it to a good or service offered in commerce. Assignment doctrine enforces the linkage between the signifier and the goodwill to which it refers. Trademark law will deny protection to trademarks that have been assigned "in gross," separate from the going business that is the source of their underlying goodwill.

*Id.* at 647.

the most visible component of the trademark, there is a tendency to confuse the signifier for the trademark: to confuse the part for the whole. Nonetheless, traditional trademark jurisprudence resists this tendency, holding fast to the notion that "in isolation from its signified and referent, the trademark's signifier is not a 'trademark' deserving of 'trademark rights.'"<sup>103</sup>

Despite scholarly resistance, Professor Beebe observes that "trademark producers have made a mockery" of the assumptions underlying this triadic structure.<sup>104</sup> He notes that "the triadic structuration is being attacked . . . by the granting of protection to trademarks as products themselves . . ."<sup>105</sup> When courts grant trademark protection to words or symbols that are not used to identify products, but rather are the products themselves, the courts merge the referent and the signified. For example, an emblem manufacturer's reproduction and sale of National Hockey League team logos as patches was held to be trademark infringement.<sup>106</sup> Although the patches were "a reproduction of the trademark itself . . . being sold, unattached to any other goods or services,"<sup>107</sup> the court found that "[t]he sports fan in his local sporting goods store purchases defendant's fabric and thread emblems because they are embroidered with the symbols of ice hockey teams."<sup>108</sup> Criticizing the court's strained characterization of "fabric and thread" as the trademark's referent, Beebe observes that it is merely "a legal fiction that enables the court to maintain the familiar triadic structure [since] this structure is unsustainable on [the case's] facts."<sup>109</sup>

In addressing dilution, Professor Beebe points first to confusion created by Frank I. Schechter, the scholar credited with creating the dilution doctrine. Schechter "never specified what exactly he meant by 'uniqueness' when he urged that 'the preservation of the uniqueness of a trademark should constitute the only rational basis for its protection.'"<sup>110</sup> The ambiguity, Professor Beebe claims, has resulted in two interpretations. The "compromise" interpretation maintains that "Schechter intended antidilution protection to protect vertical relations of signification, that is, the mark as an identifier uniquely of a source or product."<sup>111</sup> The "radical" interpretation "suggests that

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103. *Id.* at 651.

104. *Id.* at 656.

105. *Id.* at 657.

106. *Boston Prof'l Hockey Ass'n, Inc. v. Dallas Cap & Emblem Mfg., Inc.*, 510 F.2d 1004 (5th Cir. 1975).

107. *Id.* at 1010.

108. *Id.* at 1011.

109. Beebe, *supra* note 73, at 659.

110. *Id.* at 687 (citing Schechter, *supra* note 22, at 831).

111. *Id.* at 688.

he intended it to protect horizontal relations of value, that is, the mark as a unique identifier, regardless of its source or product.”<sup>112</sup>

Drawing on recent case law, Professor Beebe suggests that the radical interpretation has been “decisively repudiated” by the Supreme Court.<sup>113</sup> However, Beebe argues that attempts to “compromise” are futile, as dilution “necessarily involves global intermark relations of value in addition to local intramark relations of signification.”<sup>114</sup> Differential distinctiveness of signifiers from other signifiers “makes possible the signifier’s distinctiveness of its signified and referent.”<sup>115</sup> Simply put, the dilution doctrine necessarily relies on semiotic notions of value. Thus, the so-called compromise interpretation of Schechter’s doctrine, which ignores value and focuses instead on vertical signification, cannot possibly be correct.

## II. UNDERSTANDING TRADEMARK THROUGH THE SEMIOTIC MODEL

This Comment argues that the semiotic analysis is useful in the legal context because it provides a structural framework in which to monitor the advancement of set trademark goals. While economics and policy ultimately provide the source of rationales underlying trademark protection, they are imprecise tools for understanding the actual operation of trademarks. Pegging the rationales for trademark protection to a semiotic model provides a more effective means to observe whether certain doctrines actually further the goals of trademark law.

### A. The Semiotics of Law

There is a tendency among trademark semioticians to attribute to trademark law an internal logic that mirrors the natural consequences of trademarks as signs. Indeed, Professor Beebe’s article traces what he calls the “semiotic logic of the trademark system and of trademark law.”<sup>116</sup> It is perhaps because

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112. *Id.*

113. *Id.* at 690. Discussing *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 433 (2003), Beebe argues that the Court found the statutory requirement for dilution to be “a showing that the defendant’s mark ‘will reduce the capacity of the famous mark to identify the goods of its owner.’” *Id.*

114. *Id.* at 701.

115. *Id.* at 702.

116. *Id.* at 703.

the field of linguistics served as the test model for semiotics<sup>117</sup> that there has been an urge to ignore Saussure's explanation that "[l]inguistics is only a part of the general science of semiology."<sup>118</sup> That is, scholars concerned with correct application of semiotics have, in many areas, been wholly reluctant to deviate from the system of signs as it has been introduced with regard to language. However, respected semioticians rightfully have maintained that "[s]emiotics must not be allowed to be a mere application to signifying practices of the linguistic model . . . [semiotics'] *raison d'être* . . . must consist in its identifying the systematic constraint within each signifying practice . . . [furthermore] specifying just what . . . falls outside the system and characteriz[ing] the specificity of the practice as such."<sup>119</sup>

The application of semiotics to trademark law necessitates departure from the linguistic model. The development of language is an arbitrary process; linguistic changes occur not at the will of speakers, but rather as a consequence of time.<sup>120</sup> In comparison, law is not arbitrary in the linguistic sense, but rather deliberate; laws are intentionally crafted to advance defined goals that legislators and jurists have determined worthy of attention. Saussure noted that "[u]nlike language, other human institutions—customs, laws, etc.— . . . all have of necessity adapted the means employed to the ends pursued."<sup>121</sup> While language is defined by arbitrary change, law is defined by attempts to advance deliberate goals.

Rather than viewing law as evolving as a natural consequence of semiotic occurrences, it is more accurate to imagine that "[i]n legal semiotics law is conceived as a sign of desirable human behavior."<sup>122</sup> In this way, "legal semiotics centers on the aesthetic function of legal systems and legal codes, in the sense [of] aesthetics as the science of values."<sup>123</sup> In fact, quite opposite to language, the aim of aesthetics is "to provide theoretical foundations for perceptual cognitive processes so that it becomes possible to improve them

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117. Saussure created the study of signs, which he termed "semiology," in the *Course in General Linguistics*, noting that its application goes beyond mere linguistics, which was to serve as only one aspect of semiology. See DE SAUSSURE, *supra* note 7, at 16.

