

## Contracting Trademark Fame?

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*Contracts abound in today's highly digitized society. Did you snap a pic and upload it to Instagram? You entered into a contract. Did you check your friends' statuses on Facebook? Yep, you also entered into a contract. Did you know you entered into a contract or even if you were aware of this fact, did you know the terms to which you agreed? Probably not. But despite this, we are all obligated by these contracts, so long as we are somehow made aware that we could read the terms at some point if we had the inclination to do so. Online companies are rationally taking advantage of this, and are inserting clauses into the online agreements we enter into with them that place them in better legal positions. These clauses range from waiver of legal rights, choice of law and forum selection for disputes, and restrictions on intellectual property rights. Even though we are likely not aware of these clauses until well after we have agreed to them, courts typically uphold their binding nature based on an objective theory of contract law. Although scholars and commentators have raised numerous concerns related to the application of this theory to online contracting, I am concerned with an avenue that has not yet been explored: the possible extension of this theory to trademark law.*

*The reason this concern exists lies in the doctrine of trademark fame and developments in the use of online agreements to have all of the website's claimed trademarks recognized by its website users. Fame is the gold standard in trademark law, which enables a trademark holder to control almost anything that anyone else does with the famous mark. Yet, fame is extremely hard to prove and requires strong evidence of consumer recognition and commercial strength. Due to this, some*

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trademark holders may be turning to newer forms of evidence, such as website agreements to potentially bolster claims of fame. Given the large number of users of some of these websites (for example, Facebook has over one billion worldwide users), if the objective theory of contract law were imported (even subconsciously) into the trademark realm, it would seem to be an easy argument that “Face” and “Book” are separately famous trademarks. As such, some trademark holders would be given virtually limitless control over all terms incorporating these generic or merely descriptive words. I question whether the importation of this contract law theory into trademark law would be a normatively positive development and conclude that it should not be. Yet, because the utilization of online agreements are a tempting shortcut for difficult decisions regarding trademark fame, I offer some ideas to resolve the problems of using such contracts in trademark litigation, including adopting an interactive theory of trademark fame.

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## INTRODUCTION

In today's society, we are clicking, tapping, swiping, and browsing on the Internet almost every minute of the day.<sup>1</sup> We chuckle at a stranger's funny cat video upload, buy or rent the books we need to study with for the semester, virtually check in with our friends, and browse reviews on where we should spend our next spring break. Throughout all of this activity, we are entering into contracts with the online company providing us with the chuckle or sending us our books.<sup>2</sup> But a meager 0.65% of us are actually reading the terms of these agreements we have entered into.<sup>3</sup> Despite this fact, courts routinely uphold these contracts as enforceable,<sup>4</sup> even though we have agreed to waive legal rights,<sup>5</sup> taken on onerous obligations,<sup>6</sup> or agreed to acknowledge questionable intellectual property rights.<sup>7</sup> The theory on which courts base their decisions is a staple of every first-year law

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1. See *Average Daily Media Use in the U.S. 2014*, STATISTA, <http://www.statista.com/statistics/270781/average-daily-media-use-in-the-us/> (last visited Mar. 29, 2016) (finding that the average American spends 163 minutes per day on a tablet, 159 minutes per day online on a desktop computer, and 134 minutes per day on a smartphone (nonvoice)).

2. See *Terms of Service, Community Guidelines*, YOUTUBE (June 9, 2010), <https://www.youtube.com/t/terms> (“By using or visiting the YouTube website or any YouTube products, software, data feeds, and services provided to you on, from, or through the YouTube website (collectively the ‘Service’) you signify your agreement to (1) these terms and conditions (the ‘Terms of Service’) . . . .”); *Conditions of Use*, AMAZON, <http://www.amazon.com/gp/help/customer/display.html?nodeId=508088> (last updated Feb. 12, 2016) [hereinafter *Amazon TOS*] (“By using Amazon Services, you agree to these conditions. Please read them carefully.”).

3. Yannis Bakos, Florencia Marotta-Wurgler & David R. Trossen, *Does Anyone Read the Fine Print? Consumer Attention to Standard-Form Contracts*, 43 J. LEGAL STUD. 1, 22 (2014) (tracking online behavior of 48,154 monthly visitors to ninety different online software companies and finding that approximately six out of every 1000 visitors reads a fraction of the online agreement for the website).

4. See Nathan J. Davis, *Presumed Assent: The Judicial Acceptance of Clickwrap*, 22 BERKELEY TECH. L.J. 577, 579 (2007) (“[T]he courts have unanimously found that clicking is a valid way to manifest assent since the first clickwrap agreement was litigated in 1998.”); Cheryl B. Preston & Eli W. McCann, *Unwrapping Shrinkwraps, Clickwraps, and Browsewraps: How the Law Went Wrong from Horse Traders to the Law of the Horse*, 26 BYU J. PUB. L. 1, 30 (2011) (“[C]ourts willing to invalidate any clickwrap are rare.”).

5. *Amazon TOS*, *supra* note 2 (establishing a waiver of dispute resolution through trial by jury and requiring all disputes to be resolved through binding arbitration).

6. *Yahoo Terms of Service*, YAHOO!, <https://policies.yahoo.com/us/en/yahoo/terms/utos/index.htm> (last updated Mar. 16, 2016) (“You agree to indemnify and hold Yahoo and its subsidiaries, affiliates, officers, agents, employees, partners and licensors harmless from any claim or demand, including reasonable attorneys’ fees, made by any third party due to or arising out of Content you submit, post, transmit, modify or otherwise make available through the Yahoo Services, your use of the Yahoo Services, your connection to the Yahoo Services, your violation of the TOS, or your violation of any rights of another.”).

7. See, e.g., *Amazon TOS*, *supra* note 2 (requiring users to agree not to use Amazon’s trademarks or trade dress that disparages or discredits Amazon, even though the use of trademarks in this manner may be protected under federal law).

students' contract law curriculum: the objective theory of contract law, or the "duty to read."<sup>8</sup>

Although numerous scholars and commentators have criticized the extension of the objective theory of contracts to online contracting,<sup>9</sup> I am concerned with a further extension of this theory to intellectual property law. In particular, some recent developments in online contracting and in trademark litigation lead to the potential of extending the objective theory of contract law to trademark law. For example, some online companies are inserting trademark acknowledgment clauses in their online agreements potentially in order to prove the strength or fame of their trademarks.<sup>10</sup> "Strong" or "famous" trademark status enhances the ability of the trademark holder to broadly control all third-party uses of its trademark, including in reviews, criticism, parody, and even in online searching.<sup>11</sup> In short, fame has become the gold

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8. NANCY S. KIM, WRAP CONTRACTS 7 (2014) ("The courts apply an objective standard to the contract dealings, meaning that they will assume that the parties were reasonable people and believed and acted the way reasonable people believe and act."). See generally Charles L. Knapp, *Is there a Duty to Read?*, in REVISITING THE CONTRACTS SCHOLARSHIP OF STEWART MACAULAY: ON THE EMPIRICAL AND THE LYRICAL 315 (Jean Braucher et al. eds., 2013).

9. See MARGARET JANE RADIN, BOILERPLATE 14 (2013) ("One task of this book is to think again about whether boilerplate should be considered contractual. I want to urge that it should not, at least not in all of its manifestations."). See generally James Gibson, *Vertical Boilerplate*, 70 WASH. & LEE L. REV. 161 (2013) (attacking the use of boilerplate agreements and the objective theory of contracts based on market failure); Nancy S. Kim, *Situational Duress and the Aberrance of Electronic Contracts*, 89 CHI.-KENT L. REV. 265, 275 (2014) ("The development of an aberrant doctrine contributed to further aberrance in both the form and the content of electronic agreements."); Knapp, *supra* note 8, at 330 ("To speak of [online agreements that contain unilateral modification clauses] in terms of traditional [duty to read] principles strains that principle to the breaking point."); Preston & McCann, *supra* note 4, at 30 ("[U]nknowing 'consent' should not be acceptance of a TOS either.").

10. See, e.g., *User Agreement*, LINKEDIN, <https://www.linkedin.com/legal/user-agreement> (last updated Oct. 23, 2014) [hereinafter *LinkedIn TOS*] ("LinkedIn reserves all of its intellectual property rights in the Services. For example, LinkedIn, SlideShare, LinkedIn (stylized), the SlideShare and "in" logos and other LinkedIn trademarks, service marks, graphics, and logos used in connection with LinkedIn are trademarks or registered trademarks of LinkedIn."); *Statement of Rights and Responsibilities*, FACEBOOK (Nov. 15, 2013) (on file with author) [hereinafter *Facebook 2013 TOS*] ("You will not use our copyrights or trademarks (including Facebook, the Facebook and F Logos, FB, Face, Poke, Book . . . marks), except as expressly permitted by our Brand Usage Guidelines or with our prior written permission."). In this Article, I use the term "fame" to encompass the entire spectrum of strength that a trademark may have over the course of its lifetime, ranging from acquisition of secondary meaning, to becoming a strong mark, and then to potentially a famous mark. Professor McCarthy provides a "strength thermometer" to show this spectrum. J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 11:75 (4th ed. 1996).

