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**A VERDICT FOR YOUR THOUGHTS?  
WHY AN ACCUSED TRADEMARK INFRINGER'S  
INTENT HAS NO PLACE IN LIKELIHOOD OF  
CONFUSION ANALYSIS**

*By Thomas L. Casagrande\**

**I. INTRODUCTION**

As any U.S. trademark lawyer knows, an accused infringer's "intent" in adopting the accused mark plays a central role in determining trademark infringement. Since the dawn of trademark law, an accused's intent has been the subject of scrutiny. It is at center stage in each of the infringement tests used by every court in America. And when a trademark owner's lawyers get a whiff of wrongful intent, intent frequently becomes the "sexiest" issue in a case where the other facts consist of a couple of labels and dry testimony about who sells what products, at what prices, through which stores, to which customers. Did the defendant want to trick unsuspecting consumers? How blatant or subtle was he trying to be? How flimsy were the defendant's attempts to explain it away or make excuses for it? *These* are the issues that engage judges and juries.

But other than its emotional gravitational pull, what does intent really bring to the table? By definition, infringement occurs when *consumers* are likely to be confused by what they encounter in the marketplace. But an accused *infringer's* intent is not present in the marketplace; it is present only in his mind.

This article explores whether intent *should* play any role in determining infringement, that is, whether a defendant's intent to deceive consumers makes it more likely, from an empirical standpoint, that such consumers will actually be deceived. The author concludes that intent should be excised from the confusion analysis. Part II summarizes the current role of intent in determining likelihood of confusion—which is that every federal court, to varying degrees, considers it relevant—and describes how U.S. law got to this point. Part III discusses why an accused infringer's intent does not shed light on the crucial issue of whether confusion is likely among consumers, suggests that trademark law is anomalous in its continued regard of intent evidence as relevant and that evidence of intent is both irrelevant

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and highly prejudicial, thus running afoul of basic evidentiary principles. Part IV identifies some of the practical effects of intent's current role in determining infringement under U.S. law. Part V proposes the elimination of intent as a factor to be considered in determining likelihood of confusion. It also discusses the practical issues surrounding implementation of that proposal, advocates restricting any discussion of intent to the judge-directed equitable issues (largely concerning remedies) that may arise, and proposes dealing with such issues, if implicated, only after liability is determined.

## II. THE CURRENT STATUS OF INTENT IN THE INFRINGEMENT INQUIRY AND HOW IT GOT THERE

### A. *Current State of U.S. Law*

The Lanham Act prohibits a second-comer's use of a trademark that is "likely to cause confusion, or to cause mistake, or to deceive" as to the origin of a good or service, or as to the association, sponsorship, or other affiliation between the second-comer (or its goods and services) and the senior trademark owner (or its good and services).<sup>1</sup> To determine whether confusion is likely, every one of the regional circuit courts refers to a list of several factors. Although not identical, the circuits' tests all include assessment of the similarity between the marks, the goods and services on or in connection with which they are used, the strength and distinctiveness of the senior user's mark, the ways the parties market their respective goods and services, the parties' targeted customers, and whether any identifiable confusion has already occurred.<sup>2</sup> Further—and more pertinent to this article—

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1. See 15 U.S.C. § 1114(1) (prohibiting infringement of registered marks); 15 U.S.C. § 1125(a)(1)(A) (encompassing any false designation of origin, including infringement of unregistered marks).

2. See, e.g., *Visible Sys. Corp. v. Unisys Corp.*, 551 F.3d 65, 73 (1st Cir. 2008); *Playtex Prods., Inc. v. Ga.-Pac. Corp.*, 390 F.3d 158, 162 (2d Cir. 2004); *Freedom Card, Inc. v. JPMorgan Chase & Co.*, 432 F.3d 463, 470-71 (3d Cir. 2005); *George & Co. LLC v. Imagination Entm't, Ltd.*, 575 F.3d 383, 393 (4th Cir. 2009); *Xtreme Lashes LLC v. Xtended Beauty Inc.*, 576 F.3d 221, 226-27 (5th Cir. 2009); *Hensley Mfg., Inc. v. ProPride, Inc.*, 579 F.3d 603, 610 (6th Cir. 2009); *AutoZone, Inc. v. Strick*, 543 F.3d 923, 929 (7th Cir. 2008); *Ga.-Pac. Consumer Prods. LP v. Myers Supply, Inc.*, 621 F.3d 771, 775 (8th Cir. 2010); *Fortune Dynamic, Inc. v. Victoria's Secret Stores Brand Mgmt., Inc.*, 618 F.3d 1025, 1030 (9th Cir. 2010); *The John Allan Co. v. The Craig Allen Co.*, 540 F.3d 1133, 1138 (10th Cir. 2008); *Caliber Auto. Liquidators, Inc. v. Premier Chrysler, Jeep, Dodge, LLC*, 605 F.3d 931, 934-35 (11th Cir. 2010).

The D.C. Circuit has not yet had a case where it found it necessary to adopt (or reject) a multifactor likelihood of confusion test. The Federal Circuit does not apply its own precedents to infringement claims within its appellate jurisdiction, but rather the law of the regional circuit encompassing the district court from which the appeal was taken. See, e.g., *Vita-Mix Corp. v. Basic Holding, Inc.*, 581 F.3d 1317, 1329 (Fed. Cir. 2009). The Federal Circuit, however, also possesses appellate jurisdiction over direct appeals of trademark registration disputes, see 15 U.S.C. § 1071(a), and, as to those disputes that concern

every federal circuit considers a defendant's "intent" in adopting the accused mark to be relevant to the determination of whether use of that mark in the marketplace will likely cause consumer confusion.<sup>3</sup>

### ***B. How Intent Became Part of the "Likelihood of Confusion" Inquiry***

Intent's current role in the "likelihood of confusion" inquiry may be seen as a vestige of its role as an element in the common law forerunner to the modern version of the tort of trademark infringement. The Restatement (Third) of Unfair Competition and commentators agree that United States trademark law has its origins in the English common law cause of action for deceit.<sup>4</sup> Intent to deceive was required for liability to attach.<sup>5</sup> In 1837 the first American court adopted this cause of action,<sup>6</sup> and, based as it was on English common law developments, early American common law similarly required proof of intent to be held liable for deceit.<sup>7</sup> It has been noted that cases decided during this early

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likelihood of confusion, it applies a multifactor test. *See, e.g.,* Shen Mfg. Co. v. The Ritz Hotel, Ltd., 393 F.3d 1238, 1241 (Fed. Cir. 2004).

The Supreme Court has never addressed or endorsed any particular test for determining likelihood of confusion. Perhaps the closest it has come was in *McLean v. Fleming*, 96 U.S. (6 Otto) 245 (1877), one of the first trademark cases it ever decided. In *McLean*, the Supreme Court adopted the likely confusion standard, holding that infringement occurs when "ordinary purchasers" exercising "ordinary caution" are likely to be misled. *See id.* at 251; *see also id.* at 253, 255, 256. But the Court did not set forth any "test" for determining whether such likelihood exists in such cases generally.

3. *See* all of the regional circuit decisions cited *supra* note 2, para. 1. The Federal Circuit and its predecessor court have also indicated that intent is relevant to likelihood of confusion in administrative trademark registration disputes. *See, e.g.,* Univ. of Notre Dame Du Lac v. J.C. Gourmet Food Imports Co., 703 F.2d 1372, 1374 (Fed. Cir. 1983) (characterizing intent as "being pertinent to a determination of likelihood of confusion"); Dan Robbins & Assocs., Inc. v. Questor Corp., 599 F.2d 1009, 1013 (C.C.P.A. 1979). Even the D.C. Circuit, which has not yet adopted any multifactor confusion standard, has indicated that, in at least those trademark cases that involve alleged attempts to "pass off" one entity as another, the second-comer's intent is relevant. *See* Blinded Veterans Ass'n v. Blinded Am. Veterans Found., 872 F.2d 1035, 1045-46 (D.C. Cir. 1989).

4. *See, e.g.,* Daniel M. McClure, *Trademarks and Unfair Competition: A Critical History of Legal Thought*, 69 TMR 305, 311 (1979); Beverly W. Pattishall, *The Impact of Intent in Trade Identity Cases*, 60 TMR 575, 576 (1970); Grover C. Grismore, *Fraudulent Intent in Trade Mark Cases*, 27 Mich. L. Rev. 857, 858 (1929); Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 Harv. L. Rev. 813, 819 (1926); Edward S. Rogers, *Comments on the Modern Law of Unfair Trade*, 3 Ill. L. Rev. 551, 552 (1909); Restatement (Third) of Unfair Competition § 4, cmt. d; *id.* § 9, cmt. d. [hereinafter Restatement].

5. McClure, *supra* note 4, at 312; Pattishall, *supra* note 4, at 576; Rogers, *supra* note 4, at 552; *see also* 4 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition, § 23:104 (4th ed. 2010).

6. McClure, *supra* note 4, at 314.

7. McClure, *supra* note 4, at 314; Pattishall, *supra* note 4, at 576; Restatement, *supra* note 4, § 9, cmt. d.

period in American trademark law's development "emphasized the character of the defendant's conduct rather than the nature of the plaintiff's rights in the mark"<sup>8</sup> or the injuriousness of the defendant's acts to the plaintiff's property rights in the mark.

In the latter half of the 19th century, however, courts began to pay more attention to the nature of the plaintiff's right than to the morality of the defendant's actions.<sup>9</sup> During this period—which has been called the "formalist" period of American trademark law development<sup>10</sup>—two distinct causes of action developed.<sup>11</sup> The first, which was closely related to the common law cause of action for deceit, was called "unfair competition" or "passing off,"<sup>12</sup> and it generally concerned allegations of confusion caused by designations that were not technically trademarks because they were not considered distinctive enough.<sup>13</sup> These included surnames, geographic and other descriptive designations, and trade dress.<sup>14</sup> The second type of action was for trademark infringement, and this cause of action was limited to "technical trademarks," that is, fanciful or arbitrary marks.<sup>15</sup> Both, however, concerned use of designations alleged to be likely to confuse or deceive consumers.<sup>16</sup>

In cases of technical trademark infringement, courts stopped requiring proof of wrongful intent, either because they believed it was immaterial or because, in the case of technical trademarks, they could conclusively "presume" the existence of intent.<sup>17</sup> In

8. Restatement, *supra* note 4, § 9 cmt. d.

9. *See, e.g.*, Pattishall, *supra* note 4, at 577; Restatement, *supra* note 4, § 4 cmt. d.

10. *See* McClure, *supra* note 4, at 316-20.

11. *See id.* at 316.

12. *See, e.g.*, Beverly W. Pattishall, *Two Hundred Years of American Trademark Law*, 68 TMR 121, 132-33, n.62 (1978).

13. *See* McClure, *supra* note 4, at 316; Restatement, *supra* note 4, § 9 cmt. d; *see also* Wallace R. Lane, *Development of Secondary Rights in Trade Mark Cases*, 18 Yale L.J. 571, 573-74 (1908); Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 Notre Dame L. Rev. 1839, 1862 (2007).

14. *See, e.g.*, McClure, *supra* note 4, at 316; Lane, *supra* note 13, at 573.