118. *Id.*

119. Julia Kristeva, *The System and the Speaking Subject*, in THE TELL-TALE SIGN: A SURVEY OF SEMIOTICS 47, 48–49 (Thomas A. Sebeok ed., 1975).

120. See DE SAUSSURE, *supra* note 7, at 73–74.

121. *Id.* at 75.

122. Roberta Kvelson, *Law*, in 1 ENCYCLOPEDIA OF SEMIOTICS 438, 443 (Thomas A. Sebeok ed., 1986).

123. *Id.*

rather than letting them go on as special kinds of naturally evolving processes."<sup>124</sup> In this way, the system of trademark forms an artificial language.

In regard to such languages, Saussure observed that "[w]hoever creates a language controls it only so long as it is not in circulation; from the moment when it fulfills its mission and becomes the property of everyone, control is lost."<sup>125</sup> In the system of trademarks, however, legislators, jurists, and scholars keep a tight rein on trademark usage. Thus, it is not completely true that once released to the public, a trademark "will be transmitted according to laws which have nothing in common with those of its logical creation, and there will be no turning backwards."<sup>126</sup> Vested with legal authority and aided by vigilant regulation, the trademark system has the capacity to act in a way that a linguistic system cannot, by redefining and delimiting the role of a trademark's subparts, namely, the signifier, the signified, and the referent.

In fact, to say that trademark law can be explained through semiotics suggests that jurisprudential developments are somehow guided by the natural forces characteristic of any structure that is subject to semiotic analysis. This is clearly not the case; as mentioned, law is not a natural occurrence, but rather an artificial construct based on perceived goals and rationales provided by legislators, judges, and scholars. To regard trademark law as adhering to semiotic logic is to credit these actors as sophisticated semioticians, or at least as possessing an innate propensity to make decisions based purely on signs.

Therefore, the usefulness of semiotic discourse of trademark rests not in explaining how the law has formed as a consequence of sign relations, but rather how analysis of trademarks as signs can be used as a tool in understanding what legal protections trademarks need in order to function properly. While it is not accurate to say that law is shaped by the semiotic nature of signs, it is accurate to say that the role trademark law has created for trademarks is best analyzed in semiotic terms. The difference, though perhaps subtle, is profound. For if we believe that trademarks are natural signs, then whatever meaning the public attributes to them will be their meaning. Conceived in this way, trademark law, as Beebe suggests, will be forced to redefine itself to keep up with this naturally occurring reality. On the other hand, if we take trademarks to be artificial signs, as this Comment suggests, then the law can choose to allow certain public meanings and disallow others. In short, the law will function as law, controlled by its own goals, and not the evolutive nature of signs.

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124. Dietfried Gerhardus & Kuno Lorenz, *Aesthetics*, in 1 ENCYCLOPEDIA OF SEMIOTICS, *supra* note 122, at 15.

125. See DE SAUSSURE, *supra* note 7, at 76.

126. *Id.*

The current reality of the public understanding of trademarks is evidence that the role of law is to shape the sign, and not vice versa. For example, it is not by natural semiotic consequence that when buying a television labeled SONY, the purchaser believes that she is buying a television from Sony, Inc. (or at least the same company that she has seen advertised as SONY or from which she has bought products labeled SONY before). It would be plainly inaccurate to say that it is because such a belief exists that the law grants trademark protection; to assert that this belief precedes, and in fact, gives rise to legal protections. Instead, trademark law has created this expectation by allowing identical labels to be attached only to products from identical sources. While the function of the trademark SONY in this transaction clearly lends itself to semiotic interpretation, it is not a natural consequence of the trademark sign.

Somewhat paradoxically, defining the role of semiotics as a means and not an end actually broadens the potential usefulness of semiotic analysis. That is, viewing trademark law as merely a reflection of the semiotic life of the trademark sign limits semiotics to the role of an explanatory device. However, by recognizing the artificial nature of the trademark construct, semiotics can serve as a method of ensuring that the system is functioning properly.

## B. A Semiotic Model of Trademark Rationale

As discussed, the purpose and scope of trademark law is derived from economic and policy rationales. However, the imprecision of these rationales render them incapable of providing a useful framework for monitoring the actual operation of trademarks. This is the usefulness of semiotics; formulating these rationales in a semiotic model permits a micro-level look into the functioning of trademarks. Thus, while economic and policy rationales provide the substance of the law, semiotics should provide the form. Embodying the goals of trademark law in a semiotic model provides a necessary framework for analyzing the scope of trademark protection to ensure that it truly conforms to its prescribed rationales. Put metaphorically, if the law prescribes flatness, semiotics is its level.

As discussed, the primary rationale for trademark protection is to reduce search costs associated with identifying the goods or services consumers seek to purchase. Although trademark protection serves many purposes, the broad goal of consumer-search-costs reduction serves as a somewhat all-encompassing

baseline.<sup>127</sup> Reducing a consumer's search costs benefits the consumer, who as a result has more dispensable time, and the producer, who as a result can charge higher prices for its good or service.<sup>128</sup> Furthermore, the obvious consequence of this timesaving device is that the consumer is able to identify correctly the good or service she seeks, in the end benefiting both the consumer and the producer of the good or service.

Additionally, this rationale is particularly well-suited to semiotic analysis because it parallels the role of a linguistic sign. In semiotic terms, this trademark rationale should be expressed in this way: Trademark law protects trademarks so that the signifier (word/symbol) can efficiently and accurately evoke the signified (goodwill of company) in order to allow the consumer to identify efficiently and accurately the referent (the good or service sought). In this model, economic search costs represent the semiotic concept of delay in consumers' ability to mentally travel from the signifier to the signified to the referent.

As signification and value are interconnected aspects of the linguistic sign, so too are they essential to the operation of this trademark model. Trademarks, like words and sentences, function within a system composed of other trademarks. "The trademark, then, is not an irreducible, indivisible thing, but rather a set of relations, specifically, of semiotic relations of reference."<sup>129</sup> Similar to how certain words affect the functioning of other words, the trademarks have an effect on the functioning of other trademarks within the system. Though perhaps not apparent on its face, this model necessarily traces both the *intramark* process of signification as well as the *intermark* role of value. For example, in order for a signifier to signify, it must be distinguishable from other signifiers; thus, as in linguistics, analysis of value in trademark is an indispensable component of an examination of signification as a whole.