11. See *James Burrough, Ltd. v. Sign of Beefeater, Inc.*, 540 F.2d 266, 276 (7th Cir. 1976) ("What is intended by references to 'strong' and 'weak' marks is the effect of such marks upon the mind of the consuming public. A mark that is strong because of its fame or uniqueness, is more likely to be remembered and more likely to be associated in the public mind with a greater breadth of products and services than is a mark that is weak because relatively unknown or very

standard in trademark law to which many large multinational brands aspire<sup>12</sup> and the temptation to extend the objective theory of contracting to this area is very real. If courts applied this theory to these online agreements as evidence for fame, proving such becomes a slam dunk for some large companies.<sup>13</sup>

While there might be an efficiency argument to be made about this type of evidence, the potential importation of the objective theory of contracting into trademark law deserves more attention for at least two reasons. The first reason is a theoretical disconnect between contract law and trademark law. The objective theory of online contracting is premised on an efficiency and notice rationale: online contracts are an efficient mechanism with which to conduct business.<sup>14</sup> If reasonable notice is given, users have a duty to read under traditional contract law doctrine, and will be presumed to have assented to the contract if they continue with use of the website (even if they have never laid eyes on the online agreement).<sup>15</sup> On the other hand, the goal of trademark law

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like similar marks or very like the name of the product.”); *see also* Timothy Denny Greene & Jeff Wilkerson, *Understanding Trademark Strength*, 16 STAN. TECH. L. REV. 535, 544 (2013) (“[T]he stronger a mark, the wider its scope of protection and thus the more third-party uses it can block from the stream of commerce.”); Leah Chan Grinvald, *A Tale of Two Theories of Well-Known Marks*, 13 VAND. J. ENT. TECH. L. 1, 16 (2010) (“[I]f a trademark has acquired an increased level of consumer recognition, the breadth of the owner’s rights expands.”).

12. *See, e.g.*, Benny Evangelista, *Monster Fiercely Protects Its Name: Cable Products Company Sues Those Who Use M-Word*, S.F. CHRON. (Nov. 8, 2004, 4:00 AM), <http://www.sfgate.com/bayarea/article/Monster-fiercely-protects-its-name-Cable-2675907.php> (describing Monster Cable’s attempts at policing its trademark in order to strengthen its legal rights).

13. To be clear, I am not arguing against the use by these entities of monthly active users to prove fame. In fact, the number of monthly active users is a good proxy for consumer recognition—but only for those trademarks that are actually used on the website. *See infra* Part IV. For example, Facebook has included in prior online agreements a number of different trademarks that it does not use on its website, such as “Face” and “Book.” *See Facebook 2013 TOS, supra* note 10. It has also argued in opposition proceedings at the U.S. Patent and Trademark Office that it has famous trademarks not only for those marks it uses on the website, such as Facebook, but also for other marks it does not individually use on the website, such as “Face” or “Fbook.” *See* Notice of Opposition, Facebook, Inc. v. facewerk, No. 91208601-OPP (T.T.A.B. Dec. 21, 2012), <http://ttabvue.uspto.gov/ttabvue/v?pno=91208601&pty=OPP&eno=1> (claiming fame for “Face”); Notice of Opposition, Facebook, Inc. v. Teachbook.com LLC, No. 91194136-OPP (T.T.A.B. Mar. 15, 2010), <http://ttabvue.uspto.gov/ttabvue/v?pno=91194136&pty=OPP&eno=1> (claiming fame for “Fbook”). The “Facewerk” opposition was merited, but not because “Face” was a famous trademark. The applicant for “facewerk” was attempting to register a stylized version of “facewerk” using the same font and colors as “facebook.” *Compare* U.S. Trademark Application Serial No. 85/588,351 (filed Apr. 3, 2012) (“FACEWRK”), with FACEBOOK, Registration No. 4,396,483.

14. KIM, *supra* note 8, at 26.

15. *See* Register.com, Inc. v. Verio, Inc., 356 F.3d 393, 402 (2d Cir. 2004) (holding that Verio’s continued use of Register’s website put Verio on notice of Register’s online agreement and therefore it entered into an enforceable contract, even though Verio argued it had never read the terms).

(either for trademark infringement or dilution cases) is to recreate the reality of consumer perception.<sup>16</sup> Courts purport to assess the actual reality of strength or fame, albeit through various proxies such as evidence of marketing and sales efforts.<sup>17</sup> Presuming consumer recognition of trademarks through an implied assent to online agreements would substitute consumer reality with a completely fictitious one. This disconnect between the two theories cautions against importing the objective theory of contract law into trademark law.

The second reason that importing contract's objective theory into trademark law would be detrimental is that it would significantly lower the burden of proof some trademark holders would have in proving the fame of their trademarks. While this would not be problematic for truly famous marks, some entities, such as Amazon, Facebook, and LinkedIn are including (or have included) in their online agreements the requirement to recognize descriptive or generic terms, such as "A to Z," "Book," or "in."<sup>18</sup> However, if these descriptive (or potentially generic) terms were given "strong" or "famous" trademark status, the ability of some large multinational corporations to monopolize the English language would be limitless. For example, if "Book" was given a famous trademark status, Facebook would be able to monopolize the online use of the term "Book" (and indeed they are attempting to do so), even if the use is in a descriptive or generic fashion.<sup>19</sup>

Both of these concerns have implications that reach far beyond trademark law. My concern with importing theories from one field to another is a broad-based one, as it is often tempting to import legal theories from one legal field into another. What appears to work in one field may seem like a panacea in another field. I argue that we should strive to prevent this from happening at an unconscious level, and instead, more fully examine and debate whether importation is fully

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16. See Barton Beebe, *An Empirical Study of the Multifactor Tests for Trademark Infringement*, 94 CALIF. L. REV. 1581, 1645 (2006) ("The [multifactor likelihood of confusion] test itself is essentially a substitute for empirical work. Ideally, a court would determine the likelihood of consumer confusion by taking testimony from every consumer who has been or will be exposed to the plaintiff's and defendant's marks.").

17. MCCARTHY, *supra* note 10, §§ 11:83, 15:30 (citing factors); see also Graeme W. Austin, *Trademarks and the Unburdened Imagination*, 69 BROOK. L. REV. 827, 831-32 (2004) ("One of the unusual things about trademark infringement cases is that liability most often depends on the state of mind of none of the parties to the litigation. As a result, trademark law must always apprehend the consumer worldview at a distance.").

18. *Amazon TOS*, *supra* note 2 (follow link under "Trademarks"); *Facebook 2013 TOS*, *supra* note 10; *LinkedIn TOS*, *supra* note 10.

19. See *Facebook, Inc. v. Teachbook.com LLC*, 819 F. Supp. 2d 764, 776-77 (N.D. Ill. 2011) (reciting Teachbook's argument).

justified. This discussion should focus on a number of factors, including the theoretical “connect” between fields. Further, my concern of monopolizing regular words has broad consequences for not just freedom of speech, but also international business competition. If large entities are able to “propertize” generic and descriptive words, other businesses, including competitors of those large entities, will be less competitive.<sup>20</sup> In fact, the anticompetitive nature of granting trademark protection to generic and descriptive marks has been the traditional justification for not granting protection at all to generic marks, and requiring proof of secondary meaning for descriptive ones.<sup>21</sup> Lowering the hefty burden for proof of fame would eviscerate this foundational principle of trademark and unfair competition law.<sup>22</sup>

The remainder of this Article will proceed in four Parts. In the first Part, I will provide a brief background of the objective theory of contract law and its application to online agreements. In addition, I will discuss how online agreements and trademarks intersect through the use of trademark clauses by a number of large multinational entities in their online agreements with their users. Then, in Part II, I turn to trademark law and chart out the various benefits to having a famous trademark, as well as the evidentiary problems in proving such. After laying this foundation, in Part III, I will examine the normative question of whether we should allow the importation of the objective theory of contract law into trademark law. As outlined above, I will make a case against such importation, based on two normative grounds. The first is that a disconnect between the two theories would dislodge the current approach in attempting to find consumer recognition in trademark law. Applying the objective theory to consumer recognition of trademarks would divorce such recognition from reality, as the objective theory

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20. Ralph H. Folsom & Larry L. Teply, *Trademarked Generic Words*, 89 YALE L.J. 1323, 1323 (1980); see also MCCARTHY, *supra* note 10, § 24:104 (“If every trademark could invoke the antidilution remedy and stop uses of all similar marks in every market and every line of trade, this would upset the traditional balance of fair versus free competition that is inherent in trademark law.”); Lisa Ramsey, *Descriptive Trademarks and the First Amendment*, 70 TENN. L. REV. 1095, 1098–99 (2003) (“A single business should not have a monopoly on the use of common words that consumers use to refer generally to a product. A business with an exclusive right to use a generic term as a mark has an unfair advantage if competitors cannot use the same term to communicate regarding their own products.”).

21. See *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 10 (2d Cir. 1976) (“[A]ny claim to an exclusive right [to a generic mark] must be denied since this in effect would confer a monopoly not only of the mark but of the product by rendering a competitor unable effectively to name what it was endeavoring to sell.”); see also Ramsey, *supra* note 20, at 1098–99.

22. *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 904–05 (9th Cir. 2002) (“A dilution injunction, by contrast to a trademark injunction, will generally sweep across broad vistas of the economy.”).

presumes recognition of contract terms, and is not based in actual reality. The second is that this importation would undermine the traditional anticompetitive goals of requiring a heavy burden of proof on those trademark holders seeking famous trademark status. By lowering the standards for proving fame, large entities would be able to monopolize large swathes of the English language, to the detriment of businesses, large and small, and the average consumer. Finally, I propose some solutions to this issue in Part IV, including making an argument for an adoption of an “interactive” theory of trademarks to prove strength or fame of a trademark.