15. *See, e.g.*, McClure, *supra* note 4, at 316; *see also* Lane, *supra* note 13, at 573; Julius R. Lunsford, Jr., *Trade-Marks and Unfair Competition—The Demise of Erie v. Tompkins?*, 40 TMR 169, 175-76 (1950).

16. *See, e.g.*, *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 412-13, 36 S. Ct. 357, 360 (1916) ("The essence of the wrong consists in the sale of the goods of one manufacturer or vendor for those of another. This essential element is the same in trademark cases as in cases of unfair competition unaccompanied with trademark infringement.").

17. *See* Milton Handler and Charles Pickett, *Trade-Marks and Trade Names—An Analysis and Synthesis: I*, 30 Colum. L. Rev. 168, 169 (1930) ("A trade-mark will be protected even against innocent infringement; a trade name, only against fraudulent simulation."); 4 McCarthy, *supra* note 5, § 23:105; *cf.* E.R. Coffin, *Fraud in Unfair Competition*, 16 Harv. L. Rev. 272, 279-80 (1902) (pointing out that, at that time, English courts did not require a showing of fraudulent intent, but American courts tended to say it was conclusively presumed). Some have opined that the reason underlying the rejection of intent as a required element in technical trademark cases was that technical trademarks

contrast, courts initially continued to require a showing of intent to deceive to prevail in an unfair competition or passing-off action.<sup>18</sup> By the middle of the 20th century, however, courts faced with unfair competition claims generally focused more on the defendant's actions and their effects on consumers than the defendant's intention itself.<sup>19</sup> Thus, by the time of the enactment of the Lanham Act in 1946, courts had uniformly held that wrongful intent was no longer an essential element of causes of action for either trademark infringement or unfair competition.<sup>20</sup>

The passage of the Lanham Act in 1946 changed the way trade designation infringement claims were classified. Rather than the distinction being between infringement of "technical trademarks" and "trade names," the distinction created by the Lanham Act is between actions for likelihood of confusion with registered marks and those claiming likelihood of confusion with any other type of protectable designation.<sup>21</sup> As a consequence, courts nowadays have come to recognize that, in both instances, the inquiry is the same, namely, whether a likelihood of confusion exists, regardless of whether the trademark is a descriptive term that has acquired meaning or is inherently distinctive due to its arbitrary, fanciful, or suggestive nature and regardless of whether the senior mark has been registered.<sup>22</sup>

Thus, the Lanham Act, with its focus on trade usages that are likely to cause consumer confusion as to source, is consistent with the trend of early twentieth century American courts to cease treating fraudulent intent as a necessary element of claims for unfair competition or infringement. Nevertheless, post-Lanham

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were a form of property, and thus the right to relief is based not on deceit but on violation of a property right. *See, e.g., id.* at 280 n.1; McClure, *supra* note 4, at 316-17; Grismore, *supra* note 4, at 863-64.

18. McClure, *supra* note 4, at 317; Lane, *supra* note 13, at 576; Rogers, *supra* note 4, at 553; Grafton D. Cushing, *On Certain Cases Analogous to Trade-Marks*, 4 Harv. L. Rev. 322, 324, 332 (1890); *see also* Coffin, *supra* note 17, at 283; Milton Handler and Charles Pickett, *Trade-Marks and Trade Names—An Analysis and Synthesis: II*, 30 Colum. L. Rev. 759, 769 (1930) (in unfair competition cases, fraud "is the essence of the wrong").

19. *See* Lunsford, *supra* note 15, at 176.

20. *See* 4 McCarthy, *supra* note 5, §§ 23:105-23:107.

21. *See* 15 U.S.C. § 1114(a) (action for likelihood of confusion with a registered trademark), 15 U.S.C. § 1125(a)(1) (action for likelihood of confusion as to source or origin generally).

22. *See, e.g.,* United States v. Torkington, 812 F.2d 1347, 1354 (11th Cir. 1987) (noting that court had previously used the same likelihood of confusion factors in actions under both civil sections of the Lanham Act); Univ. of Ga. Athletic Ass'n v. Laite, 756 F.2d 1535, 1541-42 (11th Cir. 1985) (applying same likelihood of confusion multifactor test previously used in § 1114(a) action in § 1125(a)(1) action); Standard & Poor's Corp. v. Commodity Exch., Inc., 683 F.2d 704, 708 (2d Cir. 1982) (same standard applies under § 1114(a) action in § 1125(a)(1) action); *see also* Restatement, *supra* note 4, § 4 cmt. d (under current standards, liability for "passing off" is "determined by an evaluation of the probable consequences of the actor's conduct and does not depend upon the actor's subjective intent").

Act federal courts have uniformly considered fraudulent intent to be relevant to—even if not a required element for—actions under both substantive sections of the Lanham Act<sup>23</sup> and in administrative trademark registration proceedings.<sup>24</sup>

Thus, although courts today consistently consider intent relevant to a likelihood of confusion determination, they are not consistent as to *how* intent should inform that determination.<sup>25</sup> At one end of the spectrum, several decisions have stated that a finding of culpable intent creates a “presumption” that confusion is likely.<sup>26</sup> Other courts hold that intent creates an “inference” that consumers are likely to be confused.<sup>27</sup> Still others maintain that a

23. See decisions cited *supra* note 2, ¶ 1; but see Timothy R.M. Bryant, Comment, *Trademark Infringement: The Irrelevance of Evidence of Copying to Secondary Meaning*, 83 Nw. U. L. Rev. 473, 497 (1989) (“[T]he Lanham Act is not concerned with the infringer’s intent. Congress focused on the plaintiff’s injury when it enacted the Lanham Act to protect the public from deception.”); cf. John M. Murphy, *The (Unfortunate) Significance of Intent in TTAB Proceedings under Section 2(d) of the Lanham Act*, 34 AIPLA Q.J. 177, 178 (2006) (“Nothing in [Section 2(d) of the Lanham Act, 15 U.S.C. § 1052(d)] requires consideration of a defendant’s intent in determining likelihood of confusion.”).

24. See, e.g., *Univ. of Notre Dame Du Lac v. J.C. Gourmet Food Imps. Co.*, 703 F.2d 1372, 1374 (Fed. Cir. 1983); *Dan Robbins & Assocs., Inc. v. Questor Corp.*, 599 F.2d 1009, 1013 (C.C.P.A. 1979).

25. See 4 McCarthy, *supra* note 5, § 23:111; Andrew Corydon Finch, Comment, *When Imitation is the Sincerest Form of Flattery: Private Label Products and the Role of Intention in Determining Trade Dress Infringement*, 63 U. Chic. L. Rev. 1243, 1249-62 (1996) (noting the confused state of the law and analyzing the different ways the various circuits treat evidence of bad intent).

26. At least four circuits (2d, 4th, 9th, and 11th) have used this language. See, e.g., *Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254, 258 (2d Cir. 1987) (“Intentional copying gives rise to a presumption of a likelihood of confusion.”) (citation omitted); cf. *Spring Mills, Inc. v. Ultracashmere House, Ltd.*, 689 F.2d 1127, 1135-36 (2d Cir. 1982) (calling it a “powerful inference,” but treating it as a burden-shifting presumption putting “on the alleged infringer the burden of going forward with proof” that confusion is unlikely) (citation omitted); *Osem Food Indus. Ltd. v. Sherwood Foods, Inc.*, 917 F.2d 161, 165 (4th Cir. 1990) (“from such intentional copying arises a presumption that the newcomer is successful and that there is a likelihood of confusion”); *M2 Software, Inc. v. Madacy Entm’t*, 421 F.3d 1073 (9th Cir. 2005) (“When the alleged infringer knowingly adopts a mark similar to another’s, we must presume that the public will be deceived.”) (citation omitted); *Babbit Elecs., Inc. v. Dynascan Corp.*, 38 F.3d 1161 (11th Cir. 1994) (“Intent to copy in itself creates a rebuttable presumption of likelihood of confusion.”).

27. Several circuits (5th, 6th, 8th, and 10th) use this formulation, and—interestingly—the 9th Circuit has used in some cases despite other cases using the “presumption” formulation. See, e.g., *Am. Rice, Inc. v. Producers Rice Mill, Inc.*, 518 F.3d 321, 332 (5th Cir. 2008) (“the intent of defendants in adopting (their mark) is a critical factor, since if the mark was adopted with the intent of deriving benefit from the reputation of (the plaintiff) that fact alone may be sufficient to justify the inference that there is confusing similarity”) (citation omitted); *Homeowners Grp., Inc. v. Home Mktg. Specialists, Inc.*, 931 F.2d 1100, 1111 (6th Cir. 1991) (“If a party chooses a mark with the intent of causing confusion, that fact alone may be sufficient to justify an inference of confusing similarity.”) (citation omitted); *First Brands Corp. v. Fred Meyer, Inc.*, 809 F.2d 1378, 1385 (9th Cir. 1987) (“Intent of a defendant in adopting his trade dress is a critical factor, since if the trade dress were adopted with the intent of depriving [sic] benefit from the reputation of the plaintiff, that fact alone may be sufficient to justify the inference that there is a confusing similarity.”) (citation omitted); *Beer Nuts, Inc. v. Clover Club Foods Co.*, 711 F.2d 934, 941

finding of culpable intent permits a court to “assume” confusion is likely.<sup>28</sup> And while still others view it as, in some way, stronger evidence than many other factors,<sup>29</sup> some say it is simply a factor to be considered.<sup>30</sup>

What is a litigant to make of all these different formulations? The differences among them are very real. For example, a presumption arises automatically and remains unless evidence to the contrary is introduced; it therefore has the effect of shifting the burden of production. The drawing of an inference, on the other hand, is permissive: a fact may or may not be inferred from other facts, as long as the inference is reasonable.<sup>31</sup> While the Lanham Act provides for inferences and presumptions with respect to other issues, it does not provide that intent gives rise to a presumption of likelihood of confusion or that intent evidence has any particular evidentiary weight at all.<sup>32</sup>

Regardless of what courts may say about how intent factors into the confusion calculus or the technical legal effect of presumptions and inferences, experienced practitioners are well aware that intent remains one of the most—if not the single

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(10th Cir. 1983) (“Intent on the part of the alleged infringer to pass off its goods as the product of another raises an inference of likelihood of confusion”) (quoting *Squirrco v. Seven-Up Co.*, 628 F.2d 1086, 1091 (8th Cir. 1980)); *see also* Restatement, *supra* note 4, § 22 (“A likelihood of confusion may be inferred from proof that the actor used a designation resembling another’s trademark . . . with the intent to cause confusion or to deceive.”).

28. Again, the 9th Circuit, among other circuits, uses this formulation as well. *See, e.g.*, *Playboy Enters., Inc. v. Netscape Commc’ns Corp.*, 354 F.3d 1020 (9th Cir. 2004) (“A defendant’s intent to confuse constitutes probative evidence of likely confusion: Courts assume that the defendant’s intentions were carried out successfully.”) (footnote omitted).

29. *See, e.g.*, *Eli Lilly & Co. v. Natural Answers, Inc.*, 233 F.3d 456, 465 (7th Cir. 2000) (“[A] defendant’s intent is an important factor, and can even be weighed more heavily than other factors.”) (citations and internal quotation marks omitted).

