

## Intent, Confusion, and Trademark Infringement

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This Article offers an explanation for the use intent in trademark infringement. At first blush, this is an explanation that should never have to be given, for trademark infringement is a strict liability offense.<sup>1</sup> A defendant becomes liable when its use of a mark or trade dress creates “a likelihood of confusion” about whether the plaintiff originated, sponsored, or approved of the defendant’s goods.<sup>2</sup> It matters not whether the defendant created confusion intentionally or accidentally.<sup>3</sup>

Despite this, intent has assumed great importance in the law of trademark infringement. Courts presently determine whether infringement exists by evaluating a number of nonexclusive factors.<sup>4</sup> While the precise factors vary from court to court,<sup>5</sup> almost every court considers the intent of the defendant along with the similarity of the parties’ marks, the strength of the plaintiff’s mark, the nature and marketing of the parties’ goods, and evidence of actual confusion.<sup>6</sup> More importantly, intent heavily influences the outcome of trademark infringement actions. Numerous decisions state that a finding of intent can create a presumption of infringement,<sup>7</sup> and recent empirical scholarship concludes that intent is one of three factors that most heavily affect the outcome of trademark cases.<sup>8</sup> In fact, a finding of intent against a defendant practically guarantees a finding of infringement.<sup>9</sup>

So what explains the importance of something seemingly irrelevant to the existence of confusion? Two answers exist. First, a defendant who deliberately tries to confuse presumably does so believing that consumers are susceptible to

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<sup>1</sup> cites

<sup>2</sup> cite lanham act provisions, cases using “likelihood of confusion,” restatement.

<sup>3</sup> See *Chrysler Corp. v. Silva*, 118 F.3d 56, 59 n.3 (1st Cir. 1997) (“Strictly, intent, or lack thereof, does not affect the eyes of the viewer.”); .... cites for proposition that strict liability means that fault doesn’t matter. See also Robert G. Bone, *Enforcement Costs and Trademark Puzzles*, 90 Va. L. Rev. 2099, 2109 (2004) (referring to trademark infringement as a form of strict liability).

<sup>4</sup> Cite for use of multifactor test.

<sup>5</sup> Cite to Beebe, Dinwoodie & Janis.

<sup>6</sup> Beebe at \_\_, Dinwoodie & Janis at \_\_.

<sup>7</sup> Cite cases.

<sup>8</sup> Barton Beebe, *An Empirical Study of the Multifactor Tests for Trademark Infringement*, 94 Cal. L. Rev. 1582, 1600 (2006).

<sup>9</sup> *Id.* At 1628 (“a finding of bad faith intent creates, if not in doctrine, then at least in practice, a nearly un- rebuttable presumption of likelihood of confusion”).

confusion. A defendant's intent to confuse is therefore evidence that the defendant's behavior was "likely to cause confusion."<sup>10</sup> Second, society may want to prevent people from trying to confuse consumers regardless of whether the effort is likely to succeed. Deliberate efforts to confuse consumers are almost never socially productive, so it makes little sense to waste resources trying to figure out whether a deliberate attempt to confuse consumers actually failed. Society is therefore better off presuming the existence of infringement whenever a defendant intends to confuse, even if intent is of otherwise questionable relevance.<sup>11</sup>

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<sup>10</sup> See *Little Caesar Enters., Inc. v. Pizza Caesar, Inc.*, 834 F.2d 568, 572 (6th Cir. 1987) ("[p]roof of intent to appropriate another's property may be comparable to an expression of opinion by an expert witness; a defendant who purposely chooses a particular mark because it is similar to that of a senior user is saying, in effect, that he thinks there is at least a possibility that he can divert some business from the senior user--and the defendant ought to know at least as much about the likelihood of confusion as the trier of fact."); *Kemp v. Bumble Bee*, 398 F.3d 1049, 1057 (8th Cir. 2005) (intent "demonstrates *the junior user's true opinion* as to . . . whether confusion is likely") (emphasis in original); *My-T Fine Corp. v. Samuels*, 69 F.2d 76, 77 (2d Cir. 1934) ("Prima facie the court will treat [defendant's] opinion . . . as expert"); *Am. Chicle Co. v. Topps Chewing Gum, Inc.*, 208 F.2d 560, 562-63 (2d Cir. 1953) ("we are content to accept [the defendant's] forecast that he is 'likely' to succeed"); *Fleischmann Distilling Corp. v. Maier Brewing Co.*, 314 F.2d 149 (9th Cir. 1963) ("the very act of the adopter has indicated that he expects confusion and resultant profit"); *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341, 354 (9th Cir. 1979) (court assumes that intentional infringer "can accomplish his purpose: that is, that the public will be deceived"); *Pac. Telesis Group v. Int'l Telesis Commc'ns*, 994 F.2d 1364, 1369 (9th Cir. 1993), quoting Restatement of Torts § 729 cmt. f (1938) (infringer's "judgment manifested prior to the controversy is highly persuasive"). See also Richard L. Kirkpatrick, *Actual Confusion and the Junior User's Intent*, § 8.1, *Likelihood of Confusion in Trademark Law* (PLI 5/09 Release #21).