### I. THE OBJECTIVE THEORY OF CONTRACTING

All first-year law students in the United States learn the foundational principles of contract formation: offer, acceptance, consideration, and mutual assent.<sup>23</sup> The last requirement, mutual assent, means that the “parties must—at least in the abstract—share the same understanding of what is being offered and accepted.”<sup>24</sup> Under classical contract law, courts applied a “subjective” test of mutual assent, meaning that judges attempted to figure out whether the contracting parties in reality shared the same understanding of the contract terms.<sup>25</sup> If one of the parties could prove that he or she did not share the same understanding, courts would invalidate the contract, as seen in the famous “Peerless” case.<sup>26</sup> As one can imagine, this subjective approach proved unworkable and had the potential to wreak havoc on the reliability of contracts. After all, hindsight is twenty-twenty, and if one side of the contract were able to argue that it truly did not share in the understanding of the other party, bad business decisions could be undone. For example, in the Peerless case, the judge allowed the buyer of the cotton to escape

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23. RESTATEMENT (SECOND) OF CONTRACTS § 17 (AM. LAW INST. 1981) (“[T]he formation of a contract requires a bargain in which there is a manifestation of mutual assent to the exchange and a consideration.”).

24. KIM, *supra* note 8, at 7.

25. CHARLES L. KNAPP, NATHAN M. CRYSTAL & HARRY G. PRINCE, PROBLEMS IN CONTRACT LAW: CASES AND MATERIALS 374 (7th ed. 2012) (“Over the first three-quarters of the nineteenth century, English and American courts adopted a “subjective” approach to problems of interpretation. Under the subjectivist view, if the parties attributed materially different meanings to contractual language, no contract was formed.”).

26. *Raffles v. Wichelhaus* (1864) 159 Eng. Rep. 375, 2 Hurl. & C. 906. In this case, there was a contract for the sale of cotton, which was to arrive on the Peerless ship from Bombay. It turned out that there were two Peerless ships sailing from Bombay and the seller meant to deliver the cotton from the second of the Peerless ships, while the buyer meant to take delivery from the first of the Peerless ships. In the lawsuit brought by the seller against the buyer, the Court of Exchequer found in favor of the buyer, holding that “the defendant meant one ‘Peerless’ and the plaintiff another. . . . [T]here was no consensus ad idem, and therefore no binding contract.” *Id.* at 376, 2 Hurl. & C. at 907.



liability for rejecting the shipment he had contracted to purchase because of the lack of his subjective mutual assent.<sup>27</sup>

The desire to stabilize the reliability of contracting led to the adoption of an “objective” test of mutual assent, whereby judges assume that all parties are reasonable actors.<sup>28</sup> In so doing, judges test for mutual assent through words or actions taken by reasonable parties in similar situations.<sup>29</sup> For instance, a reasonable contracting party reads and then signs a contract when he or she intends to be bound by a contract.<sup>30</sup> If a party later argues that she did not *in fact* read the contract terms, although she did sign the contract, a judge will have no sympathy. The reason being that through an objective lens, the objecting party acted as if she manifested mutual assent to the contract through signing the contract.<sup>31</sup> A judge would not require that contracting parties be their brother’s keeper by ensuring that the other side actually read and understood the terms to the contract.<sup>32</sup> All parties have a “duty to read” before manifesting their assent to a contract.<sup>33</sup>

This objective theory of contracting developed during a time when contracts were typically negotiated in person, between two parties.<sup>34</sup> However, this theory has been extended to apply to all modern-day

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27. *Id.*

28. MORTON J. HORWITZ, *THE TRANSFORMATION OF AMERICAN LAW, 1780–1860*, at 201 (1977) (arguing that the objective theory aided business and economic development, as it was “another measure of the influence of commercial interests in the shaping of American law”). *But see* Joseph M. Perillo, *The Origins of the Objective Theory of Contract Formation and Interpretation*, 69 *FORDHAM L. REV.* 427 (2000) (arguing that in fact the objective theory was used from the earliest times).

29. ARTHUR L. CORBIN, *CORBIN ON CONTRACTS* § 9, at 14 (1952) (“It is by the conduct of two parties, by their bodily manifestations, that we must determine the existence of what is called agreement. . . . This is what is meant by mutual assent.”).

30. *Id.* § 31, at 51 (“One who signs his name to a writing that purports to be a contract does an act that is strong evidence that he intends to make himself a party thereto, bound as a promisor and entitled as a promisee.”).

31. E. ALLAN FARNSWORTH, *CONTRACTS* § 4.26, at 287 (2004) (“A party that signs an agreement is regarded as manifesting assent to it and may not later complain about not having read or understood it, even if the agreement is on the other party’s standard form.”); *see* *Lucy v. Zehmer*, 84 S.E.2d 516, 517 (Va. 1954) (holding that the defendant’s agreement to sell land was enforceable because he signed an agreement, even though the defendant claimed to have been joking).

32. *Cf.* *Ray v. William G. Eurice & Bros., Inc.*, 93 A.2d 272, 275, 278 (Md. 1952) (holding that even though the plaintiffs allegedly read the contract with one of the defendants, the defendants had a duty to read the contract themselves).

33. FARNSWORTH, *supra* note 31 (“And since the objective theory of contracts imposes no requirement that one intend or even understand the legal consequences of one’s actions, one is not entitled to relief merely because one neither read the standard form nor considered the legal consequence of adhering to it.”).

34. *See, e.g.*, CORBIN, *supra* note 29 (discussing mutual assent, particularly the utilization of the language of “two parties”).

contracting, even though most contracts are no longer negotiated instruments,<sup>35</sup> and with the rise of technology, typically not executed in person.<sup>36</sup> This Part will explore the extension of the objective theory of contracting to modern contracts, as well as explain how this contract theory and trademarks overlap.

### A. *Extending the Objective Theory to Online Agreements*

The objective theory of contracting developed at a time when contracts were negotiated instruments, and typically only between two parties, with the negotiation done in person.<sup>37</sup> It made sense that if one party acted in such a way that caused the other party to reasonably believe that a contract had been entered into, a court should so find. After all, in this traditional contracting model, if one party had questions or doubts about specific terms in the contract, they should raise those concerns at the time of negotiation, not afterwards. A popularly cited treatise recaps the law as follows:

But if a man acts negligently, and in such a way as to justify others in supposing that the terms of the writing are assented to by him and the writing is accepted on that supposition, he will be bound both at law and in equity. Accordingly, even if an illiterate executes a deed under a mistake as to its contents, he is bound if he did not require it to be read to him or its object explained.<sup>38</sup>

However, everyday contracting no longer takes the form as it once did. Legal historians trace the ubiquitous “contract of adhesion” to the rise of mass production of consumer goods.<sup>39</sup> In the 1920s, expensive consumer goods, like the Singer sewing machine, became available to middle-class consumers who could purchase these goods on installment

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35. See W. David Slawson, *Standard Form Contracts and Democratic Control of Lawmaking Power*, 84 HARV. L. REV. 529, 529 (1971) (“The contracting still imagined by courts and law teachers as typical, in which both parties participate in choosing the language of their entire agreement, is no longer of much more than historical importance.”).

36. See, e.g., *How it Works*, DOCUSIGN, <https://www.docuSign.com/how-it-works/electronic-signature> (last visited Mar. 29, 2016).

37. See *supra* note 35; see also Friedrich Kessler, *Contracts of Adhesion—Some Thoughts About Freedom of Contract*, 43 COLUM. L. REV. 629, 630 (1943) (“Since a contract is the result of the free bargaining of parties who are brought together by the play of the market and who meet each other on a footing of social and approximate economic equality, there is no danger that freedom of contract will be a threat to the social order as a whole.”); Juliet M. Moringiello & William L. Reynolds, *From Lord Coke to Internet Privacy: The Past, Present, and Future of the Law of Electronic Contracting*, 72 MD. L. REV. 452 (2013).

38. *Ray v. William G. Eurice & Bros., Inc.*, 93 A.2d 272, 278 (Md. 1952) (citing to SAMUEL WILLISTON, A TREATISE ON THE LAW OF CONTRACTS § 1577 (rev. ed. 1937)).

39. See Slawson, *supra* note 35, at 530 (“The predominance of standard forms is the best evidence of their necessity. They are characteristic of a mass production society and an integral part of it.”).

plans.<sup>40</sup> With the installment plan came a standard-form contract, drafted by the manufacturer, and offered to the consumer without any chance of negotiation (often dubbed “take-it-or-leave-it” terms).<sup>41</sup> Notwithstanding that these contracts no longer had the same indicia as traditional contracts, these agreements were held enforceable under the same objective theory of contracting.<sup>42</sup> The reasoning for the extension of the objective theory into newer forms of contracts has been one of efficiency and business efficacy: the ability by one party to utilize the same contract terms without variation has arguably spurred on whole swathes of business industries.<sup>43</sup>

One of the newest forms of contracts has been the online agreement. Often containing the suffix “-wrap,” these online contracts, such as “clickwraps” or “browserwraps,” are presented to a party in an electronic format, either on a computer, smartphone, or tablet.<sup>44</sup> Not only are these online agreements adhesive, but the agreeing party does not always need to manifest assent before she is bound to the agreement. For clickwrap agreements, courts have held that the action of clicking the “I agree” button in order to continue with the website service or with an online purchase is sufficient to manifest assent.<sup>45</sup> This is the case even where the terms are made available only through a link (as opposed to a scrollable window) or where the user never reads the terms.<sup>46</sup> Additionally, these clickwraps may continue to be enforceable

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40. See LENDOL CALDER, *FINANCING THE AMERICAN DREAM: A CULTURAL HISTORY OF CONSUMER CREDIT* 162 (1999).