Using as an example the basic trademark infringement based on "likelihood of confusion," we can see how this model works. There is a tendency to treat this analysis as regarding solely vertical relation (signification). Under this correct, yet incomplete conception, likelihood of confusion occurs when a defendant's signifier mistakenly evokes a plaintiff's goodwill in connection with the defendant's good or service. Excluded from this formulation, yet essential to this model, is the fact that the defendant's signifier must be the same or extremely similar to the plaintiff's in order for the mis-

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127. See Michael Grynberg, *The Road Not Taken: Initial Interest Confusion, Consumer Search Costs, and the Challenge of the Internet*, 28 SEATTLE U. L. REV. 97, 100 (2004).

128. *Id.*; see also LANDES & POSNER, *supra* note 19, at 168.

129. Beebe, *supra* note 73, at 648 (emphasis omitted).

signification to occur. This is a question of value. Since signifiers gain their value only by their differential relation with other signifiers, it follows that the more similar the defendant's signifier is to the plaintiff's, the greater the likelihood of confusion.<sup>130</sup>

Thus, one sees that the semiotic model provides what the naked economic rationale cannot: structure. Using this structure will facilitate understanding of trademark doctrines and developments. Instead of simply arguing that a given type of protection advances the economic rationale or does not, the semiotic model adds another dimension. It allows us to classify the extent to which the economic rationale is forwarded. Each link represents a different area where delay can happen, where search costs can accrue. By looking into the functioning of the trademark model, we are able to say for the first time whether a doctrine does advance the goals of trademark, but not enough to justify any added protection.

Scholars and judges have difficulty understanding the scope of trademark protection because the binary nature of their analysis is limited. Trademark commentary has been quick to label certain doctrines as either advancing or "not advancing the goals of trademark,"<sup>131</sup> when what it really observes is an area where the advancement of goals is merely too insignificant to justify a given type of protection. In this way, trademark commentary misconstrues an issue of degree for an issue of kind.

Analysis of controversial doctrines, such as the dilution doctrine, intent to use applications, and logos, reveals the power of the semiotic model. Using the semiotic model to understand the operation of controversial trademark doctrines, it will become clear when particular doctrines advance the rationales for trademark protection and when they do not. More importantly, in the situations where the rationales are advanced, we can scrutinize the degree to which the doctrine advances the rationale and therefore determine whether or not it deserves legal protection.

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130. See *id.* at 674–76.

131. See, e.g., *I.P. Lund Trading ApS v. Kohler Co.*, 118 F. Supp. 2d 92, 99 (D. Mass. 2000) (arguing that unique product features may increase product appeal or utility, but not the goals of trademark); *G.B. Rent & Sons, Ltd., v. P. Lorillard Co.*, 114 F. Supp. 621, 631 (S.D.N.Y. 1953) (expressing reluctance to accept the dilution doctrine as its own cause of action separate from "likelihood of confusion"). See generally Carter, *supra* note 28 (criticizing federal trademark law as inconsistent with generally accepted rationales for trademark protection).

### III. APPLICATION TO VARIOUS DOCTRINES

Much discord in trademark law can be explained as the improper assumption that certain types of protection fall outside the scope of the purpose of the law. A semiotic analysis reveals that in many instances, doctrines that are subject to scholarly criticism are wrongly classified as not advancing the goals of trademark law. These doctrines advance the goals of trademark protection to some extent, but perhaps represent areas where the goals of trademark law may not justify certain levels of protection. Therefore, addressing these doctrines through semiotics reveals that trademark commentary should shift its focus from whether certain protections advance the goals of trademark law to whether certain protections are worth granting, even if they do advance the goals of the law.

#### A. Dilution: Delay in Signification

In order to understand dilution in semiotic terms, we must turn to analysis of value. In a typical dilution case, the defendant's signifier is introduced into a market where the plaintiff is already using a same or similar signifier. We can say that the value of each signifier is affected by the presence of the other; the role of each signifier (that is, to signify) is made more difficult by the presence of the other. For example, if a honey manufacturer decided to enter the market using the name MICROSOFT, dilution might exist. Whereas before the MICROSOFT signifier evoked computer software as its signified, MICROSOFT placed on a bottle of honey would trigger a different signified, that of the honey manufacturer. As MICROSOFT honey becomes more well-known, the signifier changes shape; when consumers hear the word MICROSOFT, they are unsure: the honey or the software?

Though in a dilution case the defendant and the plaintiff may offer different goods or services, the use of identical or similar signifiers will trigger in the consumer's mind both the defendant's and the plaintiff's signified (goodwill), if only briefly, before she identifies the referent. Thus, because the signifiers affect each other's ability to signify (value), the amount of time required to make the connection from signifier to signified to referent (signification) is increased.

Judge Posner provides a good example of this semiotic process in *Ty Inc. v. Perryman*:<sup>132</sup>

Suppose an upscale restaurant calls itself “Tiffany.” There is little danger that the consuming public will think it’s dealing with a branch of the Tiffany jewelry store if it patronizes this restaurant. But when consumers next see the name “Tiffany” they may think about both the restaurant and the jewelry store, and if so the efficacy of the name as an identifier of the store will be diminished. Consumers will have to think harder—incur as it were a higher imagination cost—to recognize the name as the name of the store.<sup>133</sup>

The value of the signifier TIFFANY for the jewelry store is affected by the presence of the identical signifier TIFFANY for the restaurant. Because they look and sound identical, their lack of distinction impacts their value, weakening their ability to serve their role as signifiers.<sup>134</sup>

Immediately deducible from this dilution construct is the fact that “tarnishment” is not a separate cause for trademark concern.<sup>135</sup> Tarnishment is “[a]nalytically . . . a subset of blurring, since it reduces the distinctness of the trademark as a signifier of the trademarked product or service.”<sup>136</sup> Therefore, courts should avoid the tendency to find a cause of action for mere injury to business reputation. While injury to business reputation may occur as a consequence of dilution, it is not, in itself, enough to sustain a cause of action for trademark dilution, absent the other required components of a regular dilution cause of action.<sup>137</sup>

## 1. Evaluating Criticism of Dilution

### a. The Propertization Critique

As previously discussed, the dilution doctrine has been criticized because judges apply the doctrine loosely. Scholars criticize judges for “making law for the extreme case,”<sup>138</sup> noting that protection against dilution is granted not

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132. 306 F.3d 509 (7th Cir. 2002).