30. *See, e.g.*, *Rodeo Collection, Ltd. v. West Seventh*, 812 F.2d 1215, 1219 (9th Cir. 1987) (“Evidence of wrongful intent, when present, has some bearing on the likelihood of confusion.”).

31. *See, e.g.*, *First Dakota Nat’l Bank v. St. Paul Fire & Marine Ins.*, 2 F.3d 801, 813 (8th Cir. 1993) (“A mandatory presumption instructs the jury that it must infer the presumed fact if one party proves certain predicate facts. A permissive inference however permits but does not require the jury to draw a particular conclusion.”) (citations omitted); *Sewell v. United States*, 406 F.2d 1289, 1294 (8th Cir. 1969) (“A ‘presumption’ and an ‘inference’ are not the same thing, a presumption being a deduction which the law requires a trier of facts to make, an inference being a deduction which the trier may or may not make, according to his own conclusions; a presumption is mandatory, an inference, permissible.”) (citations omitted).

32. *See, e.g.*, 15 U.S.C. § 1052(f) (substantially exclusive use for five consecutive years can constitute “prima facie evidence that the mark has become distinctive”); 15 U.S.C. § 1115(a) (providing that a registration on the Principal Register is “prima facie” evidence of validity, ownership, and exclusive right to use); 15 U.S.C. § 1117(e) (providing for a rebuttable presumption of willfulness for purposes of determining relief if the violator knowingly provided false information to a domain name registrar); 15 U.S.C. § 1127 (nonuse for three consecutive years is “prima facie evidence of abandonment”).



most—critical of the confusion factors.<sup>33</sup> This article posits that there is no justifiable legal basis for inquiring into a defendant's intent, examines the practical effects of intent remaining a relevant factor, and proposes its elimination from the liability phase of trademark proceedings. Nevertheless, it is useful to ask why intent continues to enrapture judges, juries, and trademark lawyers. Several reasons have been suggested. Some have noted that determining the state of mind of one person (who is frequently a witness in the court proceedings) is easier than determining the state of mind of a hypothetical consumer in a marketplace existing outside the courtroom.<sup>34</sup> It has also been suggested that courts are acting on their desire to enforce commercial morality and to punish intentional wrongdoers,<sup>35</sup> or that predictability of results is improved when intent is factored in.<sup>36</sup> Whether it is because they recognize that having a “bad actor” appeals to judges' and juries' desire to enforce commercial morality and punish intentional wrongdoers or because they know that a showing of wrongful intent can “stampede” other factors against the intentional wrongdoer,<sup>37</sup> trial lawyers love to ferret out, and use at trial with

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33. See, e.g., Pattishall, *supra* note 4, at 579 (observing that the best predictor of the outcome of trade identity cases is “not the classic and statutory [question] whether likelihood of confusion is demonstrable, but whether the court may be convinced of the presence of an actual intention to misappropriate”); *id.* at 579-80 (positing that “the crucial and compelling consideration of the courts . . . has not been the conviction with which the statutory . . . test of likelihood of confusion has been proved” but rather “their level of conviction as to the accused party's dubious commercial ethics”). One leading commentator, while acknowledging that wrongful intent may not be required to prove liability for infringement under the Lanham Act, colorfully noted: “But it sure does help!” Siegrun D. Kane, Trademark Law—A Practitioner's Guide § 8:1.3[E] (PLI 5th ed. 2010). While these apparently anecdotal characterizations are consistent with the author's experience and observations, one commentator actually undertook an empirical analysis of the impact that the various likelihood of confusion factors had in federal court trademark infringement cases. He determined not only that there was a strong correlation between a finding of wrongful intent and a conclusion that a defendant infringed, but, more significantly, that a finding of wrongful intent tended, more than any other confusion factor, to drive the courts' analysis on the other factors toward a conclusion of infringement, a phenomenon that the author of the article called “stampeding.” See Barton Beebe, *An Empirical Study of the Multifactor Tests for Trademark Infringement*, 94 Cal. L. Rev. 1581, 1600, 1620-21 (2006).

34. See, e.g., 4 McCarthy, *supra* note 5, § 23:110; *id.* § 23:124; see also Bryant, *supra* note 23, at 497-98 (“Courts may have created this inference because in a judicial setting it is easier to determine the state of mind of one person—the defendant—than of the consumer group as a whole.”) (citing McCarthy, *supra* note 5); Murphy, *supra* note 23, at 184 (“The fact that the state of mind of the defendant is easier to discern than the state of mind of the consuming public does not make the defendant's state of mind any more relevant.”).

35. See, e.g., 4 McCarthy, *supra* note 5, § 23:110 (“courts sometimes engage in the traditional rhetoric that accompanies punishing the evildoer”); Pattishall, *supra* note 4, at 579-80, 587 (opining that courts may be motivated to bar any wrongful intent or elevate the prevailing standards of business ethics); Murphy, *supra* note 23, at 184 (suggesting “the desire to do justice, which means, at the most basic level, rewarding the good and punishing the bad”).

36. See Pattishall, *supra* note 4, at 579-80.

37. See *supra* note 33.

dramatic flourish, the opponent's wrongful intent.<sup>38</sup> Regardless of these possible justifications or motivations, I posit that evidence of wrongful intent is not helpful to the underlying empirical inquiry, namely, whether consumer confusion is likely.

### III. THE (IR)RELEVANCE OF INTENT TO THE ISSUE OF LIKELIHOOD OF CONFUSION AND THE (IN)ADMISSIBILITY OF EVIDENCE THEREOF

#### *A. The (Occasionally Admitted) Conceptual Disconnect Between Defendant's Intent and Consumer Reaction*

There is universal agreement that, for infringement to be found, the junior user's accused designation must be shown to cause a likelihood of confusion among consumers or the trade that his business, goods, or services are those of the senior user, or are sponsored by, approved by, or otherwise connected with, the senior user.<sup>39</sup> The Restatement's comments explain that likelihood of confusion relates to "the likelihood of a present or future state of mind" among relevant consumers.<sup>40</sup> It further states that, in the absence of evidence of actual confusion, "conclusions must instead be drawn about *the understanding of hypothetical purchasers operating in the market context* in which the designations are used."<sup>41</sup> Section 21 elaborates that likelihood of confusion "is determined by a consideration of all the circumstances involved in the marketing of the respective goods or services or in the operation of the respective businesses."<sup>42</sup> Section 21 thus sets forth a number of "market factors" relevant to consumer perception and therefore likelihood of confusion.<sup>43</sup> A comment to that section explains that "any factor likely to influence the impression conveyed to prospective purchasers by the actor's use of the designation is relevant in assessing the likelihood of confusion."<sup>44</sup> Another comment explains that "[i]ntent differs, however, from the market factors listed in § 21, which relate to the market context in which the designations are used."<sup>45</sup>

So what does what does one person's intent in adopting a mark have to do with "the impression conveyed to prospective

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38. See Murphy, *supra* note 23, at 184.

39. See, e.g., Restatement, *supra* note 4, § 20.

40. *Id.* § 20, cmt. g.

41. *Id.* (emphasis added).

42. *Id.* § 21; see also William E. Gallagher and Ronald C. Goodstein, *Inference Versus Speculation in Trademark Infringement Litigation: Abandoning the Fiction of the Vulcan Mind Meld*, 94 TMR 1229, 1238 (2004).

43. See Restatement, *supra* note 4, § 21.

44. *Id.* § 21 cmt. a.

45. *Id.* § 22 cmt. b.

purchasers by the actor's use of the designation" or what is going on in the marketplace? The comments to the Restatement are clear—and frank—on this point: *nothing*. They state:

The similarity of the competing marks, the methods by which the goods or services are marketed, the distinctiveness of the prior user's mark, the care likely to be exercised by purchasers, and the relationship of the parties' goods or services all contribute to the manner in which the subsequent user's mark is likely to be perceived by prospective purchasers. *The subsequent user's intent, on the other hand, does not itself affect the impression created by the use of the designation since the user's intent is generally unknown to prospective purchasers.*<sup>46</sup>

Other comments repeat this concept, acknowledging that "the actor's intent does not affect the perceptions of prospective purchasers."<sup>47</sup>

It is not just the Restatement that has conceded that an accused infringer's intent has no impact on consumer perception. Over the years, more than one court has—in a moment of unguarded clarity—acknowledged the same thing.<sup>48</sup> Others have

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46. *Id.* § 22 cmt. b (emphasis added); see also *id.* § 20 cmt. c ("The likelihood of confusion standard focuses on the consequences of the defendant's conduct, not on the defendant's motives."); Gallagher & Goodstein, *supra* note 42, at 1266 (treating a defendant's intent as relevant to likelihood of confusion "is curious because the defendant's subjective state of mind is not likely to be known to consumers and, therefore, could have no effect on whether consumers who encounter the defendant's products are likely to be confused").

47. Restatement, *supra* note 4, § 22 cmt. c.

48. See, e.g., *Virgin Enters. Ltd. v. Nawab*, 335 F.3d 141, 151 (2d Cir. 2003) (Intent is not "of high relevance to the issue of likelihood of confusion. . . . It does not bear directly on whether consumers are likely to be confused."); *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. *Proof of bad intent may, psychologically, hurt as an admission*. Proof of good intent does not change appearance.") (citation omitted; emphasis added); *Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co.*, 799 F.2d 867, 875 (2d Cir. 1986) ("[I]ntent is largely irrelevant in determining if consumers likely will be confused as to source. The history of advertising suggests that consumer reactions usually are unrelated to manufacturer intentions."); see also 4 McCarthy, *supra* note 5, § 23:124 ("the focus of the law of trademark and unfair competition is to prevent deception of customers" and *not* "to punish evil motives"); Rogers, *supra* note 4, at 543-44 ("The essence of the wrong is . . . the sale of one man's goods as another's. The existence of these consequences does not necessarily depend upon the question whether fraud or an evil intent does or does not exist. The *quo animo* therefore would seem to be an immaterial inquiry. . . . It seems absurd to hold that one trader who uses a label or name by means of which his goods are sold as another's, fraudulently intending this result, commits an actionable trespass, while another who uses the same label or name with the same result though accidentally or in an honest belief that he has a right, does not. The injury is the same in either case and the remedy ought to be. The better reasoned cases make no distinction and hold the essential thing to be the result of the act and not the purpose which may have induced it.") Perhaps the most memorable statement about the irrelevancy of intent was that of Judge Jerome Frank in an early Lanham Act case: "[O]rdinarily, an intention, no matter how evil, to harm another is a damp squib if the

taken a more waffling position, suggesting that intent is irrelevant in the context of cases where the other (market-based) factors independently support a finding that confusion is likely.<sup>49</sup> Several courts have also noted the uncontroversial notion that intent can be relevant to equitable remedies if infringement is found.<sup>50</sup>

Yet Section 22 of the Restatement—like every federal court of appeals—states that a defendant’s intent is relevant to the likelihood of confusion inquiry. Moreover, it permits the inference of likely confusion from an accused infringer’s use of a similar mark with intent to deceive or confuse, providing that “likelihood of confusion may be inferred from proof that the actor used a designation resembling another’s trademark . . . with the intent to cause confusion or to deceive.”<sup>51</sup> And as noted earlier, several

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means for effectuating it are completely wanting.” *Triangle Publ’ns, Inc. v. Rohrlich*, 167 F.2d 969, 979 (2d Cir. 1948) (Frank, J., dissenting).