41. Kessler, *supra* note 37, at 632 (“[S]tandardized contracts are frequently contracts of adhesion; they are *à prendre ou à laisser*.”). Professor Kessler traces the term “contract of adhesion” to Edwin W. Patterson, *The Delivery of a Life-Insurance Policy*, 33 HARV. L. REV. 198, 222 (1919) (“Life insurance contracts are contracts of ‘adhesion.’ The contract is drawn up by the insurer and the insured, who merely ‘adheres’ to it, has little choice as to its terms.”).

42. See Todd D. Rakoff, *Contracts of Adhesion: An Essay in Reconstruction*, 96 HARV. L. REV. 1173, 1185 (1983).

43. KIM, *supra* note 8, at 27 (noting that the enforcement of contracts of adhesion “reflects another of contract law’s goals, which is to encourage and facilitate economic transactions. . . . [C]ontracts play an essential role in facilitating transactions because they increase trust, enhance reliability, and facilitate planning.”); Slawson, *supra* note 35, at 530 (“The predominance of standard forms is the best evidence of their necessity. They are characteristic of a mass production society and an integral part of it.”).

44. KIM, *supra* note 8, at 2–3 (explaining “wrap contracts”).

45. *Feldman v. Google, Inc.*, 513 F. Supp. 2d 229, 237–39 (E.D. Pa. 2007) (holding that plaintiff attorney had consented to the pricing terms of Google’s Adwords service even though the pricing model was not explicitly laid out in the clickwrap, but incorporated another Google document); *Caspi v. Microsoft Network, LLC*, 732 A.2d 528 (N.J. Super. Ct. App. Div. 1999) (holding a forum selection clause enforceable because each of the plaintiffs had clicked their consent to the Microsoft member agreement containing the forum clause).

46. Kim, *supra* note 8, at 275 (“But in this judicially constructed alternative universe—where a reasonable person is presumed to notice terms that are buried in hyperlinks—the courts apply

even where the drafter makes unilateral changes and does not receive a renewed consent, as the prior clickwrap typically contains a term that allows for these unilateral changes, no matter what they may be.<sup>47</sup>

For browserwraps, which are often called “terms of use” or “policies” and are displayed via a hyperlink found all the way at the bottom of the webpage, courts similarly enforce these agreements.<sup>48</sup> Courts have consistently held that these terms of use can be enforceable contracts if the users had adequate notice of them, even if the user never had to manifest assent or even read the terms.<sup>49</sup>

Although courts may differentiate between the two types of agreements when testing for mutual assent, courts equally equate these online agreements to offline agreements.<sup>50</sup> Therefore, the only inquiry that a court typically undertakes in an online agreement dispute is whether sufficient notice of the terms was given.<sup>51</sup> For example, in *Specht v. Netscape*, the court held that where the consumers did not have sufficient notice of the terms of the online agreement, it was unenforceable.<sup>52</sup> However, where websites provide sufficient notice of terms (even where the agreement is entered into after a purchase or browsing session), these contracts will be held enforceable under the objective theory of contracting.<sup>53</sup> Instead of manifesting assent through some reasonable person’s actions, such as signing a paper document, courts have held that retaining a purchased product or one’s continued use of a website suffices as assent.<sup>54</sup> The same reasoning of efficiency and business efficacy is used by many courts to justify the extension of the objective theory to online agreements.

The enforceability of these online agreements allows website owners to insert terms that are unilaterally beneficial for the owners.<sup>55</sup> A

the duty to read.”); Juliet M. Moringiello, *Signals, Assent and Internet Contracting*, 57 RUTGERS L. REV. 1307, 1320 (2005).

47. Knapp, *supra* note 8, at 329.

48. KIM, *supra* note 8, at 41; Christina L. Kunz, et al., *Browse-Wrap Agreements: Validity of Implied Assent in Electronic Form Agreement*, 59 BUS. L. 279, 290 (2003).

49. See Moringiello, *supra* note 46, at 1320 (“Because the courts tend to see no factual difference between paper and electronic contracts, they tend to hold that whenever a paper form reasonably communicates its terms, the analogous electronic form communicates *its* terms.”).

50. *Id.*

51. KIM, *supra* note 8, at 43.

52. *Specht v. Netscape Commc’ns Corp.*, 306 F.3d 17, 29–30 (2d Cir. 2002).

53. KIM, *supra* note 8, at 43.

54. See, e.g., *Register.com, Inc. v. Verio, Inc.*, 356 F.3d 393, 402 (2d Cir. 2004); *supra* note 15; see also *ProCD, Inc. v. Zeidenberg*, 86 F.3d 1447, 1452 (7th Cir. 1996) (holding that the use of the software was sufficient to consent to the agreement and that the consumer could have simply returned the computer).

55. Michael L. Rustad & Thomas H. Koenig, *Wolves of the World Wide Web: Reforming Social Networks’ Contracting Parties*, 49 WAKE FOREST L. REV. 1431, 1450 (2014) (undertaking

number of scholars and commentators have differentiated online agreements from offline agreements by calling out the types of harmful terms that online agreements include.<sup>56</sup> Many of these agreements include a waiver of one's right to litigate any dispute with the website owner, as well as an agreement to submit to binding arbitration.<sup>57</sup> Other agreements include forum selection clauses, which require website users to submit to exclusive jurisdiction in areas far from their homes, disincentivizing users to bring lawsuits.<sup>58</sup> In addition, many online agreements now contain clauses related to intellectual property, such as trademarks, which will be explored next.

### *B. How Do Trademarks Enter into the Mix?*

More and more, websites are including intellectual property-related terms in online agreements with their site users. For example, a brief survey of the top fifty websites in the United States (as determined by Alexa) shows that all but four sites have some form of intellectual property-related term included in their online agreements.<sup>59</sup> This is understandable with respect to copyright, as many online websites are subject to the "notice and take down" provisions of the Digital Millennium Copyright Act ("DMCA"), which requires that Internet intermediaries respond to copyright violation notifications.<sup>60</sup> Due to this, many websites include clauses similar to eBay's regarding the requirement that users not infringe on others' copyrights, as well as how the website will respond to notifications of infringement: "We respond to notices of alleged copyright infringement under the United States

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an empirical study of social media sites and finding in part that social networks' online agreements are excessively one-sided).

56. See Preston & McCann, *supra* note 4, at 19–20 (finding onerous provisions in a survey of eight online service providers); Rustad & Koenig, *supra* note 55, at 1502 (finding that social media sites include provisions that violate EU regulations on fair contract provisions).

57. Rustad & Koenig, *supra* note 55, at 1467–68.

58. See, e.g., *CompuServe, Inc. v. Patterson*, 89 F.3d 1257, 1268 (6th Cir. 1996) (holding that the Texas-based defendant agreed to forum in Ohio, the plaintiff's place of business and acknowledging that "[i]t may be burdensome for Patterson to defend a suit in Ohio, but he knew when he entered into the Shareware Registration Agreement with CompuServe that he was making a connection with Ohio, and presumably he hoped that connection would work to his benefit").

59. See *Top Sites in United States*, ALEXA, <http://www.alexa.com/topsites/countries/US> (last visited Mar. 29, 2016) (survey results on file with author).

60. 17 U.S.C. § 512(i)(1)(2012) ("The limitations on liability established by this section shall apply to a service provider only if the service provider—(A) has adopted and reasonably implemented, and informs subscribers and account holders of the service provider's system or network of, a policy that provides for the termination in appropriate circumstances of subscribers and account holders of the service provider's system or network who are repeat infringers; and (B) accommodates and does not interfere with standard technical measures.").

Digital Millennium Copyright Act. eBay's Verified Rights Owner (VeRO) program works to ensure that listed items do not infringe upon the copyright, trademark or other intellectual property rights of third parties."<sup>61</sup>

With respect to other types of intellectual property, such as trademark rights, the inclusion is less understandable from a statutory perspective, as the DMCA does not apply to trademark law.<sup>62</sup> In addition, there is currently no counterpart to the "notice and take down" requirement of the DMCA in any other federal trademark statute. Notwithstanding this, forty-four out of the top fifty websites include some type of trademark-related provision.<sup>63</sup> Similar to the copyright-related provisions, the trademark-related provisions are concerned with infringements of others' trademark rights, as well as the website's rights. For example, Amazon's online agreement states: "Amazon's trademarks and trade dress may not be used in connection with any product or service that is not Amazon's, in any manner that is likely to cause confusion among customers, or in any manner that disparages or discredits Amazon."<sup>64</sup>

These clauses are more understandable, however, in a world where online agreements are generally held to be enforceable.<sup>65</sup> After all, trademarks are typically among the most valuable type of asset for online companies.<sup>66</sup> For example, the trademark "Google" has been valued at \$113 billion and is the company's most valuable asset.<sup>67</sup> Therefore, it is prudent for companies to take steps to protect their valuable assets, including by contract. Nonetheless, the problem with these clauses and their enforceability is that they may have an unintentional impact on other areas of the law, such as trademark law

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61. *eBay User Agreement*, EBAY (June 15, 2015), <http://pages.ebay.com/help/policies/user-agreement.html>.