133. *Id.* at 511.

134. Usually the law describes the occurrence as the junior user diluting the senior user; however, technically each sign influences the other. See Beebe, *supra* note 73, at 676 (“[T]hey are engaged in a zero-sum struggle.”).

135. In fact, one of the major points of Beebe’s paper involves the finding that tarnishment is not a distinct form of dilution. *Id.* at 695–98.

136. *Ty Inc.*, 306 F.3d at 511.

137. See Beebe, *supra* note 73, at 696.

138. Lemley, *supra* note 17, at 1697.

only to truly famous marks, as specified by statute, but also to marks of only regional fame, nonidentical marks, and noncommercial usages.<sup>139</sup> Most of all, critics fear that granting protection to the signifier as such, regardless of whether the customers will actually be confused in the end, represents the granting of a trademark in gross, that is, treating the signifier as property itself, separate from its signifying function.<sup>140</sup>

As a preliminary matter, criticism of the propertization of the signifier implies that signifiers are never correctly granted protection as such. This is not true. For instance, no one disputes that a trademark user is permitted to use her mark's signifier in connection with her own goods or services. Nor is there controversy over a trademark user's right to exclude others from using her signifier in conjunction with their goods. The imprecision of the term "property" is partly to blame for this flawed analysis, for it is after all "only a legal conclusion."<sup>141</sup> It refers not to a specific set of rights, but rather "the relationship of an individual to a resource."<sup>142</sup> Thus, so long as these uses represent property rights in the signifier found within the proverbial "bundle" of a trademark owner, they are clearly not improper.

More importantly, a careful examination of the operation of trademarks reveals that the characterization of trademark protection granted to the signifier as in gross property rights is rather unhelpful because it reveals little about what actually is problematic about dilution. Adopting the language of propertization facilitates failure to recognize that control over a trademark's signifier is, in many cases, essential to the preservation of the signification function of trademarks. Analyzing dilution through the semiotic model shows that there are instances in which preservation of the universally recognized function of trademarks requires protection of the signifier. Specifically, the semiotic value of the signifier—its distinctiveness from other signifiers—is a necessary aspect of the signification process.<sup>143</sup>

The common interpretation of Schechter's *The Rational Basis for Trademark Protection* as advocating the propertization of signifiers is rooted in the failure to appreciate fully the signification process as a whole. Schechter believed, as do his critics, that "[t]he true functions of the trademark are . . . to identify a product as satisfactory and thereby to stimulate further purchases

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139. *Id.* at 1698–99.

140. *Id.* at 1699, *see also* Howard J. Shire, *Dilution Versus Deception: Are State Antidilution Laws an Appropriate Alternative to the Law of Infringement?*, 77 TRADEMARK REP. 273, 296 (1987).

141. Stephen L. Carter, *Does It Matter Whether Intellectual Property Is Property?*, 68 CHI.-KENT L. REV. 715, 716 (1993).

142. *Id.*

143. *See* Beebe, *supra* note 73, at 702.

by the consuming public.”<sup>144</sup> Unknowingly applying semiotic analysis, Schechter observed that in order to foster goodwill, each element of the signification process, including the signifier,<sup>145</sup> must receive protection. Thus, he observed that the signifier’s semiotic value, which he termed “uniqueness,” serves an essential role in ensuring that trademarks fulfill their immediate purpose: identifying the signified and then the referent. This, in turn, ensures that trademarks achieve their ultimate purpose—to form a component of a firm’s ultimate prosperity as manifested through its goodwill. The uniqueness of signifiers, Schechter correctly observed, is necessary to the advancement of the purpose of trademark.<sup>146</sup>

A semiotic analysis of dilution doctrine shows that its focus on value necessarily affects signification. Scholars have failed to recognize that the value of the signifier is essential, which in turn has led them wrongly to place dilution protection outside the scope of trademark goals. This is not to say that all forms of dilution warrant trademark protection. It only suggests that critiques of the doctrine are misplaced; rather than arguing that dilution does not advance the goals of trademark (which semiotics shows to be false), scholars should focus their attention on determining the degree to which dilution is or is not helpful to this end. Indeed, the argument that antidilution does advance trademark goals, but perhaps to an extent that is unnecessary in many instances, has its advantages. It allows scholars to convey their point (that dilution protection has gone too far) without compelling the extreme position that Congress and the states,<sup>147</sup> in addition to many courts across the nation, are wholly wrong in their adoption of antidilution doctrine.

#### b. Lack of Ultimate Customer Confusion

Another concern created by the dilution doctrine is that it creates a “world in which ‘famous’ marks [are] protected even in the absence of consumer confusion.”<sup>148</sup> This argument is facially forceful, but fails to appreciate the many layers of consumer confusion. The concern is not, as this line of criticism suggests, merely whether the consumer is ultimately confused as to

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144. Schechter, *supra* note 22, at 818.

145. Though essentially describing the signification process, Schechter never used the word “signifier”; instead his discussion maintained the conventional terminology of “marks” or “trademarks.”

146. Schechter, *supra* note 22, at 831.

147. Dickerson M. Downing, *Dilution in the Post “Victoria’s Secret” World*, in ADVANCED SEMINAR ON TRADEMARK LAW 2004, at 141, 155 (PLI Patents, Copyrights, Trademarks, & Literary Property, Course Handbook Series No. 3128, 2004) (discussing state legislatures and Congress’s gradual adoption of antidilution legislation).

148. Lemley, *supra* note 17, at 1699.

the origin or association of a product. Rather, trademarks are beneficial to the extent that they reduce the time it takes for the consumer to realize the origin of a product. Therefore, for protection against "consumer confusion" to have a useful economic effect, it must describe not merely the end result of a transaction, but the process as a whole.