49. See, e.g., *Taubman Co. v. Webfeats*, 319 F.3d 770, 775 (6th Cir. 2003) (“[T]he proper inquiry is not one of intent. In that sense, the Lanham Act is a strict liability statute. If consumers are confused by an infringing mark, the offender’s motives are largely irrelevant.”) (citations omitted); *Wynn Oil Co. v. Thomas*, 839 F.2d 1183, 1189 (6th Cir. 1988) (“Also, intent is largely irrelevant in determining if consumers likely will be confused as to source. While in this Circuit we do consider intention to be relevant when a plaintiff shows that a defendant knowingly copied the contested trademark, we agree completely with the Second Circuit that absent such a showing, intentions are irrelevant.”) (citing *Lois Sportswear*, 799 F.2d at 875); *Kann v. Diamond Steel Co.*, 89 F. 706, 712-13 (8th Cir. 1898) (“The intention on the part of the alleged infringer to induce purchasers, through the use of a simulated trade-mark, to buy his goods under the belief that they are another’s, furnishes no ground for relief, unless the similarity between the two trade-marks is of a character to convey a false impression to the public mind, and to mislead and deceive the ordinary purchaser.”) (citations omitted). Of course, this observation could be said of *any* of the likelihood of confusion factors when the other factors, in the aggregate, demonstrate that confusion is likely even without considering that particular factor. The Third Circuit was particularly self-contradictory on intent in one decision. See *Sabinsa Corp. v. Creative Compounds, LLC*, 609 F.3d 175, 187, 190 (3d Cir. 2010) (noting that intent “weighs heavily in favor of finding a likelihood of confusion” while later stating that “intent is largely irrelevant in determining if consumers likely will be confused as to source.”) (the latter statement quoting *Lois Sportswear*, 799 F.2d at 875).

50. See, e.g., *Virgin Enters.*, 335 F.3d at 151 (“A finding that a party acted in bad faith can affect the court’s choice of remedy or can tip the balance where questions are close.”); see also *TCPIP Holding Co., Inc. v. Haar Commc’ns, Inc.*, 244 F.3d 88, 102 (2d Cir. 2001) (“Bad faith on the part of a party can influence the court in at least two ways. First, where a substantive issue such as irreparable harm or likelihood of confusion is a close question that could reasonably be called either way, a party’s bad faith could cause it to lose the benefit of the doubt. Second, if prospective entitlement to relief has been established, the good or bad faith with which the parties had conducted themselves could influence the court in the fashioning of appropriate equitable relief, or even cause it to deny equitable relief to a party that had conducted itself without clean hands.”) As suggested later in this article, see *infra*, at notes 108-112 and accompanying text, the acknowledged relevance of a defendant’s ill motives to equitable remedies does not necessarily mean that intent needs to be tried in the liability phase of a trademark infringement trial. Instead, issues of intent could be postponed until after a jury verdict (or bench ruling) in plaintiff’s favor at a later hearing on remedies.

51. Restatement, *supra* note 4, § 22.

courts of appeals have gone even further, stating that intent *alone* can create such an inference.<sup>52</sup>

Notwithstanding its acknowledgement that intent has no bearing on consumer perception, the Restatement justifies its position that evidence of wrongful intent supports an inference that confusion is likely by stating that “it may be appropriate to assume that an actor who intends to cause confusion will be successful in doing so.”<sup>53</sup> Professor McCarthy takes a similar position. While noting the “inherent tension as to the junior user’s state of mind to the ultimate issue of the state of mind of consumers,” he opines that “it is not often that a business person intentionally sets out to divert sales from a competitor by confusing customers, yet is so inept that it fails to achieve its goal.”<sup>54</sup> Judge Learned Hand’s 1934 decision in *My-T-Fine Corp. v. Samuels*<sup>55</sup> is frequently cited as one of the seminal decisions setting forth this rationale. In *My-T-Fine*, a trade dress case, Judge Hand believed that evidence of deliberate copying turned a case of non-infringement into one of infringement, reasoning:

The plaintiff has proved no more than that the boxes look a good deal alike, and that confusion may well arise; and *were it not for the evidence of the defendants’ intent to deceive and so to secure the plaintiff’s customers, we should scarcely feel justified in interfering at this stage of the cause.* We need not say whether that intent is always a necessary element in such causes of suit; probably it originally was in federal courts. *But when it appears, we think that it has an important procedural result; a late comer who deliberately copies the dress of his competitors already in the field, must at least prove that his effort has been futile.* Prima facie the court will treat his opinion so disclosed as expert and will not assume that it was erroneous.<sup>56</sup>

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52. See, e.g., *Am. Rice, Inc. v. Producers Rice Mill, Inc.*, 518 F. 3d 321, 332 (5th Cir. 2008) (“the intent of defendants in adopting [their mark] is a critical factor, since if the mark was adopted with the intent of deriving benefit from the reputation of [the plaintiff,] *that fact alone* may be sufficient to justify the inference that there is confusing similarity”) (citation omitted; emphasis added); *Homeowners Grp., Inc. v. Home Mktg. Specialists, Inc.*, 931 F.2d 1100, 1111 (6th Cir. 1991) (“If a party chooses a mark with the intent of causing confusion, *that fact alone* may be sufficient to justify an inference of confusing similarity.”) (citation omitted; emphasis added); *First Brands Corp. v. Fred Meyer, Inc.*, 809 F.2d 1378, 1385 (9th Cir. 1987) (“Intent of a defendant in adopting his trade dress is a critical factor, since if the trade dress were adopted with the intent of depriving [sic] benefit from the reputation of the plaintiff, *that fact alone* may be sufficient to justify the inference that there is confusing similarity.”) (citation omitted; emphasis added).

53. Restatement, *supra* note 4, § 22 cmt. c.

54. 4 McCarthy, *supra* note 5, § 23:124; accord *Finch*, *supra* note 25, at 1258.

55. 69 F.2d 76 (2d Cir. 1934).

56. *Id.* at 77 (citations omitted; emphasis added). There are two concepts here: the substantive assumption that someone with intent to confuse will confuse; and the procedural presumption that once such intent is proved, it creates a large hole the

To summarize:

1. likelihood of confusion is based on consumer perceptions;
2. consumer perceptions are based on what is taking place in the marketplace;
3. intent differs from marketplace factors because consumers are not aware of it;
4. but intent is nevertheless considered relevant to whether confusion is likely because courts will assume that businesspeople usually succeed when they want to trick people into buying their goods.

### ***B. The Legal Problems With the “Assumption” that Businesspeople Who Intend to Confuse Inevitably Succeed***

There are several problems with the substantive assumption that wrongful intent renders confusion more likely. Some are best categorized as “common sense” or logical issues, while others are

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defendant must climb out of. As to the assumption, many courts seem to credit the assumption with no citation to any supporting proof. *See, e.g., Nat'l Ass'n of Blue Shield Plans v. United Bankers Life Ins. Co.*, 362 F.2d 374, 377-78 (5th Cir. 1966) (“If he adopts his designation with the intent of deriving benefit from the reputation of the other, however, his intent may be sufficient to justify the inference that confusion is likely. Since he was and is intimately concerned with the probable reaction of prospective purchasers in the market, his judgment manifested prior to the controversy is highly persuasive. His denial that his conduct will achieve the result intended by him will ordinarily carry little weight.”); *Eli Lilly & Co. v. Natural Answers, Inc.*, 233 F.3d 456, 465 (7th Cir. 2000) (“[T]he fact that one actively pursues an objective greatly increases the chances that the objective will be achieved.”); *Little Caesar Enters., Inc. v. Pizza Caesar, Inc.*, 834 F.2d 568, 572 (6th Cir. 1987) (a defendant intending to deceive consumers “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”); *Wesson v. Galef*, 286 F. 621, 625 (S.D.N.Y. 1922) (Hand, J.) (“We are accustomed to speak of a deliberate imitation of this sort as a fraud, and indeed the earlier cases thought fraud an essential of the case. Whatever other legal result fraud may have, at least it relieves the injured party from the need of showing that the imitator was successful. He may take him at his own belief, and assume that, if he thought some buyers would be careless enough not to notice the distinguishing marks, he was right.”) (emphasis added); *Coffin*, *supra* note 17, at 289 (“The intent to deceive on the part of the defendant, once proved, is equivalent to an admission by him that the means he has adopted are likely to deceive. . . .”).

As noted earlier, as a procedural matter, the Second Circuit continues to follow Judge Hand’s “bad intent → presumption” framework, as do the Fourth, Ninth, and Eleventh Circuits. *See supra* note 26. Less frequently, however, is it acknowledged that—at least in theory—a defendant saddled with this adverse presumption is actually permitted to try to overcome it and prove that his intended confusion did not materialize (or could not have done so), and therefore be exonerated of liability. *See, e.g., B. H. Bunn Co., Inc. v. AAA Replacement Parts Co.*, 451 F.2d 1254, 1264 (5th Cir. 1971) (“If it is defendant’s intent to ensnare buyers by use of a similar mark, he may be unsuccessful enough at his simulation to be free of liability under the trademark laws.”); *accord* Restatement, *supra* note 4, § 22, cmt. c (“the inference can be overcome by other evidence indicating that, notwithstanding such an intent, consumers are unlikely to be . . . confused”). The reality, however, is actually quite different. *See Beebe*, *supra* note 33, at 1628 (“The data . . . suggest that a finding of bad faith creates, if not in doctrine, then at least in practice, a nearly un-rebuttable presumption of a likelihood of confusion.”) (emphasis added).

more formal, evidentiary issues. The assumption creates several practical problems as well.

### 1. Common Sense and Logical Issues

First, the assumption is based on no empirical data whatsoever: no direct evidence; no marketing studies; no psychological testing. From an empirical standpoint, then, this assumption is no more valid than the opposite conclusion, *i.e.*, that wrongful intent makes confusion *less* likely. Indeed, one commentator has noted that “most marketing efforts end in failure,” and thus posited that it may be equally valid to assume that “defendants that lack the imagination necessary to invent an original trademark are less likely than honest businesspeople to accomplish their marketing objectives.”<sup>57</sup> Further, if courts are going to engage in such assumptions, why do they restrict it to a one-way assumption?<sup>58</sup> As a concurring judge in one early decision grappling with this unsupported notion pointed out:

If [intent to confuse is to be considered evidence of likely confusion], then the converse of the proposition will have to be taken into account. If a party can succeed in convincing the court that he has no motive to confuse, then it must be inferred that he has no opinion that it would confuse, or, if he had knowledge of the opposing mark at all, that it is his opinion that it would *not* confuse. Shall that negative opinion be a factor in shaping the opinion of the court? How can the opinion of either party be in any way an essential or proper factor in the equation? Will the quality of the motive of the parties render a mark confusing which is not otherwise so, or vice versa? It seems to me that this court, in performing the duty which Congress has seen fit to commit to it, in registration cases arising under the statute, has only to deal with marks, not motives.<sup>59</sup>

Several courts and commentators have also pointed out that evidence of intent to confuse is immaterial unless consumers are

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57. Murphy, *supra* note 23, at 183.