62. H.R. REP. NO. 105-796, at 63 (1998) (Conf. Rep.) (explaining that the DMCA was enacted in order to implement the World Intellectual Property Organization Copyright Treaty and Performances and Phonograms Treaty).

63. *Supra* note 59 and accompanying text.

64. *Amazon TOS*, *supra* note 2.

65. Unconscionability, the one doctrine that could have an impact on the enforcement of online agreements has been rarely used to do so. Scholars have argued for the need to adjust the doctrine to better apply to the world of online contracting. See KIM, *supra* note 8, at 207–10 (arguing for a holistic view of unconscionability); Gibson, *supra* note 9, at 218–24 (arguing for a change in the doctrine).

66. See Leah Chan Grinvald, *Trademark Law and Theory: A Handbook of Contemporary Research*, 2 IP L. BOOK REV. 23, 23 (2011) (book review) (citing to half of Apple, Inc.'s valuation based on its trademark portfolio).

67. Eric Goldman, *Google Successfully Defends Its Most Valuable Asset in Court*, FORBES (Sept. 15, 2014, 12:11 PM), <http://www.forbes.com/sites/ericgoldman/2014/09/15/google-successfully-defends-its-most-valuable-asset-in-court/>.

and the doctrine concerning fame of a trademark. This is particularly the case where online companies attempt to obtain recognition of less well-known trademarks or non-dominant portions of their trademarks through online agreements.

## II. FAME AND TRADEMARK LAW

The rise in the importance of fame in trademark law began around the turn of the twentieth century, tracking the rise in the importance of trademarks more generally.<sup>68</sup> Whereas in the eighteenth and early nineteenth centuries, Americans mainly lived in rural areas, the mid to late nineteenth century witnessed an explosion in urban living, due in large part to the Industrial Revolution.<sup>69</sup> Business models were also altered, to keep up with changed living patterns. When Americans lived in rural areas, they shopped locally and relied on their local shopkeepers to provide quality and consistency guarantees of the wares they sold.<sup>70</sup> With Americans living in large, urban areas, the intimacy and trust in a local shopkeeper gave way to anonymous, large chain department stores.<sup>71</sup> This necessitated the rise in the importance of a trademark to signify quality and consistency.<sup>72</sup> Instead of a local shopkeeper to inform the consumer about the qualities of the product, the trademark and its related advertising did that in the late nineteenth and early twentieth centuries.<sup>73</sup>

By the early twentieth century, household brand names, like “Rolls Royce,” “Aunt Jemima,” and “Kodak,” had developed in the United

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68. See Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813, 825 (1927) (“The more distinctive or unique the mark, the deeper is its impress upon the public consciousness, and the greater its need for protection against vitiation or dissociation from the particular product in connection with which it has been used.”).

69. JAMES D. NORRIS, *ADVERTISING AND THE TRANSFORMATION OF AMERICAN SOCIETY: 1865–1920*, at 4–10 (1990) (providing table showing the growth of urban populations from 1870 to 1920); DANIEL POPE, *THE MAKING OF MODERN ADVERTISING* 34–35 (1983); PAMELA WALKER LAIRD, *ADVERTISING PROGRESS: AMERICAN BUSINESS AND THE RISE OF CONSUMER MARKETING* 31 (2001) (“The second stage of industrialization, approximately 1870–1900, with its surge of invention and increased productivity, coincided with a dramatic expansion of world trade and provided the context for new developments in the marketplace.”).

70. See Robert G. Bone, *Hunting Goodwill: A History of the Concept of Goodwill in Trademark Law*, 86 B.U. L. REV. 547, 575 (2006) (“In this world of local rural communities, goodwill tended to attach to individual persons or small shops.”).

71. LAIRD, *supra* note 69, at 26–27.

72. Bone, *supra* note 70, at 577–78.

73. See STUART EWEN, *CAPTAINS OF CONSCIOUSNESS: ADVERTISING AND THE SOCIAL ROOTS OF THE CONSUMER CULTURE* 46–48 (1976); ROLAND MARCHAND, *ADVERTISING THE AMERICAN DREAM: MAKING WAY FOR MODERNITY, 1920–1940*, at 10 (1983) (“To induce consumers to read advertising copy that was often long and argumentative, the advertiser-as-salesman was encouraged to use imagination and a ‘human-interest’ approach to appeal to their emotions.”).

States, but trademark law doctrine had not kept pace.<sup>74</sup> This meant that where “Borden’s” was used only for condensed milk, a competitor could use “Borden’s” for ice cream, as traditional doctrine limited trademark protection to identical product categories.<sup>75</sup> Frank Schechter, writing in the 1920s, railed against this in his now-famous article, *The Rational Basis of Trademark Protection*, which was a call to protect famous marks against unauthorized dilutive uses.<sup>76</sup> Courts and legislatures paid attention, and the mid to late twentieth century saw a rise in the attention paid to the fame of a trademark, also referred to as “trademark strength” or “acquired distinctiveness.”<sup>77</sup> The thinking developed that a strong or famous trademark deserved extra legal protection in either confusingly similar uses or in dilutive ones.<sup>78</sup>

### A. On the Importance of Being Famous

Fame is important in two areas of trademark law. The first is in straightforward trademark infringement cases, where the plaintiff seeks to enforce its rights in a trademark against a defendant who has allegedly been using either the same or a confusingly similar trademark.<sup>79</sup> In these types of cases, the infringement standard is the “likelihood of confusion,” and fame appears as one of the factors that judges need to consider in the multifactor analysis.<sup>80</sup> The second is in

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74. Schechter, *supra* note 68, at 813 (“[F]orward strides in trademark protection are being attained by appeals to ‘good conscience’ and ‘judicial sensibilities’ rather than to strictly legal principles derived from a critical analysis of the real tort involved.”).

75. *Borden Ice Cream Co. v. Borden’s Condensed Milk Co.*, 201 F. 510, 514 (7th Cir. 1912) (“The secondary meaning of a name, however, has no legal significance, unless the two persons make or deal in the same kind of goods. Clearly the appellants here could make gloves, or plows, or cutlery, under the name ‘Borden’ without infringing upon any property right of the old company. If that is true, they can make anything under the name ‘Borden’ which the appellee has not already made and offered to the public.”).

76. Schechter, *supra* note 68, at 825–33.

77. See Lisa Larrimore Ouellete, *The Google Shortcut to Trademark Law*, 102 CALIF. L. REV. 351, 359 (2014). Trademark strength is also used to refer to “inherent distinctiveness,” which is how unique a mark is from its inception. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 774 (1992). The spectrum of inherent distinctiveness ranges from generic, descriptive, suggestive, fanciful, to arbitrary. *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1976). A trademark that is strong because it is inherently distinctive is not automatically famous. I focus solely on the acquisition of fame in this Article and as mentioned earlier, I use the terms “fame” and “strength” interchangeably and to refer to acquired distinctiveness.

78. Leah Chan Grinvald, *Shaming Trademark Bullies*, 2011 WIS. L. REV. 627, 638.

79. *McLean v. Fleming*, 96 U.S. 245, 255 (1877) (“Where the similarity is sufficient to convey a false impression to the public mind, and is of a character to mislead and deceive the ordinary purchaser in the exercise of ordinary care and caution in such matters, it is sufficient to give the injured party a right to redress.”).

80. Each of the thirteen federal circuits has its own multifactor test for likelihood of confusion; however, each test includes a factor that examines the strength of the trademark at issue. See Beebe, *supra* note 16, at 1589 (“Common to all of the circuits’ tests are four factors:



dilution cases, where the plaintiff seeks to enjoin the use by the defendant of the plaintiff's trademark (either an identical use or one that is similar enough to give rise to an association) on noncompeting products.<sup>81</sup> Fame is the threshold element in dilution cases, as only famous trademarks are allowed to enjoy antidilution protection.<sup>82</sup>

### 1. Fame in Trademark Infringement Cases

The standard for trademark infringement is whether the defendant's use of the trademark at issue would likely be confused with the plaintiff's trademark.<sup>83</sup> In order to assess this "likelihood of confusion," judges utilize a multifactor test that varies among the federal circuits and can range from as little as six factors to as many as thirteen.<sup>84</sup> Although the tests differ from circuit to circuit, one of the factors that is consistently analyzed is the "strength" factor.<sup>85</sup> "Strength" is used to refer to both inherent distinctiveness and acquired distinctiveness.<sup>86</sup> Inherent distinctiveness is the type of trademark at hand, often placed on a spectrum of protectability, from generic and descriptive (obtaining no protection unless it has gained secondary meaning), to suggestive, arbitrary, or fanciful.<sup>87</sup> This type of strength is not the same as fame, as fame in trademark infringement cases is correlated to market strength.<sup>88</sup> Although courts are typically required

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the similarity of the marks, the proximity of the goods, evidence of actual confusion, and the strength of the plaintiff's mark.").

81. 15 U.S.C. § 1125(C) (2012).

82. *Id.* § 1125(c)(1) ("Subject to the principles of equity, the owner of a famous mark that is distinctive, inherently or through acquired distinctiveness, shall be entitled to an injunction against another person who, at any time after the owner's mark has become famous, commences use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury").

83. MCCARTHY, *supra* note 10, § 23:12 ("The test of infringement is the likelihood of confusion, not the proof of actual confusion.").