If the goal of trademark was merely the identification of goods, then much of trademark protection would not make sense. For instance, even in the case of regular trademark infringement a prudent consumer could ostensibly avoid harm by carefully reading the labels, asking the store manager questions, or conducting her own research to determine whether or not a product comes from a given source. Ultimately, with some degree of effort, the consumer will likely be able to identify the product she seeks. But trademark protection exists to ensure that she does not have to do this, and that her ability to locate a product is easy and cost efficient. Therefore, as our model assumes, it follows that trademark law does seek to reduce customer search costs, not merely to prevent ultimate confusion.<sup>149</sup>

c. Failure to Adhere to the "Famousness" Limitation

Even accepting dilution as a legitimate type of trademark protection, many scholars complain that judges, in granting antidilution protection with laxity, ignore the "famousness" requirement of the trademark doctrine. However, famousness, described in statute not by strict elements but by a non-exhaustive set of factors, is really a proxy for examining the degree of semiotic failure as described above. The mark's famousness does not represent whether dilution occurs, but rather the line at which Congress is willing to call damage to a trademark dilution and therefore grant it legal protection. Thus, the question of a mark's famousness represents not an issue of kind (dilution or not), but rather of degree (how diluted is the mark).

As such, the famousness of a mark should not be interpreted in the colloquial meaning of fame, as suggested by scholars who speculate that the "clear intention [of the Anti-Dilution Act] seems to have been to restrict dilution doctrine to a relatively small class of nationally known trademarks . . . ."<sup>150</sup> Instead, national reputation (colloquial fame) should be only a factor that

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149. This is also apparent from trademark law's recognition of the "initial interest" doctrine, which protects against junior users who use marks or dress that are confusingly similar to the senior users' and that pique customer interest, regardless of whether the customer is ultimately confused as to the origin or ultimately buys from the junior users rather than the senior users. See generally 3 MCCARTHY, *supra* note 40, § 23:6; Grynberg, *supra* note 127.

150. Lemley, *supra* note 17, at 1697.

courts “may consider,”<sup>151</sup> as prescribed by the Act, along with other factors such as: the “inherent or acquired distinctiveness of the mark,” “duration and extent of use of the mark,”<sup>152</sup> “duration and extent of advertising and publicity of the mark,”<sup>153</sup> and perhaps most importantly from a semiotics perspective, “the degree of recognition of the mark in the trading areas and channels of trade used by the mark’s owner and the person against whom the injunction is sought.”<sup>154</sup>

## 2. Criticism of Dilution From Within the Model

As the semiotic model demonstrates, protection against dilution facilitates the signification process of trademarks. That is, since the signification model directly adopts the economic rationale for trademark protection, namely the reduction of consumer search costs, it follows that the antidilution doctrine furthers the goals of trademark law. Nevertheless, this does not end the inquiry. Forceful arguments must also focus on the extent to which this reduction is worthy of protection.

Professor Graeme Austin argues that the “dilution doctrine is premised on the idea that trademark proprietors are entitled to have consumers’ minds relatively clear of conflicting messages about the meaning of a particular brand,”<sup>155</sup> a position he does not find wholly convincing. Furthermore, he points to the potential difficulty in reconciling the distinction between dilution and the seemingly contrary doctrine that “merely causing consumers to call to mind another’s mark is not trademark infringement.”<sup>156</sup> Lastly, he argues that Judge Posner’s analysis in *Ty Inc.* represents a “normative preference”—that in adopting the view that dilution imposes an imagination cost, it must “follow[ ] that the ordinarily prudent consumer is somebody who prefers to have her imagination unburdened by conflicting messages.”<sup>157</sup> However, Austin suggests, this “is not necessarily so.”<sup>158</sup>

Such criticisms do not challenge dilution as falling outside the goals of trademark law, but speak directly to the heart of the dilution doctrine.

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151. Federal Trademark Dilution Act of 1995 § 3(a), Pub. L. No. 104-98, 109 Stat. 985, 985 (codified at 15 U.S.C. § 1125(c)(1) (2000)).

152. *Id.* § 1125(c)(1)(B).

153. *Id.* § 1125(c)(1)(C).

154. *Id.* § 1125(c)(1)(F). This factor speaks directly to the semiotic model’s components by asking the degree to which one signifier’s value affects the other signifier’s value based on whether those signifiers interact in the same market.

155. Austin, *supra* note 10, at 896.

156. *Id.* at 893.

157. *Id.* at 895.

158. *Id.*

Professor Austin's arguments maintain that even if protection against dilution does enhance the effectiveness of the signification process, it is not justified for other reasons. These arguments are necessary to address accurately the issues with dilution and other related doctrines.

As Professor Austin points out, trademark law maintains that mere mental association between a senior and a junior user's mark is not sufficient to constitute infringement. At first blush, the dilution doctrine may seem to undermine this principle; the difference may seem to be one of degree, not kind.<sup>159</sup> However, despite Professor Austin's worry, the distinction between the two is rather sharp.

From a semiotic perspective, trademark's concept of mental association represents the situation in which the listener who hears the word "dog" also calls to mind the word or concept "cat." The association of the two words and concepts does not impact or shape one word's signification or the other's. However, a definite connection exists. Such a benign association is distinguishable from dilution. For example, simply because EMERALD Chinese food restaurant might conjure memories of The Wizard of Oz's Emerald City does not mean, necessarily, that there is a dilution effect between the two uses of emerald. Dilution only occurs when the signifier's path to the desired signified is made more difficult by the presence of another similar signifier. Admittedly, there will be instances when courts will have difficulty deciding where a particular case falls, but this is a problem that courts confront with any legal rule.

In addition, Judge Posner's concern over imagination costs is not as easily dismissed as Professor Austin imagines. The problem is not that the average consumer is someone who does not want to think harder, suffers detriment when forced to do so, or prefers to have her imagination unburdened by conflicting messages. Instead, the imagination costs the consumer encounters toll not only the consumer, but the market as a whole. Simply put, any amount of time a consumer spends "thinking harder" about the meaning of a mark is time she could be spending buying something else or otherwise contributing to society. One can easily imagine that this amount of time, even if negligible when taken singularly, might become significant when multiplied by the number of products on the market that could create this problem, further multiplied by the number of consumers seeking those products.

Furthermore, it bears noting that the two-party, adversarial nature of trademark cases has had a hand in obscuring the usefulness of dilution doctrine. For example, the scenario in which a consumer must keep straight

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159. *Id.* at 893.