58. See, e.g., *GoTo.com, Inc. v. Walt Disney Co.*, 202 F.3d 1199, 1208 (9th Cir. 2000) (even if the defendant “was innocent as a fawn . . . , it would prove nothing”); *Elvis Presley Enters., Inc. v. Capece*, 141 F.3d 188 (5th Cir. 1998) (“If the defendant acted in good faith, then this digit of confusion becomes a nonfactor in the likelihood-of-confusion analysis . . . .”) (citations omitted); *Daddy’s Junky Music Stores, Inc. v. Daddy’s Family Music Center*, 109 F.3d 275, 287 (6th Cir. 1997) (“[T]he presence of intent can constitute strong evidence of confusion. . . . The converse of this proposition, however, is not true; the lack of intent by a defendant is largely irrelevant. . . .”) (citations and internal quotations omitted).

59. *Lever Bros. Co. v. Riodela Chem. Co.*, 41 F.2d 408, 413 (C.C.P.A. 1930) (Garrett, J., specially concurring).

indeed likely to be confused.<sup>60</sup> Logically, then, if consumers are indeed likely to be confused, intent remains immaterial. In an arguably similar context—involving the issue of whether an alleged prior trademark user has provided sufficient proof of secondary meaning to achieve priority—the Federal Circuit has been clear that intent to do something is not an adequate substitute for proof that the senior user actually achieved his goal: “The user’s intent, no matter how clearly established, cannot suffice in lieu of proof of the necessary prior public identification” of the mark with the alleged prior owner.<sup>61</sup> There is no logical or empirical reason that intent should be treated any differently in the context of a likelihood of confusion analysis.

But beyond—and possibly more important than—these common sense or logical criticisms, there appear to be several legal and evidentiary problems with the notion that a defendant’s intent is relevant as to whether the ordinary consumer is likely to be confused.

## 2. Why Treat Trademark Infringement Differently from Other Torts that Require a Determination of the Perceptions of Hypothetical Ordinary Persons?

It is useful to compare the role intent plays in determining liability for trademark infringement with other torts where, like trademark infringement cases: (1) intent plays a role; and (2) a required element of the tort is discerning the perception or understanding of a hypothetical ordinary member of the public. It is also useful to compare it to design patent infringement, which, like trademark infringement, focuses on the reaction of hypothetical consumers. In these other torts, an actor’s intent plays no role in determining the public reaction.

### *a. Fraud*

Perhaps the most illuminating example is the tort of fraud (f/k/a “deceit,” which, as discussed earlier, was the forerunner of

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60. See, e.g., *Triangle Publ’ns, Inc. v. Rohrlich*, 167 F.2d 969, 979 (2d Cir. 1948) (Frank, J., dissenting); *Kann v. Diamond Steel Co.*, 89 F. 706, 712-13 (8th Cir. 1898) (“A wrong done or threatened, and consequent injury or probable injury to the complainant, are indispensable elements of every cause of action. The intention to injure another, if no injury is done, and none ever will be done, constitutes no ground for relief. The intention on the part of the alleged infringer to induce purchasers, through the use of a simulated trademark, to buy his goods under the belief that they are another’s, furnishes no ground for relief, unless the similarity between the two trade-marks is of a character to convey a false impression to the public mind, and to mislead and deceive the ordinary purchaser.”) (citations omitted); Lane, *supra* note 13, at 576 (positing that intent “should not form a determining element in a case of unfair competition” because the true test is “if the average reasonable man would be deceived by the simulated appearance of the defendant’s good”).

61. See *T.A.B. Sys. v. PacTel Teletrac*, 77 F.3d 1372, 1376 (Fed. Cir. 1996).



modern trademark infringement litigation<sup>62</sup>). Proof of the actor's intent to deceive (sometimes called "scienter") is a required element of the tort of fraud. So is materiality.<sup>63</sup> Materiality deals with the effect of the tort on third parties, and is therefore an *objective* inquiry into the effect the misrepresentation would have on the reasonable person.<sup>64</sup> This is similar to the ultimate issue of likelihood of confusion in trademark infringement cases, which also seeks to determine the effect of *objective* marketplace facts on a *hypothetical reasonable person*.<sup>65</sup> In contrast, an inquiry into the accused wrongdoer's intent is a subjective inquiry into a specific person's state of mind.<sup>66</sup> Thus, in fraud cases, an inquiry into the actor's state of mind is separate from the inquiry into whether the misrepresentation was material to hypothetical listeners.<sup>67</sup>

### *b. Defamation*

The same separation between what a defendant intends and how the public perceives the defendant's activities exists in the tort of defamation.<sup>68</sup> When a public issue is involved and a public figure is the allegedly injured party, malice on the part of the

62. See *supra* notes 4-8 and accompanying text.

63. See generally W. Page Keeton et al., *Prosser and Keeton on Torts* § 105, at 728 (5th ed. 1984); *id.* § 108, at 753. In fraud cases, a "misrepresentation is material if it has a natural tendency to influence, or was capable of influencing, the decision of the decisionmaking body to which it was addressed." *Kungys v. United States*, 485 U.S. 759, 770, 108 S. Ct. 1537 (1988) (citations omitted).

64. See, e.g., *TSC Indus., Inc. v. Northway, Inc.*, 426 U.S. 438, 445, 96 S. Ct. 2126, 2130-31 (1976) ("The question of materiality, it is universally agreed, is an *objective* one, involving the significance of an omitted or misrepresented fact to a reasonable [person].") (emphasis added).

65. See *supra* note 41 and accompanying text.

66. See, e.g., *Gebhart v. SEC*, 595 F.3d 1034, 1042 (9th Cir. 2010) ("Scienter, however, is a subjective inquiry. It turns on the defendant's actual state of mind.") (citation omitted); *In re Jeffrey Bigelow Design Grp., Inc.*, 956 F.2d 479, 484 (4th Cir. 1992) ("actual fraudulent intent requires a subjective evaluation of the debtor's motive"). Although scienter remains fundamentally a subjective issue, it can be proven by circumstantial evidence and does not require direct testimony from the actor about his state of mind. See, e.g., *Taltech Ltd. v. Esquel Enters. Ltd.*, 604 F.3d 1324, 1331 (Fed. Cir. 2010) ("Proving intent does not require direct evidence; it can be inferred from indirect and circumstantial evidence.") (citation omitted); *Morris v. Union Pac. R.R.*, 373 F.3d 896, 901 (8th Cir. 2004) ("Intent rarely is proved by direct evidence, and a district court has substantial leeway to determine intent through consideration of circumstantial evidence, witness credibility, motives of the witnesses in a particular case, and other factors.").

67. I could find no federal authority holding that evidence of a fraud defendant's intent was relevant to whether the alleged misrepresentation was material.

68. See, e.g., *New Times, Inc. v. Isaacks*, 146 S.W.3d 144, 154 (Tex. 2004) ("We have long held that an allegedly defamatory publication should be construed as a whole in light of the surrounding circumstances based upon how a person of ordinary intelligence would perceive it.") (citations omitted).

defendant is a required element.<sup>69</sup> But the public's perception determines whether the statement at issue is defamatory—a separate element—and that is an objective inquiry.<sup>70</sup> Thus, a defendant's malicious intent has no bearing on the public's perception of whether a statement is defamatory.<sup>71</sup>

### *c. Design Patent Infringement*

Although design patent infringement, unlike fraud and defamation, does not require a showing of intent, it provides a useful comparison with trademark infringement because the two causes of action both focus on whether consumers will be confused. Indeed, *McLean v. Fleming* (the earliest Supreme Court trademark decision dealing with trademark infringement and adopting the likelihood of confusion standard) cited to an early decision it had rendered in a *design patent* dispute to explain what constituted trademark infringement.<sup>72</sup> Quoting the *Gorham Co. v. White* decision, the *McLean* Court stated: “Two trademarks are substantially the same in legal contemplation, if the resemblance is such as to deceive an ordinary purchaser giving such attention to the same as such a purchaser usually gives, and to cause him to purchase the one supposing it to be the other.”<sup>73</sup> *Gorham*, while a design patent decision, held that infringement occurs “if, in the eye of an ordinary observer, giving such attention as a purchaser usually gives, two designs are substantially the same, if the resemblance is such as to deceive such an observer, inducing him to purchase one supposing it to be the other. . . .”<sup>74</sup> Thus, the standards for trademark and design patent infringement—at least as far as the Supreme Court understands them—are very similar: they both look to the hypothetical ordinary consumer. However, intent has *never* been part of the determination of whether a design patent is infringed, because “[p]atent infringement is a strict liability offense.”<sup>75</sup> In theory, at least, trademark infringement has also been characterized as a strict liability

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69. See, e.g., *New York Times Co. v. Sullivan*, 376 U.S. 254, 279-81, 84 S. Ct. 710, 725-27 (1964).

70. See *Isaacks*, 146 S.W.3d at 157 (“The appropriate inquiry is objective, not subjective. Thus, the question is not whether some actual readers were mislead [sic], as they inevitably will be, but whether the hypothetical reasonable reader could be.”) (citations omitted).

71. See, e.g., *Embrey v. Holly*, 48 Md. App. 571, 581, 429 A.2d 251, 259 (1981) (“It is of no importance that the joke was intended to be humorous because the test is not intention, but how it was reasonably understood by a third person.”) (citations omitted).

72. See *McLean v. Fleming*, 96 U.S. (6 Otto) 245, 253, 255, 21 S. Ct. 7 (1877).

73. *Id.* at 256 (citing *Gorham Co. v. White*, 81 U.S. (14 Wall.) 511 (1871)).

74. *Gorham*, 81 U.S. (14 Wall.) at 528.

75. See, e.g., *In re Seagate Tech., LLC*, 497 F.3d 1360, 1368 (Fed Cir. 2007).

offense,<sup>76</sup> so it is illogical for these two causes of action, which both assess whether the hypothetical ordinary purchaser would be confused, to treat the role of intent differently.

### 3. Applying the Federal Rules of Evidence to Intent

Beyond the flawed assumptions underlying the use of intent in determining liability for trademark infringement, and beyond the contention above that no other tort uses the subjective intent of an alleged wrongdoer in determining the perception of a hypothetical member of the public, the use of evidence of intent in trademark infringement cases also raises evidentiary issues that have not been thoroughly examined by the courts.

#### *a. FRE 403—Prejudicial Value Substantially Outweighs Probative Value*

Given the irrelevance of intent to the likelihood of confusion inquiry (grudgingly admitted by several courts), and its high potential to dominate a trademark infringement case, evidence of intent implicates the provisions of Federal Rule of Evidence 403. Rule 403 provides, in part: “Although relevant, evidence may be excluded if its probative value is substantially outweighed by the danger of unfair prejudice, confusion of the issues, or misleading the jury. . . .” Cases applying Rule 403 agree that the rule requires that a court balance the probative value of the evidence with its prejudicial value.<sup>77</sup> Courts further agree that only evidence that creates “unfair prejudice” can be excluded under this rule, and that “[e]vidence is unfairly prejudicial if it appeals to the jury’s sympathies, arouses its sense of horror, *provokes its instinct to punish*, or otherwise may cause a jury to base its decision on something other than the established propositions in the case.”<sup>78</sup>

Putting aside for purposes of argument the fact that each federal circuit recites intent as a relevant factor in the likelihood of confusion analysis, it is doubtful that, were the issue analyzed

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76. See, e.g., *Lorillard Tobacco Co. v. Amouri’s Grand Foods, Inc.*, 453 F.3d 377, 381 (6th Cir. 2006); *Hard Rock Café Licensing Corp. v. Concession Servs., Inc.*, 955 F.2d 1143, 1152 n.6 (7th Cir. 1992).