84. *See* GRAEME DINWOODIE & MARK JANIS, TRADEMARK & UNFAIR COMPETITION LAW 521–23 (4th ed. 2014) (providing chart of all thirteen circuits' likelihood of confusion multifactor tests).

85. Beebe, *supra* note 16, at 1589.

86. *See supra* note 77 (describing the concept of trademark strength).

87. Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4, 9 (2d Cir. 1976) ("The cases, and in some instances the Lanham Act, identify four different categories of terms with respect to trademark protection. Arrayed in an ascending order which roughly reflects their eligibility to trademark status and the degree of protection accorded, these classes are (1) generic, (2) descriptive, (3) suggestive, and (4) arbitrary or fanciful."); *see also* Wal-Mart Stores, Inc. v. Samara Bros. 529 U.S. 205, 210 (2000) ("[A] mark is inherently distinctive if '[its] intrinsic nature serves to identify a particular source.'" (citing Two Pesos, Inc. v. Taco Cabana Inc., 505 U.S. 763, 768 (1992))).

88. MCCARTHY, *supra* note 10, § 11:83 ("Many arbitrary and suggestive terms may be conceptually and inherently strong, but if they receive little publicity through only meager

to assess both forms of distinctiveness for the strength factor,<sup>89</sup> there is evidence to suggest that acquired distinctiveness, or fame, is more heavily weighted.<sup>90</sup>

In fact, Professor Barton Beebe's groundbreaking empirical analysis of the multifactor likelihood of confusion test shows that having a court determine that a trademark is strong in the marketplace can heavily influence the results of a case. Out of the 192 preliminary injunction and bench trials sampled for his study, Professor Beebe found that where the plaintiff lost the strength factor, the plaintiff would also lose the case, with the court finding no likelihood of confusion.<sup>91</sup> In addition, Professor Beebe found that in some cases, a finding of acquired strength could trump a finding of inherent weakness.<sup>92</sup> From these results, Professor Beebe concluded that federal district courts (at least in practice) have acknowledged that a mark's inherent strength is an element of that mark's marketplace strength.<sup>93</sup> Based on this, Professor Beebe advocates that courts should simply analyze the marketplace strength, or level of fame, when assessing the strength factor.<sup>94</sup>

Given the importance of the level of fame of a trademark in the likelihood of confusion multifactor test analysis, what does a famous mark give you? In a nutshell: strong trademark protection, which comes in two forms. The first is in the lowered burden on the part of the strong trademark holder to prove a likelihood of confusion. Where a plaintiff's trademark has acquired a good level of market strength, courts are more likely to presume a likelihood of confusion.<sup>95</sup> For example, in *Virgin Enterprises, Inc. v. Nawab*, although the Second Circuit went through all six of its likelihood of confusion factors, it gave

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advertising and feeble sales, they are relatively weak marks in the place where it counts: the marketplace.”).

89. *Brennan's, Inc. v. Brennan's Rest., L.L.C.*, 360 F.3d 125, 131 (2d Cir. 2004).

90. Beebe, *supra* note 16, at 1636 (“Though most appellate courts have not yet come around to acknowledging it, district courts appear in practice to have recognized that the mark's acquired or ‘actual strength’ in the marketplace logically incorporates the effects of the mark's inherent strength.”).

91. *Id.* at 1608 (explaining that out of the fifty-three cases where plaintiff lost the strength factor, plaintiff also lost the case in fifty of the cases).

92. *Id.* at 1636 (“[C]ourts found marks to be inherently weak but commercially strong in twenty-three of the opinions sampled. In twenty-two of these opinions, the court found that the strength factor favored confusion.”).

93. *Id.*

94. *Id.* (“Indeed, the results suggest that courts need not even consider inherent strength in their assessment of the strength factor, or that if they do, inherent strength should properly be understood as merely one factor . . .”).

95. MCCARTHY, *supra* note 10, § 11:73.

great weight to the fact that the plaintiff's "Virgin" trademark was well known among consumers.<sup>96</sup> As such, the court found a likelihood of confusion, even with evidence of which other courts are more skeptical (such as affidavits from former employees of defendants to prove actual confusion).<sup>97</sup>

The second boon a strong trademark obtains is the "larger cloak of protection."<sup>98</sup> This means that based on the level of marketplace strength, courts will allow a strong trademark to enjoin third-party uses in not only competing goods, but in other related and even unrelated markets, as well.<sup>99</sup> This is the case even where the plaintiff has not entered the related or unrelated market. For example, in *Elvis Presley Enterprises, Inc. v. Capece*, the Fifth Circuit found that the defendant's use of the mark "Velvet Elvis" as a restaurant and bar name was likely to be confused with "Elvis" for entertainment services.<sup>100</sup> The court concluded that due to the fame of the mark, "Elvis," consumers would likely confuse the two, even though the plaintiff did not operate a restaurant (it only offered food at the Elvis Presley museum).<sup>101</sup>

These two forms of expanded protection provide a famous trademark with wide-ranging powers to exclude almost all uses of third-party marks that may be confusingly similar to it. Perhaps due in part to this, the United States has witnessed an explosion of trademark litigation in the past few decades, as well as a rise in abusive threats of trademark litigation. Trademark holders are under the misapprehension that every third-party use of a trademark must be stopped, or else their trademarks will not be considered strong. Unfortunately, the courts have had a hand in this, as one of the factors in determining whether a mark is

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96. *Virgin Enters., Inc. v. Nawab*, 335 F.3d 141, 149 (2003) ("The mark had been employed with world-wide recognition as the mark of an airline and as the mark for megastores selling music recordings and consumer electronic equipment. The fame of the mark increased the likelihood that consumers seeing defendants' shops selling telephones under the mark VIRGIN would assume incorrectly that defendants' shops were a part of plaintiff's organization.").

97. "Plaintiff submitted to the district court an affidavit of a former employee of defendant Cel-Net, who worked at a mall kiosk branded as Virgin Wireless, which stated that individuals used to ask him if the kiosk was affiliated with plaintiff's VIRGIN stores." *Id.* at 151.

98. *R.J. Reynolds Tobacco Co. v. R. Seelig & Hille*, 201 U.S.P.Q. (BNA) 856, 860 (T.T.A.B. 1978) ("[T]he law today rewards a famous or well-known mark with a larger cloak of protection than in the case of a lesser known mark because of the tendency of the consuming public to associate a relatively unknown mark with one to which they have long been exposed if the mark bears any resemblance thereto.").

99. MCCARTHY, *supra* note 10, § 11:73; *see also* Mark A. Lemley & Mark McKenna, *Irrelevant Confusion*, 62 STAN. L. REV. 413, 418–19 (2010) (discussing example cases).

100. *Elvis Presley Enters., Inc. v. Capece*, 141 F.3d 188, 203 (5th Cir. 1998).

101. *Id.* ("The pervasiveness of EPE's marks across the spectrum of products and the success and proliferation of entertainment and music-themed restaurants like Planet Hollywood and Hard Rock Café—which Capece testified inspired their parody—support a likelihood of confusion.").

strong in the marketplace is examining the number of other uses of the mark. For example, where the mark “Domino” was used for a variety of different products, not just sugar, the trademark holder of “Domino” for sugar was unable to enjoin the defendant from using the same mark for pizza delivery services.<sup>102</sup> In addition, there is difficulty in proving marketplace strength, as the factors that courts use to assess strength in the marketplace are wide-ranging and not given uniform weight, which will be discussed further in Section B, *infra*. As I will argue in Part III, this can lead to a use of contracts in an attempt to bolster an argument of fame, particularly where an entity desires to obtain dilution protection, which will be discussed next.

## 2. Fame in Dilution Cases

Unlike a case of trademark infringement, a case of dilution does not require a plaintiff to prove a likelihood of confusion.<sup>103</sup> Rather, a plaintiff must prove a likelihood of dilution; but before a plaintiff can make its case of dilution, it must prove that its mark is famous.<sup>104</sup> “Fame” under dilution law is slightly different from fame, or trademark strength, in trademark infringement law. Professor Thomas McCarthy has likened fame under dilution as an “on/off switch.”<sup>105</sup> A trademark is either famous for purposes of dilution, or it is not. Further, unlike fame in trademark infringement law, federal dilution law has a statutory definition of a famous trademark: “[A] mark is famous if it is widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark’s owner.”<sup>106</sup> In addition, there are four statutory factors for a court to use in order to assess fame: (1) the length of time and breadth of advertising of the trademark (either by the trademark holder or others); (2) the sales of the trademarked product; (3) whether the mark has actual fame and to what extent; and (4) whether the mark is registered.<sup>107</sup>

If a markholder can prove that its trademark is famous, the benefits of dilution are wide ranging. Dilution provides the markholder with the ability to enjoin uses of other trademarks that may dilute the famous mark either through blurring or tarnishment.<sup>108</sup> Many scholars have

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102. *Amstar Corp. v. Domino’s Pizza, Inc.*, 615 F.2d 252, 260 (5th Cir. 1980) (“The third-party uses and registrations discussed above merely limit the protection to be accorded plaintiff’s mark outside the uses to which plaintiff has already put its mark.”).

103. 15 U.S.C. § 1125(c)(1) (2012) (providing for a “likely to cause dilution” standard).

104. *Id.*

105. *Id.* § 1125(c)(2)(A).