<sup>11</sup> **Cite cases establishing intent and presumption.** *AMF v. Sleekcraft Boats*, 599 F.2d 341, 354 (9th Cir. 1979) ("When the alleged infringer knowingly adopts a mark similar to another's, reviewing courts presume that the defendant can accomplish his purpose: that is, that the public will be deceived."); *Morroccanoil, Inc. v. Moroccan Gold, LLC*, 590 F. Supp. 2d 1271, 1280 (C.D. Cal. 2008). See William M. Landes and Richard A. Posner, *Trademark Law: An Economic Perspective*, 30 J. of Law & Econ. 265, 304-05 (1987). Find other articles. This justification bears superficial resemblance to the *per se* rule in antitrust, which treats certain practices like price fixing as antitrust violations without going through a full rule of reason analysis. See \_\_\_ (cases explaining *per se* and rule of reason (Dr Miles?)).

It is also possible to describe the use of intent in trademark as an effort to control immoral commercial behavior. Under this explanation, it is morally wrong to deliberately confuse a consumer. A defendant that does so therefore deserves to be treated as an infringer because there is a good chance that infringement will result from his immoral behavior. See Robert G. Bone, *Taking the Confusion out of*

Of course, none of this means that courts have used intent in a consistent or intelligible way.<sup>12</sup> While some decisions use intent in ways that make sense, courts frequently use intent in an undisciplined manner that converts poor infringement cases into plausible or even strong ones. These undisciplined cases create the unwarranted perception that trademark properly reaches well beyond its core purpose of preventing the confusion of consumers in purchasing decisions.<sup>13</sup> This threatens the public interest by allowing overly aggressive trademark plaintiffs to threaten convincingly those engaging in legitimate business practices with infringement. Indeed, the number of problematic decisions is now sufficiently large that those receiving unwarranted complaints frequently acquiesce to inappropriate trademark demands instead of standing on their rights.<sup>14</sup> These problems arise because courts have not carefully considered the relationship among different meanings given to “intent,” the purpose and scope of trademark law, and the consequences of finding intent on the part of a defendant.

For example, bad intent could exist when a defendant uses a mark hoping to deceive consumers into believing that the plaintiff actually made or endorsed the defendant’s goods. Alternatively, it could exist when a defendant deliberately adopts a mark similar to the plaintiff’s without a specific purpose to deceive. Such a defendant hopes and believes that differences between its mark and the plaintiff’s will allow consumers to tell the products apart, but the defendant also recognizes that a risk of confusion exists. This happens when a grocery chain offers its own store brand in clearly labeled packaging that uses the same color scheme used by a name brand competitor,<sup>15</sup> when an existing business continues to use its mark when

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*“Likelihood of Confusion”: Toward a More Sensible Approach to Trademark Infringement*, 106 N.W. L. Rev. \_\_ (forthcoming 2012). I will not address this argument other than in passing for two reasons. First, courts have not given trademark an explicit moral foundation. Cites? Second, although there is an undeniable whiff of morality in many trademark decisions, the explanation given in the text adequately captures the notion that intent properly identifies defendants who should be treated as infringers. This makes further consideration of morality unnecessary for purposes of this Article.

<sup>12</sup> See, e.g. *HMH Pub. Co., Inc. v. Brincat*, 504 F.2d 713, 716 (9th Cir. 1974) (“Trademark infringement is a peculiarly complex area of the law. Its hallmarks are doctrinal confusion, conflicting results, and judicial prolixity. The source of this difficulty is that each case involves an effort to achieve three distinct objectives which, to a degree, are in conflict. These are: (1) to protect consumers from being misled as to the enterprise, or enterprises, from which the goods or services emanate or with which they are associated; (2) to prevent an impairment of the value of the enterprise which owns the trademark; and (3) to achieve these ends in a manner consistent with the objectives of free competition.”).

<sup>13</sup> Evocation, parody, plain free riding

<sup>14</sup> Gibson, Lemley/McKenna Irrelevant Confusion article.

<sup>15</sup> Cite store brand cases

expanding into geographic areas already served by a competitor using a similar mark,<sup>16</sup> or when a defendant uses the plaintiff's mark in a parody,<sup>17</sup> comparative advertising,<sup>18</sup> or as an internet search term.<sup>19</sup> In each of these alternate cases, the defendant does not want consumers to think that its product is actually made or endorsed by the plaintiff. It may want to remind the consumer of the plaintiff or capitalize on consumer demand for the plaintiff's products, but that purpose is clearly distinguishable from trying to confuse consumers about whether the trademark holder makes, endorses, or sponsors the potential defendant's goods. At best, the potential defendant has acted with knowledge that its behavior risks such confusion.

In the pages that follow, I will describe in more detail how insights like those offered above can improve the use of intent in trademark infringement. First, I will describe how courts have used intent to affect infringement cases. Second, I will focus on two specific problems that are most responsible for the challenges surrounding intent in trademark – the specific object of intent required and the consequences of intent. Third, I will use the insights gained to propose a more tightly focused use of intent that will better serve the purposes of trademark.

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<sup>16</sup> cite gallo, American Rice similar cases.

<sup>17</sup> Michelob Oily, Mutant of Omaha

<sup>18</sup> John Deere type case.

<sup>19</sup> Google