77. See, e.g., *United States v. Cook*, 454 F.3d 938, 941 (8th Cir. 2006); *Faigin v. Kelly*, 184 F.3d 67, 80 (1st Cir. 1999); *United States v. Shepherd*, 739 F.2d 510, 512 (10th Cir. 1984).

78. *United States v. Thompson*, 359 F.3d 470, 479 (7th Cir. 2004) (citations and internal quotations omitted; emphasis added); *Lesko v. Owens*, 881 F.2d 44, 55 (3d Cir. 1989) (same); see also *United States v. Blackstone*, 56 F.3d 1143, 1146 (9th Cir. 1995) (“‘Unfair prejudice’ in the context of balancing evidence means an undue tendency to suggest decision on an improper basis, commonly, though not necessarily, an emotional one. Evidence is prejudicial if it appeals to the jury’s sympathies, arouses its sense of horror, provokes its instincts to punish, or triggers other mainsprings of human action.”) (citations and internal quotations omitted).

afresh under Rule 403, such evidence would be admissible at all. First, a defendant's intent is not mentioned in either Section 1114(1) or 1125(a)(1) of the Lanham Act,<sup>79</sup> and many courts and commentators (and the Restatement) have noted that intent is imperceptible to the ordinary consumer, and, therefore has no bearing on what that consumer perceives in the marketplace and whether he or she is likely to be confused.<sup>80</sup> Moreover, admission of evidence of wrongful intent would be unduly prejudicial, because, notwithstanding that the subjective intent of the accused infringer has no impact on what consumers actually perceive (and therefore does not inform whether they are likely to be confused), both anecdotal observations and empirical evidence suggest that a finding of wrongful intent not only strongly correlates with an ultimate finding of infringement,<sup>81</sup> but actually "stampedes" fact finders into finding that the other independent factors weigh in favor of that result.<sup>82</sup> And commentators have speculated that the reason behind this fact is likely the natural human tendency to want to punish evildoers.<sup>83</sup> If this nonmarket, nonstatutory factor—unperceived by consumers—is viewed as the most important predictor of the outcome of trademark cases as a result of this natural human tendency, how can that *not* be viewed as unduly prejudicial under a test that specifically hinges on whether

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79. See 15 U.S.C. § 1114(1)(a) ("Any person who shall, without the consent of the registrant use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive . . . shall be liable in a civil action by the registrant for the remedies hereinafter provided"); 15 U.S.C. § 1125(a)(1) ("Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person . . . shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.").

80. See *supra* notes 46-47 and accompanying text.

81. As one prominent trademark commentator has noted: "The body of decided cases reveals . . . that in an astonishingly high percentage of trade identity decisions in which relief was granted, the defendant was found guilty, either directly or circumstantially, of intended poaching if not outright fraud." See Pattishall, *supra* note 4, at 576; see also *id.* at 579 ("As for predictability, the primary question for the practitioner of trade identity law must be recognized as comprising *not* the classic and statutory one of whether likelihood of confusion is demonstrable, *but whether the court may be convinced of the presence of an actual intention to misappropriate.*") (emphasis added); Handler & Pickett, *supra* note 18, at 777 ("It is always advantageous to prove fraud. . .").

82. See Beebe, *supra* note 33, at 1600, 1620-21. Professor Beebe noted that this "stampeding" effect was all the more remarkable because his data set "*excluded counterfeiting cases, in which the defendant's bad faith intent is typically quite clear.*" *Id.* n.178 (emphasis added).

83. See *supra* notes 35-37 and accompanying text.

the evidence “appeals to the jury’s sympathies, . . . provokes its instincts to punish,” or otherwise evokes an emotional reaction?<sup>84</sup> It therefore appears likely that, were it not for precedent expressly permitting consideration of intent, evidence of bad intent would, in typical trademark infringement cases, be held inadmissible under Rule 403 as to liability.

***b. FRE 701-703: A Defendant’s Bad Intent  
Is Inadmissible as “Opinion Testimony”***

Some judges—the most prominent of which was Learned Hand, in his seminal formulation of the issue—have referred to a defendant’s intent to deceive as a sort of “expert opinion.”<sup>85</sup> Putting aside for the moment the irrelevance of intent, this notion is subject to an independent criticism. What if the defendant is an inexperienced rather than an experienced businessperson? The new entrepreneur who opens a “Starcups” coffee shop is no more or less likely to cause confusion with the STARBUCKS mark than a person who, as a result of his experience in the coffee service industry, is well aware of STARBUCKS, yet, like the neophyte, chooses “Starcups” as well.

Further, while it is unlikely that Judge Hand was using the term “expert” in the legal sense of expert opinion testimony,<sup>86</sup> the comment raises a further issue for the modern practitioner, whose trial evidence needs to satisfy the requirements of the Federal Rules of Evidence (specifically, Fed. R. Evid. 702), which were enacted after Judge Hand’s time. Rule 702’s requirements are that: “(1) the testimony is based upon sufficient facts or data, (2) the testimony is the product of reliable principles or methods, and (3) the witness has applied the principles and methods reliably to the facts of the case.”<sup>87</sup> Thus, even if a defendant’s intent were relevant, and even if the Lanham Act could be construed to permit

84. See, e.g., *United States v. Figueroa*, 618 F.2d 934, 943 (2d Cir. 1980) (“The prejudicial effect may be created by the tendency of the evidence to prove some adverse fact not properly in issue or unfairly to excite emotions against the defendant.”).

85. See *My-T-Fine Corp. v. Samuels*, 69 F.2d 76, 77 (2d Cir. 1934) (where there is evidence of “the defendants’ intent to deceive and so to secure the plaintiff’s customers, courts will “treat his opinion . . . as ‘expert’”), quoted in *Sterling Drug Inc. v. Lincoln Labs., Inc.*, 322 F.2d 968, 971-72 (7th Cir. 1963); see also *N.K. Fairbank Co. v. R.W. Bell Mfg. Co.*, 77 F. 869, 877 (2d Cir. 1896) (“The actions of defendant’s own officers are to our minds strong evidence that, in their *opinion as experts*, their new black and yellow package was one likely to become confused in the minds of the public with the existing well-known package of complainant.”).

86. If Judge Hand meant, by use of the term “expert,” instead to characterize such testimony as an admission against interest, such an admission would still need to be on a relevant fact. See *infra* notes 90-95 and accompanying text.

87. See *Kumho Tire Co. v. Carmichael*, 526 U.S. 137, 149 (1999) (trial court’s gatekeeping function under Rule 702 (Fed. R. Evid. 702) applies to all types of expert opinion testimony).

the burden to be shifted to a defendant to disprove likelihood of confusion,<sup>88</sup> it could not be admitted as “expert testimony” for the purpose of shifting the burden of proof unless the defendant truly qualified as an expert whose predictions of consumer reactions were demonstrably reliable. Further, surely a defendant accused of intentional infringement would not only deny such intent but would also explain why confusion was unlikely. In such a circumstance, his true stated “opinion” is that confusion is unlikely, and the plaintiff’s evidence of intent to deceive really amounts to no more than an attempt to discredit that opinion on cross-examination.

In sum, given the practical and legal impediments to labeling a finding of wrongful intent as an “expert opinion,” it probably is more accurate to view courts’ use of the term “expert” as a rhetorical flourish than as a true categorization of the defendant as a marketing expert in the relevant market.<sup>89</sup> Either way, the label cannot justify its admission.

### *c. Intent as an Admission*

Putting aside the rarity of obtaining such evidence, direct evidence from a defendant of his intent to deceive may not be admissible in relation to likelihood of confusion. The burden-shifting effect and/or greater weight that many courts give to evidence of intent cannot be justified under the principles governing admissions. At the threshold, any admission must be properly analyzed for its evidentiary effect. There are two basic categories of admissible admissions: judicial and evidentiary. “A judicial admission is a formal concession in the pleadings or stipulations by a party or counsel that is binding on the party making them [sic]. Although a judicial admission is not itself evidence, it has the effect of withdrawing a fact from contention.”<sup>90</sup> An admission of intent to deceive consumers does not serve as a judicial admission on the issue of likelihood of confusion. If it did,

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88. In this regard, it is noteworthy that Judge Hand’s 1934 decision in *My-T-Fine* predates the passage of the Lanham Act by more than a decade.

89. It would also appear unlikely that a defendant’s intent to deceive consumers could be considered the opinion of a lay witness (admission of which is subject to the requirements of Fed. R. Evid. 701). The courts that imbue the opinion of the defendant, as an experienced businessperson, with substantial weight do so because his or her opinion is the opinion of one with allegedly (or assumedly) specialized knowledge and/or experience in a particular market. But, as a consequence, the very thing that makes it weighty to such courts disqualifies it from admission as “lay opinion” under Rule 701(c). *See, e.g.*, *United States v. Rigas*, 490 F.3d 208, 224 (2d Cir. 2007) (an expert whose opinion is based on specialized knowledge or expertise cannot testify as a lay witness under Rule 701 but instead must qualify to testify as an expert and have his or her opinion tested under the requirements of Rule 702).

90. *See* *Martinez v. Bally’s La., Inc.*, 244 F.3d 474, 476 (5th Cir. 2001); *see also* *Keller v. United States*, 58 F.3d 1194, 1198 n.8 (7th Cir. 1995).

each trademark infringement case with an admission of intent would automatically result in judgment for the plaintiff, which no court has actually gone so far as to hold.<sup>91</sup> So an admission of intent must serve as an evidentiary admission, which is defined as “merely a statement of assertion or concession made for some independent purpose” that may be “controverted or explained by the party who made it.”<sup>92</sup> But an admission of wrongful intent must also be relevant, and because trademark infringement is strict liability tort,<sup>93</sup> its status as an admission does not automatically justify its reception into evidence (especially in those jurisdictions where courts have conceded that intent has nothing to do with consumer perception).<sup>94</sup> The practical effect of recognizing an out-of-court statement as an admission against interest is merely that such statement is not objectionable on hearsay grounds when offered in third-party testimony or contained in a document.<sup>95</sup> An admission by a company president to the company’s supplier that he cheated on his wife would be an admission against interest and hence within the hearsay exception of Rule 804(b)(3), but it is irrelevant in a breach of contract case against that supplier and, as such, would be inadmissible. Thus, that a defendant’s statement of intent to deceive could be characterized as a sort of admission against interest and might not run afoul of the evidentiary rules regarding hearsay does not *ipso facto* make it relevant to, and therefore admissible on, the issue of consumer perception/likelihood of confusion.

#### IV. PRACTICAL EFFECTS

Beyond the legal impediments to the relevance and weight courts ascribe to wrongful intent, it is important to consider the several practical effects of having intent continue in its current

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91. In addition, judicial admissions are in the nature of a waiver, and therefore are binding only in the lawsuit in which they are made. *See, e.g., Higgins v. Mississippi*, 217 F.3d 951, 954 (7th Cir. 2000). Thus, alleged admissions of wrongful intent that predate the filing of the lawsuit would seem unlikely to clear this additional hurdle. An admission of intent made after a lawsuit has been filed *could* plausibly be characterized as a judicial admission on the more limited issue of intent to deceive, but that begs the fundamental question of intent’s relevance to likelihood of confusion.