KODAK pianos and KODAK cameras may seem to involve minimal search costs. However, without protection against dilution, identical signifiers may threaten to clutter the market, rendering it difficult for consumers to identify the products they want from the companies they choose to patronize. Imagine a single store selling KODAK gum, KODAK aspirin, KODAK razors, and KODAK wine. At some point KODAK will be meaningless as a trademark. A radio advertisement announcing a “KODAK sale at KODAK’s Market” would be meaningless, and the function of trademark would be severely hampered.

It is not the goal of this Comment to resolve the issue of whether or not antidilution protection is warranted. Instead, providing the semiotic framework with which to better understand the function of dilution serves as a first step toward further discourse in this area. By identifying how and why semiotic delay occurs (that is, why consumer search costs accrue), this model provides useful information to legislatures and courts seeking to understand and define the scope of dilution protection. Indeed, Congress has already done this with the famousness limitation.<sup>160</sup> As discussed, it is not only a famous mark that can suffer from dilution, but Congress has determined that trademark protection will only cover the dilution of famous marks. Similarly, Congress may decide to cut back on dilution, not by arguing incorrectly that dilution does not advance the goals of trademark, but rather by determining that the amount of delay in the semiotic operation is so slight that it does not justify increased protection.

#### B. Assignments in Gross and Naked Licenses: Signification Malfunction

Applying the semiotic analysis to assignments in gross and naked licenses reveals that these assignments are undeserving of trademark protection because they fail to advance the semiotic model of trademark law. Allowing assignments in gross and naked licenses effectively sanctions the malfunctioning of the semiotic model, preventing the trademark from serving its proper function.

Assignments in gross and naked licenses involve identical semiotic occurrences as regular trademark infringement. One may find this surprising, since from a practical perspective the two seem quite different. Nevertheless, assignments in gross and naked licenses represent instances where the signifier evokes the signified, but the referent is not the actual product belonging to the signified; rather, it is the product of another company.

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160. See *supra* note 151.

Thus, in effect, the trademark owner manipulates the signification process by diminishing the value differential between signifiers. Just as with trademark infringement, the sameness or similarity of the signifier evokes the signified not of the company that produced the actual referent, but rather of the company whose referent the consumer actually wants to buy.

To illustrate this process, consider a situation in which the Coca-Cola Company assigns its trademark to Soda Pop, Inc., and then exits the market. When a customer now buys a product with the COCA-COLA trademark printed on it, he is actually getting a Soda Pop product. The semiotic malfunction should be clear. First, the customer identifies the design (signifier) which triggers in his mind ideas and past associations of Coca-Cola's goodwill (signified). However, the signifier is affixed to a different product (referent) and therefore misleads the customer into buying something he did not intend to buy. In effect, the signification process was used (if not abused) to trick the customer into buying the false referent.<sup>161</sup>

While other models<sup>162</sup> are unable to separate the intent of the actors from the pure operation of the mark, in the semiotic model it is immaterial that the trademark owner in the typical infringement case does not want another party to use her mark in connection with his good or service. Additionally, it does not matter that in the case of naked licenses, the trademark owner explicitly authorizes another party to use her mark in connection with his good or service. It matters only that, from a semiotics perspective, the trademark's signifier is being manipulated and improperly used.

In the semiotic model, the function of the trademark system is exogenous to the interests of consumers and trademark owners, although their interests are affected. Discussing the interests of consumers and trademark owners muddles

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161. The same malfunction occurs in the case of naked licenses. However, it is a bit more complicated. With both products on the market, using the same design (signified), sometimes the customer would identify the correct product (Coca-Cola) and sometimes not (Soda Pop). In a way, however, naked licenses are self-regulating. The Coca-Cola Company, in our example, would not want its design attached to another, perhaps inferior, product and would not engage in granting naked licenses. Inconsistency in product quality and character likely will diminish the Coca-Cola Company's goodwill.

162. Though the intent of the actors is no longer an important part of the underlying rationale of trademark law, it still emerges in trademark discussions regarding the scope of protection. See, e.g., *TMT N. Am., Inc. v. Magic Touch GmbH*, 124 F.3d 876, 885 (7th Cir. 1997) (noting that acquiescence to a trademark's use may deprive the trademark owner of any remedy against infringing uses by others). However, intention is sometimes relevant for determining the proper remedy. See *Bandag, Inc. v. Al Bolser's Tire Stores, Inc.*, 750 F.2d 903, 915 (Fed. Cir. 1984) (explaining that "proof of actual intent to deceive is not required to sustain a conclusion of likelihood of confusion . . . [but] the good faith of the infringer . . . may be given considerable weight in finishing a remedy" (internal quotations omitted)).

the analysis of trademark function with notions of quasi-culpability that are unnecessary to understanding trademark reality.

While the propertization critique explains how assignments in gross and naked licenses undermine established principles of trademark law, it does not explain why trademark law adheres to such principles. In this way, denying rights to a trademark merely because granting rights would constitute improper propertizing presents something of a tautology. Further, as we have seen in the case of antidilution protection, it is not always the case that granting property rights in a signifier runs afoul of trademark goals. In applying the semiotic model, it is clear that assignments in gross and naked licenses, which represent clear cases of mis-signification, do not advance the economic rationale of trademark protection. For this reason, assignments in gross and naked licenses should be forbidden.

### C. “Intent to Use” Applications: The Dual Signified

#### 1. The General Problem

Much confusion has arisen in trademark jurisprudence with regard to the development of the “intent to use” application and the desire to reserve trademarks for future use (or for sale to companies eager to use the desirable marks). From a trademark perspective, as well as from a semiotics perspective, a trademark (signifier) theoretically should have no worth separate from its ability to identify a company’s goodwill (signified). That companies are eager to reserve marks before they use them seems to contravene this principle.

According to the semiotic model of trademark, protection should be granted to ensure the proper functioning of the signification process, specifically that a trademark’s signifier accurately identifies its signified—and consequently, the referent. Intents to use contravene this principle. By allowing individuals to reserve potential signifiers, the TMRA protects a word or symbol, not a signifier. A signifier must signify and, if it does not, it has no function in trademark law and therefore is undeserving of protection.

In this sense, semiotic analysis yields a perspective identical to that of critics who state that the Act is “troubling”<sup>163</sup> as a propertizing mechanism. However, semiotic analysis offers a richer understanding of why businesses seek to warehouse trademarks, and more generally, why certain types of marks are afforded more protection than others. As will be shown, trademarks are

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163. See Carter, *supra* note 28, at 786.

often words borrowed from the public vocabulary for commercial use. Such borrowing must be tempered against other social concerns, such as free speech.