106. *Id.*

107. *Id.*

108. *Id.* § 1125(c)(1).

bemoaned these benefits as over-expansive and have called these developments in trademark law the “proportization” of trademarks.<sup>109</sup> This means that trademarks have become a thing unto themselves to protect, rather than just the reputation of the trademark. Perhaps due in part to this, fame for purposes of dilution is supposed to be an extremely hard thing to prove in court or in U.S. Patent and Trademark Office proceedings.<sup>110</sup> This is particularly the case since Congress amended the federal dilution law in 2006, and statutorily mandated that fame was based on a nationwide standard, not simply based on regional or niche fame.<sup>111</sup> As the Federal Circuit has opined, “[i]t is well-established that dilution fame is difficult to prove.”<sup>112</sup>

### B. On the Difficulty of Proving Fame

Fame is difficult to prove in two aspects. The first aspect is that courts place fame at a premium, requiring compelling evidence to prove fame, as the Federal Circuit indicated in the quote above. The second aspect is that good, direct evidence of fame is hard to come by. The reason for this is that direct evidence would typically come in the form of consumer testimony—whether consumers themselves view the mark as one that is famous.<sup>113</sup> Because a mark’s fame is based on the breadth and reach of the mark’s recognition, one can imagine that quite a number of consumers would have to testify in order to have such evidence be probative. As it is highly unlikely that any trademark holder would be able to afford this type of testimony, a shortcut for this has been the consumer survey.<sup>114</sup> With a consumer survey, consumer

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109. See Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 YALE L.J. 1687, 1693–94 (1998–99). See generally Glynn S. Lunney, *Trademark Monopolies*, 48 EMORY L.J. 367 (1999); Dev S. Gangjee, *Property in Brands*, in CONCEPTS OF PROPERTY IN INTELLECTUAL PROPERTY LAW 29 (Helena Howe & Jonathan Griffiths eds., 2013) (discussing the proportization trend in Europe more broadly, not just with respect to dilution).

110. Barton Beebe, *A Defense of the New Federal Trademark Antidilution Law*, 16 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 1143, 1158 n.86 (2006) (“The [new federal trademark antidilution law] is simply not intended to protect trademarks whose fame is at all in doubt.”); see also MCCARTHY, *supra* note 10, § 24:104.

111. MCCARTHY, *supra* note 10, § 24:105 (“One of the purposes of the 2006 [Trademark Dilution Revision Act] statutory revisions was to prevent courts from labeling a mark as ‘famous’ because it was well-known only in a local geographical territory or in a local product or service line.”).

112. *Coach Servs., Inc. v. Triumph Learning LLC*, 668 F.3d 1356, 1373 (Fed. Cir. 2012) (holding that the mark “COACH” for luxury handbags was not famous for dilution purposes).

113. Greene & Wilkerson, *supra* note 11, at 537 (“[W]hat matters most is how consumers in the marketplace react to the mark.”).

114. Graeme W. Austin, *Tolerating Confusion About Confusion: Trademark Policies and Fair Use*, 50 ARIZ. L. REV. 157, 169 (2008) (“Sometimes, courts do find out about the mental impressions of real people—through consumer surveys and the like.”); see also MCCARTHY, *supra* note 10, § 11:83 (“Determining the strength of any mark requires weighing either or both

psychologists devise questions and sampling methods in order to extrapolate the percentage of consumers that recognize the trademark (and perhaps to what extent).<sup>115</sup> The problem with this method is that surveys are often flawed and judges (as well as opposing counsel) are able to find holes and problems with many surveys such that they are not always probative evidence.<sup>116</sup>

With direct evidence of fame being so difficult to obtain, courts often rely on a variety of different factors and evidence in order to circumstantially assess the acquired strength or fame of a particular mark.<sup>117</sup> Where a court is assessing the strength of a mark under a confusion analysis, the factors it uses are not mandated by statute. Rather, these factors are the same used to analyze whether a descriptive mark has acquired sufficient distinctiveness to be considered a trademark, or what is termed as “secondary meaning.”<sup>118</sup> The idea behind secondary meaning is that consumers can come to recognize certain trademarks through activities undertaken by the trademark holder, including sales of products, advertising, and the extent and nature of the trademark use.<sup>119</sup> Although the term secondary meaning was traditionally used to refer to the threshold of distinctiveness that a descriptive term needed to have in order to become a trademark, the term is often used interchangeably with “acquired distinctiveness.” In turn, “acquired distinctiveness” is used interchangeably with the terms trademark strength or fame.

In essence, the strength of a trademark for purposes of the likelihood of confusion analysis is on a spectrum from weak to very strong.<sup>120</sup> As

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circumstantial evidence of advertising and promotion and direct evidence of consumer recognition, such as by a survey.”)

115. See Irina D. Manta, *In Search of Validity: A New Model for the Content and Procedural Treatment of Trademark Infringement Surveys*, 24 CARDOZO ARTS & ENT. L.J. 1027, 1036–37 (2007–08) (discussing surveys in the context of measuring likelihood of confusion).

116. See, e.g., *Zatarains, Inc. v. Oak Grove Smokehouse, Inc.*, 698 F.2d 786, 797 (5th Cir. 1983), *abrogated by* *KP Permanent Make-Up, Inc. v. Lasting Impression, Inc.*, 543 U.S. 111 (2004) (“This survey provides us with nothing more than some data regarding fish friers’ perceptions about products used for frying chicken. As such, it is entitled to little evidentiary weight.”).

117. MCCARTHY, *supra* note 10, § 11:83.

118. See *Apple, Inc. v. Samsung Elec. Co.*, 920 F. Supp. 2d 1079, 1097 (N.D. Cal. 2013), *aff’d in part, rev’d in part*, 786 F.3d 983 (Fed. Cir. 2015) (“Although secondary meaning and fame are different issues, here they rise and fall on largely the same evidence.”); see also Greene & Wilkerson, *supra* note 11, at 555 (“We argue that the evidence relevant to those two inquiries—acquired strength and secondary meaning—is not just similar but in fact identical.”).

119. *Zatarains*, 698 F.2d at 795 (“Factors such as amount and manner of advertising, volume of sales, and length and manner of use may serve as circumstantial evidence relevant to the issue of secondary meaning.”).

120. MCCARTHY, *supra* note 10, § 11:75 (providing the “Strength Thermometer”).

mentioned above, however, where a court is assessing the fame of a mark under a dilution analysis, the factors are statutorily mandated, although some bear resemblance to those discussed under secondary meaning.<sup>121</sup>

While these activities appear easy to document for trademark holders, some courts scrutinize evidence that is provided to prove acquired distinctiveness. The courts parse through these factors in order to ascertain whether, and to what extent, consumers have “establish[ed] the necessary link in the minds of consumers between a product and its source.”<sup>122</sup> Recent cases where trademarks were not found famous provide evidence that courts are strictly scrutinizing evidence brought by trademark holders. For example, in the *Apple, Inc. v. Amazon.com, Inc.* dispute over the term “App Store,” the court found that even though Apple had produced substantial amounts of evidence to attempt to prove its mark was famous, it was not enough.<sup>123</sup> The court stated, “[t]he mark does appear to enjoy widespread recognition, but it is not clear from the evidence whether it is recognition as a trademark or recognition as a descriptive term.”<sup>124</sup> Perhaps due in part to this, online companies are looking to new avenues, such as online agreements and consumer behavior, as a way to bolster evidence of strength or fame.

### III. CONTRACTING TRADEMARK FAME?

As discussed above, courts are typically required to use proxies in order to assess the real strength or fame of a trademark in consumers’ eyes. These proxies include a number of different factors, such as sales, advertising dollars spent, and the length and breadth of trademark use.<sup>125</sup> The problem with these factors (particularly if the trademark use is more recent) is that they do not always shed light on the connection between the consumer and the trademark.<sup>126</sup> Combined with the fact that strength or fame is supposed to be a high hurdle to cross, it appears that more recently, courts have been amenable to utilizing other types of evidence, such as the number of website users or smartphone and tablet

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121. Compare 15 U.S.C. § 1125(c)(2)(A) (2012), with *Zatarains*, 698 F.2d at 795 (illustrating that while the statute allows for consideration of all relevant factors, case law makes clear that no one factor is determinative, and that other circumstantial evidence may be considered as well).

122. *Id.*

123. *Apple, Inc. v. Amazon.com Inc.*, No. C 11-1327 PJH, 2011 WL 2638191, at \*11 (N.D. Cal. July 6, 2011).

124. *Id.*

125. *Zatarains*, 698 F.2d at 795.

126. Robert G. Bone, *Taking the Confusion Out of “Likelihood of Confusion”: Toward a More Sensible Approach to Trademark Infringement*, 106 NW. U. L. REV. 1307, 1343 (2012) (“The problem is that mark strength has no obvious relationship to likely confusion.”).

application downloads, as ways to prove strength or fame through commercial success.<sup>127</sup>

This is generally a positive development as it fits in with my suggestion to adopt an interactive theory of consumer recognition, which will be discussed further in Part IV. Nonetheless, this development can be problematic where a plaintiff argues that non-dominant trademarks or portions of their trademarks are separately famous, simply based on the number of users they have or downloads they receive.<sup>128</sup> Part of the premise on which this argument may implicitly rely is that these users have agreed to acknowledge the plaintiff's trademarks through the online agreement they entered into when they first signed up.<sup>129</sup> For example, in Facebook's enforcement efforts at the U.S. Patent and Trademark Office, the company has argued that "FBook" and "Book" are separately famous trademarks based in part on having over one billion users.<sup>130</sup> While this argument has traction with respect to the dominant trademark "Facebook," it has much less traction with respect to the individual portions of the dominant mark, or even abbreviations that are not used on the website. In this Part, I will explore further these recent developments, and then turn to my arguments against the potential extension of the objective theory of contract law to trademark law.