92. *See Martinez*, 244 F.3d at 476-77; *accord Keller*, 58 F.3d at 1198 n.8.

93. *See supra* note 76 and accompanying text.

94. *See supra* note 48 and accompanying text.

95. *See* Fed. R. Evid. 402 (“Evidence which is not relevant is not admissible.”); *see also* *United States v. Sanchez-Lopez*, 879 F.2d 541, 554 (9th Cir. 1989) (“Because the witness’ statement was not offered to prove that Antonio Martinez-Ortega was at Brijido’s house, it was not hearsay. However, it was only admissible if it was relevant.”) (citation omitted); *United States v. Detrich*, 865 F.2d 17, 21 (2d Cir. 1988) (“Having determined that the statement was not hearsay is not alone sufficient. To be admissible it must also be relevant.”) (citation omitted); *Prather v. Prather*, 650 F.2d 88, 90 (5th Cir. Unit A July 1981) (evidence falling within a hearsay exception must also be relevant to be admissible).

role as a relevant and powerful factor as to liability for infringement. First, consideration of the defendant's intent distracts the jury (or judge) from what all agree is the true issue in the liability analysis: the factors likely to influence what consumers perceive and think in the marketplace. As explained earlier, a defendant's intent—by the admission of various courts, commentators, and even the Restatement—has no bearing on what consumers perceive, and therefore no bearing on whether what they perceive is likely to confuse them. But when it appears, intent is the most prejudicial part of the case, a riveting inquiry into business ethics, personal morality, and the unseemly side of human behavior.<sup>96</sup>

Second, the prejudicial and inherently interesting nature of the evidence means that plaintiffs' lawyers frequently spend substantial time and effort on discovery designed to ferret out facts that can be used to support an assertion of wrongful intent. Because wrongful intent is usually denied, there are not only wasteful document discovery and multiple depositions designed to discredit the denial,<sup>97</sup> but also preemptive attempts by defendants to neutralize the intent issue by disclosing opinions of counsel, which in turn raise sometimes complicated and extensive disputes concerning waiver of privilege issues.<sup>98</sup> Further, the courts' general agreement that intent issues are uniquely unsuited for summary judgment<sup>99</sup> means that the continued inclusion of intent in

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96. See *supra* notes 35-38 and accompanying text.

97. Indeed, one commentator, based on his long experience observing the importance of wrongful intent in the outcome of trademark cases, has urged plaintiffs to do all they can to find and use such evidence. See Pattishall, *supra* note 4, at 578 ("It is anomalously certain that a plaintiff should offer all possible proof to support a claim of defendant's wrongful intent, regardless of whether the issue may be a requisite element of his case.") (emphasis added). Indeed, Pattishall not only urges aggressive use of discovery to try to uncover wrongful intent, he provides specific advice to plaintiffs on how to go about doing so:

All persons, especially those of the so-called "creative" function, who had any contact with the selection, origination or adoption of the mark or device at issue, and all marketing or product managers so involved should be queried and deposed. Most productive for the proponent's discovery examination are usually such witnesses as had some collateral involvement in the matter such as outside consultants, account executives, artists or designers.

*Id.* at 581. Some might even characterize this advice as advocating tactics that tend toward what is pejoratively known as "scorched earth," "hardball," or "no stone left unturned" discovery. Cf. Murphy, *supra* note 23, at 193 (urging practitioners in litigation before the TTAB to focus less on intent because, while an interesting issue to pursue, intent seems as a practical matter to play a smaller role in registration disputes than in court litigation).

98. See, e.g., *Minn. Specialty Crops, Inc. v. Minn. Wild Hockey Club, L.P.*, 210 F.R.D. 673 (D. Minn. 2002); *Dorr-Oliver Inc. v. Fluid-Quip, Inc.*, 834 F. Supp. 1008 (N.D. Ill. 1993), *rev'd on other grounds*, 94 F.3d 376 (7th Cir. 1996); *Coleco Indus., Inc. v. Universal City Studios, Inc.*, 110 F.R.D. 688 (S.D.N.Y. 1986).

99. See, e.g., *Pinnacle Pizza Co. v. Little Caesar Enters., Inc.*, 598 F.3d 970, 980 (8th Cir. 2010); *Facenda v. N.F.L. Films, Inc.*, 542 F.3d 1007, 1024 (3d Cir. 2008); *Topps Co. v. Cadbury Stani S.A.I.C.*, 526 F.3d 63, 70-71 (2d Cir. 2008); *Copelands' Enters., Inc. v. CNV, Inc.*, 945 F.2d 1563, 1567 (Fed. Cir. 1991); *Chanel, Inc. v. Italian Activewear of Fla., Inc.*,



determining liability will continue to produce delay and additional expense to many trademark disputes. All this makes trademark cases more expensive for the sake of a fact that is irrelevant to liability.

Third, it is quite possible that intent's role in trademark cases actually results in *more* trademark cases being filed than would be filed were intent irrelevant to liability. Specifically, intent provides a one-way ratchet that helps trademark plaintiffs *only*. In the vast majority of cases, trademark plaintiffs file suit without knowing if they will stumble onto evidence of wrongful intent in discovery. But their trademark lawyers may advise them that such uncertainty is to their benefit because the absence of wrongful intent does not weigh against a finding of likelihood of confusion.<sup>100</sup> The possibility, however slim, that discovery will reveal evidence of wrongful intent that can bolster a finding of likelihood of confusion, coupled with the fact that a failure to prove wrongful intent will not cut against the plaintiff,<sup>101</sup> provides an incentive for plaintiffs to file cases that otherwise would not have been filed.

Fourth, although one commentator has suggested that the facts revealing the intent of the defendant increase "predictability,"<sup>102</sup> I contend that the inclusion of intent in the liability inquiry, in fact, has the exact *opposite* effect—at least as to the prediction that matters most. Predictability helps potential litigants most when predictions can be made *before* initiating a dispute. But in the vast majority of cases, intent can be discerned only after a lawsuit is filed and, more importantly, after expensive discovery is well under way. Thus, intent usually plays no role in this important pre-dispute predictive process. Rather, intent can help predict the outcome of a dispute only after an action is well under way and sufficient resources have been expended to permit the plaintiff to decide whether a suitable narrative for those facts can be fashioned. Although litigants surely find it useful to reassess the merits of a case and the possibility of settlement after discovery is substantially completed, it would be far more useful to be able to make such an assessment *before* significant time and money is spent in an expensive and disruptive lawsuit. As to these important pre-dispute predictions, having intent play a central role in liability actually hurts, because the parties (particularly the plaintiff) generally do not know what discovery will reveal about intent (by contrast, similarity of marks, goods, channels of trade, and relevant consumers is generally known up front), the plaintiff

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931 F.2d 1472, 1476-77 (11th Cir. 1991); *McGraw-Edison Co. v. Walt Disney Prods.*, 787 F.2d 1163, 1173 (7th Cir. 1986).

100. See *supra* authorities cited in note 58.

101. See *supra* notes 35-38 and accompanying text.

102. See Pattishall, *supra* note 4, at 579-80.

might bring an otherwise questionable suit in the hope of finding a “smoking gun” of wrongful intent.

Consider this hypothetical. The senior user uses SILEX as a mark for organic dried fruit. Years later, the junior user adopts SĒL-IX for reusable containers for freezer and microwave use. Although the parties both sell to a few of the same big supermarket chains, SILEX organic dried fruit’s main market is high-end stores like Whole Foods and Dean & DeLuca, where SĒL-IX containers are not typically sold. Though the parties have co-existed for three years, there are no known instances of actual confusion. Both parties have Internet websites and advertise in print media, and SILEX organic fruit is advertised on television also. If the issue is whether consumers, upon encountering SĒL-IX containers in the marketplace, will likely be confused as to whether there is any connection between them or their producer and SILEX fruit, why should liability depend on whether the defendant’s CEO, who was involved in the choice of the mark, regularly snacked on SILEX fruit at the time? (It should not.) And how does having the outcome turn on this evidence of intent help future litigants predict the outcomes of their potential disputes, *before they are initiated*, in otherwise similar circumstances? (It does not.) Will the possibility of finding some useful intent evidence sway an otherwise ambivalent plaintiff to file suit? (It might.) How much time and attorneys’ fees will be expended to discover facts related to intent and to brief, argue, and try the issue? (Probably a lot.)

## V. CONCLUSION: A PROPOSAL TO LIMIT CONSIDERATION OF INTENT TO EQUITABLE ISSUES

In this article, I have argued:

(1) Wrongful intent is irrelevant to Lanham Act trademark infringement liability as a legal matter.<sup>103</sup> Its place in the modern likelihood of confusion calculus is vestigial, dating back to when there was no such thing as a claim for trademark infringement and any complaint about stealing sales and goodwill through use of confusing marks could be asserted only as an action for deceit, a tort for which wrongful intent was a separate, required element. Trademark infringement as it exists today, however, is a strict liability tort. It is telling, moreover, that many courts and even the Restatement itself acknowledge intent’s lack of predictive value on the issue of whether a particular mark is likely to confuse the

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103. See *supra* notes 39-76 and accompanying text. Of course, many courts have held that issues of intent are relevant to the issue of whether a descriptive mark has acquired the “secondary meaning” necessary to make it a protectable trademark. See, e.g., Bryant, *supra* note 23, at 487-95 (1989). There are good arguments, however, why intent is irrelevant and equally problematic in the secondary meaning context as well, see *id. passim*, but setting forth those arguments in any detail is beyond the scope of this article.

public. No other civil cause of action that depends on public reaction assesses an accused's intent to determine the reaction of the public;

(2) Evidence of wrongful intent is inevitably highly influential to fact finders and is unduly prejudicial.<sup>104</sup> It is both anecdotally acknowledged and empirically shown to have undue influence on outcomes of trademark infringement cases. This impedes the truth-seeking process and subverts the main goal of trademark law (the prevention of public confusion), instead rendering cases mere exercises in enforcing one view of commercial morality, albeit one not inherent in the modern concept of trademark infringement, via punitive means;

(3) Having wrongful intent be part of the liability inquiry makes trademark infringement lawsuits longer and more expensive,<sup>105</sup> and its current role as part of the liability inquiry encourages the filing of trademark infringement lawsuits that might not otherwise be filed,<sup>106</sup> and

(4) Including intent as part of the liability inquiry makes it harder for potential trademark litigants and their counsel to predict the range of possible outcomes of potential suits.<sup>107</sup>

In light of these circumstances, I propose that intent be excised from the likelihood of confusion calculus. Although issues of a defendant's wrongful intent are certainly relevant to certain "equitable" issues, they can be separated from the liability issues that a jury is permitted to decide. For example, intent remains relevant to whether an injunction is issued and, if issued, to the scope of that injunction.<sup>108</sup> Intent remains relevant to whether the equitable remedy of an accounting and disgorgement of a defendant's profits is available.<sup>109</sup> A defendant's intent is relevant

104. See *supra* notes 77-84 and accompanying text.

105. See *supra* notes 97-99 and accompanying text.

106. See *supra* text accompanying notes 100-101.

107. See *supra* note 102 and accompanying text.

108. See, e.g., *United States v. Marine Shale Processors*, 81 F.3d 1329, 1358 (5th Cir. 1996) (referring to the rule that "a court need not balance the hardship when a defendant's conduct has been willful" as a "traditional principle[] of equity"); *Helene Curtis Indus., Inc. v. Church & Dwight Co.*, 560 F.2d 1325, 1333 (7th Cir. 1977) (court gave minimal consideration to alleged damage to defendant in ordering injunction because of defendant acted with wrongful intent).