## 2. The Commercial Versus the Public Signified

There is a paradox inherent in the law's willingness to protect marks based not on their use, but merely on their type. Up until this point, we have discussed the system of trademarks as its own system. Thus, we have treated trademarks as arbitrary signifiers of signifieds, represented by goodwill. However, such treatment of trademarks is semiotically sound only to a certain extent. Trademarks, unlike words in a language, are not necessarily arbitrary but rather are often borrowed from human language.

The interaction between the human language and trademark language requires some attention. Unlike words in a language, signifiers borrowed from the human language for use in the trademark system already carry a signified (a meaning). We can therefore distinguish between a signifier's "public signified," as it exists in everyday language, and a signifier's "commercial signified," the meaning attributed to a company's goodwill.

Fanciful marks are those that contain no public signified, but rather derive their meaning entirely in a commercial context.<sup>164</sup> The user most likely does not need to apply for "intent to use" protection for fanciful marks since they are the invention of the user. Even if these marks are applied for under the TMRA, the market language does not run the risk of impoverishment by protecting them, since the possible combinations of words and letters are arguably infinite.

Intents to use are problematic, however, for suggestive and descriptive marks.<sup>165</sup> The marks are desirable because they save costs by functioning as

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164. This is not to deny that some fanciful signifiers are more desirable than others, but the qualities that make the signifier desirable are not of direct concern to this inquiry. For example, KODAK, though fanciful, was the fruit of the linguistic ingenuity of George Eastman, who determined that the name's shortness, pronounceability, and uniqueness made it a desirable and appealing mark. See Jonathan Fahey, *What's in a Name?*, FORBES, available at [http://www.forbes.com/vehicles/2004/07/12/CZ\\_jf\\_0712featB.html](http://www.forbes.com/vehicles/2004/07/12/CZ_jf_0712featB.html) (last visited Jan. 6, 2006). Eastman told the British Patent office in 1888:

This is not a foreign name or word; it was constructed by me to serve a definite purpose. It has the following merits as a trade-mark word: First it is short; second, it is not capable of mispronunciation; third, it does not resemble anything in the art and cannot be associated with anything in the art.

*Id.* But this is beyond the scope of trademark's concern. Even if we offer protection to such a "desirable" mark, we are not losing anything in the public realm or the commercial realm, since the word is an invention of sorts and can be matched by several other innovative letter combinations.

165. Generic marks are omitted, though the problem would equally apply to them, since trademark protection is not given to such marks.

built-in advertising, and they facilitate the signification process. That is, these marks use the public signified to enhance the quickness with which a consumer will identify a business's referent (signification) and to impact the value of a competitor's signified (value). In using a suggestive or descriptive mark, a business owner in effect borrows a word's public signified in order to expedite the mark's ability to identify the good by strengthening the signified-referent link or to bolster a business's commercial signified by attaching to it positive descriptors.

For example, SILK, used as a trademark for soy milk, is suggestive; it relies on our previous associations with the word "silk." The mark implies that the milk is full and smooth. This name is particularly well-chosen, as soy milk tends to be more watery than its dairy competitor, cow's milk. In using the word "silk," SILK soy milk borrows from English vocabulary, relying on the word's public signified (an English speaker's associations with the term "silk") in order to strengthen the company's commercial signified (the company's goodwill and the product's appeal).

The dualistic nature of these signified trademarks directly impacts whether legal protection should be given. Because trademarks are offered legal protection to the exclusion of other users, judges must exercise caution in determining the scope of trademark protection. The more a trademark borrows from the human language (the public signified) to construct its commercial signified, the less trademark protection it should be granted. As it stands, trademark law correctly rewards fanciful marks above all, not because they are more creative, but rather because they do not deprive competitors of language to which they, as members of public, should rightly have access. Simply put, trademark protection, by definition, should protect commercial signifieds and not public signifieds, since the latter belong to the public.

The requirement that descriptive marks have secondary meaning in order to gain protection represents trademark law's efforts to ensure that protection of a word or symbol used as a trademark has a commercial signified apart from its public signified. Intents to use under the TMRA strip trademark law of this requirement, thereby offering protection to marks that borrow heavily from the public signified. Therefore, from a semiotic perspective, intents to use are problematic because they reserve words and symbols as potential signifiers and in no way advance the semiotic model. Furthermore, from a policy perspective, the improper reservation of these words for commercial use allows firms to borrow (and effectively to remove) from the public the words' public signifieds without any showing that they have developed commercial signifieds associated with the words.

#### D. Logos and Image Marks

Much scholarly concern has centered on the protection of logos as trademarks. As discussed, scholars have accused courts of granting property rights in trademarks,<sup>166</sup> and the debate is largely one-sided—with the scholarly community generally outraged by the emergence of this type of protection. Nonetheless, this Comment offers semiotic explanations for why trademark protection of these types of marks should be granted.

As discussed, the semiotic model closely follows the economic rationale for trademarks: reduction of consumer search costs. In the case of merchandizing, critics argue that since the purchased product is not the actual referent but the signifier itself, logos fail to advance the model and therefore should not qualify for protection. At first blush, this explanation seems compelling; however, belying this reasoning are the very assumptions on which it rests.

The first unstated assumption of those who refute logo protection is that the referent must motivate the purchase of the good. It is true that in many instances the goodwill of a company is derived from positive associations with goods. Customers who are satisfied with previous purchases of certain products wish to purchase that product or related products from the same source, in the hope that the quality will be consistent and they will continue to be satisfied. While this is a viable, perhaps common, model of the way a trademark works in the market, it is by no means the only way in which consumers make purchasing decisions. Trademark law only seeks to ensure that the consumer wishing to purchase from a particular producer can do so efficiently and accurately. Trademark law does not prescribe *how* such goodwill ought to be formed. Scholars who criticize logo-motivated purchases are trying to do just that: Their criticism is not really directed at *what* consumers are purchasing, but rather *why* consumers are purchasing it. Putting these types of inquiries within the scope of trademark law requires opening trademark to new directions in which trademark should not go. If customers seek to purchase one good over another, it is not the province of trademark law to question these decisions. For example, trademark law does not ask the purchaser of GOLD MEDAL flour why she believes GOLD MEDAL flour is superior to another type of flour.<sup>167</sup> Moreover, it does not draw independent conclusions as to why she believes this or attempt to identify

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166. See Lemley, *supra* note 17, at 1687–88.