109. See, e.g., *Western Diversified Servs., Inc. v. Hyundai Motor Am., Inc.*, 427 F.3d 1269, 1272-73 (10th Cir. 2005); *Quick Techs., Inc. v. Sage Grp. PLC*, 313 F.3d 338, 349 (5th Cir. 2002); *Bambu Sales, Inc. v. Ozak Trading Inc.*, 58 F.3d 849, 854 (2d Cir. 1995). A few circuits consider wrongful intent a factor in considering whether to award the *legal* remedy of damages as well. See, e.g., *Synergistic Int'l, LLC v. Korman*, 470 F.3d 162, 175 (4th Cir. 2006); *Banjo Buddies, Inc. v. Renosky*, 399 F.3d 168, 175 (3d Cir. 2005); *Quick Techs., Inc. v. Sage Grp. PLC*, 313 F.3d 338, 349 (5th Cir. 2002). Although a detailed assessment of this proposition is beyond the scope of this article, it appears subject to criticism. The Restatement states that "[a]n award of damages is designed to compensate the plaintiff for proven pecuniary loss" and the burden is on the plaintiff to establish the fact and amount of

to whether a defendant may assert an equitable defense such as laches or acquiescence.<sup>110</sup> A judge may properly consider intent in deciding whether to enhance the profits or damages awarded in a case, or whether to declare that a case is exceptional and award attorneys' fees.<sup>111</sup> But all of these equitable, judge-directed issues come into play either separate from the liability issue (in the case of the defenses of laches and acquiescence) or after liability attaches (equitable remedial issues), and therefore can be addressed by the judge, in his equitable capacity, at the appropriate time.<sup>112</sup>

Notwithstanding the theoretical soundness of excising intent from the liability determination and the existence of settled procedural mechanisms to carve intent out of the legal aspects of a trademark case, there remains a substantial, and possibly insurmountable, practical hurdle to achieving this goal. Specifically, the notion that intent is part of the confusion calculus is so widely, deeply, and unthinkingly ingrained in the federal circuit courts that any attempt to dislodge it via the courts would be extraordinarily difficult, requiring a confluence of unlikely factors.<sup>113</sup> A defendant with deep pockets, risk tolerance, and the

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such loss." Restatement, *supra* note 4, § 36, cmt. c. It also takes the position that the question whether to award damages is "properly influenced" by intent, citing the same assumption underlying its position on the role of intent in determining liability: that a party who intends to deceive is likely to succeed in doing so. *Id.* § 36, cmt. j. But, if anything, this rationale is even *more* attenuated in the context of damages than in the context of liability, for even when there exists a likelihood of confusion, that circumstance says nothing about whether the likely confusion has resulted in "proven pecuniary loss." As to the remedy of an accounting of the defendant's profits, however, that remedy is more properly considered (and historically *was* considered) an *equitable* remedy (see, e.g., *Reebok Int'l, Ltd. v. Marnatech Enters., Inc.*, 970 F.2d 552, 559 (9th Cir. 1992); *Ferrari S.p.A. Esercizio Fabriche Automobili e Corse v. Roberts*, 944 F.2d 1235, 1248 (6th Cir. 1991) (accounting an equitable remedy to which the right to a jury trial does not attach); see also Mark A. Thurmon, *Ending the Seventh Amendment Confusion: A Critical Analysis of the Right to a Jury Trial in Trademark Cases*, 11 *Tex. Intell. Prop. L.J.* 1, 91-101 (2002)), there is little or no dispute that intent is relevant to the equities inherent in deciding whether to award an accounting profits and, if so, in what amount.

110. See, e.g., *Saxlehner v. Eisner & Mendelson Co.*, 179 U.S. 19, 38-39, 21 S. Ct. 7, 14-15 (1900); *Bd. of Supervisors for La. State Univ. Agric. and Mech. Coll. v. Smack Apparel Co.*, 550 F.3d 465, 489-90 (5th Cir. 2008).

111. See, e.g., *Shields v. Zuccarini*, 254 F.3d 476, 487 (3d Cir. 2001); *Gracie v. Gracie*, 217 F.3d 1060, 1068 (9th Cir. 2000).

112. See generally *Beacon Theatres, Inc. v. Westover*, 359 U.S. 500, 508-11, 79 S. Ct. 948, 955-57 (1959) (equitable issues should generally be decided after a jury has rendered its verdict on legal issues). A court inclined to excise intent from jury consideration through bifurcation may or may not think it appropriate to also bifurcate discovery on intent as well. Courts usually deal with such procedural considerations on a case-by-case basis in the exercise of their discretion as to how to maximize efficiency and fairness. See, e.g., *Shum v. Intel Corp.*, 499 F.3d 1272, 1282 (Fed. Cir. 2007); *Hangarter v. Provident Life and Accident Ins. Co.*, 373 F.3d 998, 1021 (9th Cir. 2004); see generally *Fed. R. Civ. P.* 42(b).

113. In cases involving claims of both infringement and dilution under federal law, Congress also may have made it even more difficult by enacting the Trademark Dilution Revision Act (TDRA) in the wake of the Supreme Court's decision in *Moseley v. V Secret*

ideological fortitude to forego settlement is required. This defendant must be willing to preserve the issue both at the trial level and on appeal, knowing the argument is futile based on *stare decisis*,<sup>114</sup> and *then* to convince an *en banc* circuit or the Supreme Court to exercise its discretionary review power to revisit the issue.

A legislative solution is equally unlikely. In order to convince Congress to amend the Lanham Act to overrule decades of settled case law, there would have to be a case in which, but for the finding of wrongful intent, likelihood of confusion would almost certainly not have been found.<sup>115</sup> Moreover, such a case would require a sympathetic defendant, which is nearly unimaginable given that such defendant would necessarily have been shown to have sought, however unsuccessfully, an unfair commercial advantage.

Aside from the initial uncertainty that goes along with any substantial change in the law, removing intent from the liability portion of trademark infringement matters would be likely to have certain foreseeable effects. Trial of the liability phase of the case would be a less appealing prospect to a plaintiff's lawyers, who generally relish the more human aspects of litigating intent, perhaps due in part to its outsized ability to sway the fact finder.<sup>116</sup> The plaintiff's counsel could take at least some comfort that, if his

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*Catalogue, Inc.*, 537 U.S. 418, 123 S. Ct. 1115 (2003). Before *Moseley*, the federal dilution statute did not mention intent as a factor relevant to dilution. *Moseley* held that the original act made only actual dilution, not likelihood of dilution, actionable. Congress responded by amending the act to make clear that likelihood of dilution was indeed actionable. But in so doing, it also explicitly (and inexplicably) added defendant's intent as a factor relevant to the determination of dilution. See 15 U.S.C. § 1125(c)(2)(B)(v). So in a case in which a both a dilution and an infringement claim are tried, it is now probably impossible to avoid dealing with evidence of intent during the liability portion of the trial. An assessment of whether intent should play any role in dilution is beyond the scope of this article. That intent is now statutorily enshrined by Congress in the dilution analysis, however, would seem to make it even less likely that Congress will explicitly exclude intent from any future amendments to clarify or alter the infringement standards embodied in 15 U.S.C. §§ 1114(1) & 1125(a).

114. See, e.g., *United States v. Rodriguez*, 311 F.3d 435, 438-39 (1st Cir. 2002); *Zervos v. Verizon N.Y., Inc.*, 252 F.3d 163, 171-72 (2d Cir. 2001); *In re Continental Airlines*, 134 F.3d 536, 542 (3d Cir. 1998); *MLC Auto., LLC v. Town of Southern Pines*, 532 F.3d 269, 278 (4th Cir. 2008); *United States v. Treft*, 447 F.3d 421, 425 (5th Cir. 2006); *Sam & Ali, Inc. v. Ohio Dep't of Liquor Control*, 158 F.3d 397, 405 (6th Cir. 1998); *United States v. Mosby*, 101 F.3d 1278, 1279 n.3 (8th Cir. 1996); *Miranda B. v. Kitzhaber*, 328 F.3d 1181, 1185 (9th Cir. 2003); *United States v. Meyers*, 200 F.3d 715, 720-21 (10th Cir. 2000); *United States v. Steele*, 147 F.3d 1316, 1317-18 (11th Cir. 1998); cf. 7th Cir. Rule 40(e) ("A proposed opinion approved by a panel of this court adopting a position which would overrule a prior decision of this court . . . shall not be published unless it is first circulated among the active members of this court and a majority of them do not vote to rehear en banc the issue of whether the position should be adopted.").

115. See also note 113.

116. See *supra* note 33 and accompanying text.

or her client were to prevail on liability, intent would remain relevant to any equitable issues in the case.<sup>117</sup>

One could not say for certain that removing wrongful intent from the equation will reduce the overall cost of litigation, as plaintiffs will seek other ways to gain advantage in the case, such as obtaining and proffering a survey. Although a properly conducted survey directly measures the likelihood of confusion and therefore can be highly probative,<sup>118</sup> surveys make a case significantly more expensive both for the party commissioning the survey and for its adversary, which may be forced to retain an expert to critique the survey and/or to conduct its own survey.

On the plus side, however, elimination of intent from the liability calculus would reduce overall litigation costs. Eliminating this significant and frequently case-determinative unknown—leaving only largely identifiable, objective market factors—would lead to greater consistency in decided cases and greater predictability for trademark owners and their counsel at the time they need predictability most: *before* initiating litigation.<sup>119</sup> Thus, the disappearance of intent as a one-way ratchet favoring only plaintiffs may result in a decrease in trademark litigation.<sup>120</sup> While instituting such a change may be difficult, the author believes that the long-term benefits outweigh any drawbacks.

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117. See *supra* notes 108-112 and accompanying text.

118. See, e.g., Robert H. Thornburg, *Trademark Survey Evidence: Review of Current Trends in the Ninth Circuit*, 21 Santa Clara Computer & High Tech. L.J. 715 (“Surveys represent the most scientific means of measuring relevant consumers’ subjective mental associations by attempting to recreate the potential purchasing environment in which a purported trademark or trade dress is found within a given market.”) (citation omitted); see also *Conopco, Inc. v. May Dep’t Stores Co.*, 46 F.3d 1556, 1564 (Fed. Cir. 1994); *PPX Enters. v. Audiofidelity Enters.*, 818 F.2d 266, 271 (2d Cir. 1987); *Zatarian’s, Inc. v. Oak Grove Smokehouse, Inc.*, 698 F.2d 786, 793 n.4 (5th Cir. 1983) (“Survey evidence is often critically important in the field of trademark law.”)

119. See *supra* note 102 and accompanying text.

120. See *id.*