167. See *France Milling Co. v. Washburn-Crosby Co.*, 7 F.2d 304, 306 (2d Cir. 1925).

possible irrationalities in her decision. Not only would this type of inquiry prove to be daunting, it is surely beyond the scope of the trademark inquiry.<sup>168</sup>

Nevertheless, critics argue that logos present a unique problem because there is no referent. That is, as far as anyone can tell, the purchaser of GOLD MEDAL flour is purchasing an actual product for its own purpose and not merely because of the GOLD MEDAL logo. On the other hand, the argument goes, those who buy sports team logo-marked goods are buying the logo itself, attached only to a nominal referent, such as a hat, a shirt, or another good.

This argument is unconvincing because the purchaser of a logo-marked item is not purchasing the logo itself. If this were true, it would follow that the consumer actually buys the trademark, which plainly is incorrect. At the completion of the transaction, the customer receives only the good, while the trademark remains the property of the company. Additionally, if what is meant by this position is that consumers seek to purchase the particular pattern or word that comprises the logo, instead of the referent or the goodwill of the company, this too is flawed. The logo itself is empty until it has been defined through marketing, advertising, the winning record of a team, or its association with a famous athlete. Consumers of logo-marked items do not seek to buy the good because of the signifier, but rather because of the meaning behind it, a form of signified.

A better conception of the transaction described above is that the consumption of logo-marked items involves the consumption of an intangible referent: image. The RAMS logo on a tee shirt is not an empty symbol, for it most certainly carries meaning. Its says, "I am a fan and I associate myself with this team, their record, the city they represent," and so on. This association is the essence of the product—something only the RAMS team logo is, and should be, able to offer. In purchasing a good with a certain logo, the consumer claims to belong to a certain group. In effect, the referent, though intangible, most accurately may be characterized as the service of being allowed to represent to the public a certain image and association.

Framed in this way, refusal to grant protection to trademarks that serve the quasi-service role is not justified by the goals of trademark. Since the consequence of denying protection to these marks will be the destruction of firms' ability to provide the quasi-service, it is evident that it is not the signifier, but rather this intangible referent (the quasi-service) that compels

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168. But see A. Samuel Oddi, *Consumer Motivation in Trademark and Unfair Competition Law: On the Importance of Source*, 31 VILL. L. REV. 1 (1986) (discussing the motivation presumptions underlying trademark doctrines of functionality and secondary source).

consumers to purchase. Ceasing to protect marks used to “rent image” by allowing anyone to sell goods under a certain mark will do more than simply allow haberdashers to profit at the expense of a firm,<sup>169</sup> it effectively will destroy the appeal of these marks. If anyone could attach the NIKE mark to her nonsport product, Nike, Inc., would have little incentive to advertise. The effect would be the destruction of the market in renting image. Thus, failure to protect simply denies individuals the ability to rent image, it does not solve a trademark crisis. In addition, the task of determining when a product is merely nominal—that is, when what is sold is the reputation of the logo and not the actual product—will not be so simple. In fact, it inevitably will force courts into the position of perpetual hair-splitting: telling Nike, Inc., for example, that NIKE visors are protected because of its expertise in sport products, but NIKE watches are not. Can watches not be conceived as sports items as well?

It seems that in this instance, accusations of propertization may simply serve to give scholars who are disdainful of advertising<sup>170</sup> a basis for criticizing merchandizing, not because of it fails to serve a legitimate trademark function, but because it offers consumer choices they find normatively dissatisfying. Courts are rightfully reluctant to make purchasing decisions for consumers, finding instead that “[t]he public is entitled to get what it chooses, even though the choice may be dictated by caprice or by fashion or perhaps by ignorance.”<sup>171</sup> The semiotic model reinforces the position that “antipathy towards ‘irrational’ advertising should be irrelevant in legal disputes over trademarks.”<sup>172</sup> As long as trademarks serve as a semiotic sign, representing the goodwill of a company connected to a product, the actual impetus for the purchase is entirely extraneous to the semiotic calculus, and thus to the function of the trademark.

## CONCLUSION

The signifier is indisputably an essential component of the trademark. Even so, a firm’s right in the signifier should be limited to that which is

169. See Lemley, *supra* note 17, at 1708 (noting that if haberdashers were allowed to reproduce National Football League paraphernalia with the Dallas Cowboys’ logo, it is true that “the Cowboys might make less money than they would if trademarks were absolute property rights, and they might argue that this ‘discourages investment.’ But so what? The point of trademark law has never been to maximize profits for trademark owners at the expense of competitors and consumers.”).

170. See, e.g., Ralph S. Brown, Jr., *Advertising and the Public Interest: Legal Protection of Trade Symbols*, 57 YALE L.J. 1165 (1948), reprinted in 108 YALE L.J. 1619 (1999).

171. Fed. Trade Comm’n v. Algoma Lumber Co., 291 U.S. 67, 78 (1934).

172. 1 MCCARTHY, *supra* note 40, § 2:38.

necessary for the functioning of its trademark. Determining what amount of protection a signifier needs in order for a trademark to serve its function is a difficult task. As we have seen, the inclination of many scholars to characterize any attempt by a firm to control its signifier as improper propertization does little to bring us closer to answering this question.

Determining the rightful scope of trademark protection entails more than a simple binary inquiry into whether a certain doctrine or theory advances the goals of trademark law. A more fruitful discourse must acknowledge that many criticized doctrines do advance the goals of the law. Instead, the discussion should focus on whether the degree to which the goals are advanced justifies the added protection. The precision of semiotics allows for exploration into this gray area by identifying the extent to which certain doctrines advance the goals of trademark law, leaving open the question of whether they ought to be tempered by other concerns, such as free speech and fair competition.

Specifically, by focusing trademark analysis on the interactions among nuanced subparts, semiotic analysis provides a necessary framework for understanding trademark processes. Linked to established rationales for trademark protection, the semiotic model allows us to observe closely whether a given occurrence affects the functioning of the trademark in advancing these rationales through the phenomena of signification and value. More importantly, the semiotic model serves as a detailed lens that allows us to determine effectively the degree to which a given occurrence affects the operation of trademarks. Because it is able to reformulate amorphous economic and policy rationales into precise models and analytical structures, semiotics may prove to be an extremely useful, if not an essential, tool in the future of trademark discourse.

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