### A. Recent Developments

The use of contracts to restrict third-party uses of one's trademarks, or even to acquire recognition of one's marks, is not a new development. Traditionally, these types of clauses are included in licensing situations, such as where a franchisor has licensed its trademarks to a franchisee,<sup>131</sup> or where a manufacturer contracts with

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127. See, e.g., *Treemo, Inc. v. Flipboard, Inc.*, 53 F. Supp. 3d 1342, 1355 (W.D. Wash. 2014) (using Flipboard's app downloads as evidence of trademark strength). In addition, some scholars have argued for more technologically savvy ways to test for consumer recognition of trademarks, such as the search hierarchy on Google; see also Ouellete, *supra* note 77, at 357.

128. See *supra* note 13 (discussing Facebook's arguments in U.S. Patent and Trademark Office oppositions).

129. In addition, it appears to be the basis for which some companies discontinue the alleged infringer's account, such as when Facebook threatened to discontinue Lamebook's account on Facebook. See Mandour & Associates, *Lamebook to Keep Name After Trademark Dispute with Facebook*, INTELL. PROP. NEWS.COM (Aug. 29, 2011), <http://www.intellectualpropertynews.com/trademark-news/lamebook-to-keep-name-in-trademark-dispute-with-facebook/>.

130. See *supra* note 13 and accompanying text.

131. See, e.g., *Dunkin Donuts Franchising LLC v. Claudia III, LLC*, No. 14-2293, 2015 WL 4243534, at \*1 (E.D. Pa. July 14, 2015) ("Plaintiffs and Defendants entered into a Franchise Agreement in 2009. Pursuant to this contract, Plaintiffs granted Defendants a license to use Plaintiffs' trademarks and trade dress and permitted Defendants to receive other forms of logistical and marketing support from Plaintiffs.").



distribution partners. These agreements typically include trademark licensing provisions (or incorporate separate license agreements) and disputes may arise as to the scope of the use of the licensed marks, particularly after termination of the agreement.<sup>132</sup>

With the proliferation of online agreements, it is not surprising that these types of provisions or possible uses of contractual provisions in offline agreements are making their way into online ones.<sup>133</sup> As I mentioned briefly above in Part I.B, forty-four out of fifty of the top U.S. websites I surveyed have some sort of trademark-related provision in their online agreements.<sup>134</sup> These can be broken down into three different categories: (1) the specific listing of marks; (2) the “catch all” provision; and (3) the catch all with branding guidelines. Although I break these clauses into three different categories, a number of the online agreements combine one or more of these categories.<sup>135</sup>

Here are some examples of these provisions in order to ground the discussion. First, the specific listing of marks can be found in the Amazon online agreement (called “Conditions of Use”) where the trademark-related provision states: “Click here to see a non-exhaustive list of Amazon trademarks. In addition, graphics, logos, page headers, button icons, scripts, and service names included in or made available through any Amazon Service are trademarks or trade dress of Amazon in the U.S. and other countries.”<sup>136</sup> Clicking on the link brings you to

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132. See, e.g., *id.* (“Shortly after terminating the Franchise Agreement, Plaintiffs filed this lawsuit. The lawsuit alleges Defendants breached the Franchise Agreement and continued to operate their store and use Plaintiff’s intellectual property without a license to do so, in violation of federal trademark and unfair competition law.”); *Coldwell Banker Real Estate, LLC v. DC Prop. & Loans, Inc.*, No. C 13-4732 SBA, 2014 WL 5474584, at \*3 (N.D. Cal. Oct. 27, 2014). In *Coldwell Banker* the franchise agreement between plaintiff and defendant stated:

Paragraph 14.3 of the Franchise Agreement, entitled “Discontinuance of the Franchised Business” sets forth Defendants’ obligations in the event of termination of the Franchise Agreement, including: (1) not directly or indirectly at any time or in any manner identifying themselves or their business as a current or former franchise of Coldwell Banker; (2) not using any of the Coldwell Banker® Marks or any imitation thereof; (3) canceling fictitious name registrations related to Defendants’ use of the COLDWELL BANKER® Marks; (4) giving written notice to the telephone company and all telephone directory publishers of the termination of Defendants’ right to use the COLDWELL BANKER® Marks in connection with any telephone number or listing; and (5) immediately discontinuing use, for any purpose, of all signs, advertising materials, and other materials or supplies which display or include the COLDWELL BANKER® Marks.

*Coldwell Banker Real Estate, LLC*, 2014 WL 5474584, at \*3.

133. Kim, *supra* note 9, at 275 (discussing the cyclical nature of online-offline agreements).

134. See *Top Sites in United States*, *supra* note 59.

135. See, e.g., *Apple Website Terms of Use*, APPLE, <http://www.apple.com/legal/internet-services/terms/site.html> (last updated Nov. 20, 2009).

136. *Amazon TOS*, *supra* note 2.

another webpage where Amazon lists approximately 462 trademarks that it claims ownership over.<sup>137</sup> Second, the “catch all” provision refers to the use of the online company to claim everything and anything on their website as a trademark (or trade dress), such as Twitter’s “Terms of Service” clause: “Nothing in the Terms gives you a right to use the Twitter name or any of the Twitter trademarks, logos, domain names, and other distinctive brand features.”<sup>138</sup> And finally, the catch all provision plus brand guidelines includes a broad statement of trademark rights, as well as provides a link to do’s and don’ts of the company’s trademarks. An example of this third category of trademark provisions can be found in Tumblr’s “Terms of Service,” which state: “Any use of Tumblr’s trademarks, branding, logos, and other such assets in connection with the Services shall use Tumblr’s approved branding and shall be in accordance with the Tumblr Trademark Guidelines.”<sup>139</sup> Clicking on the Tumblr “Trademark Guidelines” takes you to another webpage that provides the ability to download specific marks, such as the “t” icon, as well as rules for the downloader to abide by.<sup>140</sup>

It is unclear what is primarily motivating the inclusion of these provisions into online agreements. One possible reason could be that it is simply rational for a company’s lawyer to include these provisions into the online agreement because there are no negative legal consequences for doing so, or that they are similar to clauses that appear in offline agreements.<sup>141</sup> In fact, because trademarks are such valuable intellectual property rights, it could be that not including these trademark-related provisions would be considered negligent. With respect to category one, the specific listing of trademarks, as well as category three, the catch all plus brand guidelines, it could also be that companies are attempting to put the world on notice that they are claiming rights to certain marks, similar to the way a trademark marking (“TM” or “®”) puts the world on notice of rights.<sup>142</sup>

If these were the only possible reasons behind the inclusion of these provisions, they would not necessarily be problematic. Yet, based on

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137. *Id.*

138. *Twitter Terms of Service*, TWITTER, <https://twitter.com/tos?lang=en> (last updated Jan. 27, 2016).

139. *Terms of Service*, TUMBLR, <https://www.tumblr.com/policy/en/terms-of-service> (last updated Jan. 27, 2014).

140. *Using the Logo*, TUMBLR, <https://www.tumblr.com/logo> (last visited Mar. 29, 2016).

141. *See supra* notes 131 & 132.

142. 15 U.S.C. § 1111 (2012); U.S. PATENT & TRADEMARK OFFICE, TRADEMARK MANUAL OF EXAMINING PROCEDURE 906 (2015), <https://mpep.uspto.gov/RDMS/TMEP/current#/current/TMEP-900d1e1285.html> (“Federal Registration Notice”).

the types of trademarks included in the category one provisions and the legal arguments that some trademark holders are making in trademark opposition proceedings at the U.S. Patent and Trademark Office, there seems to be a problematic reason for including these provisions into online agreements. First, some mark holders are claiming not only dominant marks, but also non-dominant marks that appear on the holders' websites. An example of this is Amazon's claimed mark for "A to Z."<sup>143</sup> Second, some trademark holders are arguing that portions of their dominant marks are famous based on the number of website users they have. As mentioned above, an example of this is Facebook's argument that "Fbook" and "Book" are separately famous marks based in part on their number of users.<sup>144</sup> Therefore, it would appear that some trademark holders are including these provisions in order to implicitly underscore their arguments of trademark fame for non-dominant trademarks or separate portions of their dominant marks.

Perhaps more problematic is that there are hints that courts (including the Trademark Trial and Appellate Board) are accepting these arguments and perhaps are even finding them persuasive. In the past year or so, there have been cases that provide support for this trend. One recent case utilized a license agreement with a well-known entity to prove the validity and strength of its trademark. In the *House of Bryant Publications, LLC v. City of Lake City, Tennessee*, the plaintiff was able to convince the court (at a preliminary injunction stage) that its trademark ("ROCKY TOP") was valid, as well as strong or famous for purposes of a likelihood of confusion analysis due to its license agreement with the University of Tennessee.<sup>145</sup> The court accepted the plaintiff's arguments that the University of Tennessee was a well-known entity, such that the House of Bryant trademarks would be as well.<sup>146</sup> A second recent case from the Middle District of Florida, *Meth Lab Cleanup, LLC v. Spaulding Decon*, utilized a settlement agreement that had been previously entered into between the parties whereby the defendant had agreed to acknowledge the validity of the plaintiff's arguably generic trademark.<sup>147</sup> Although the court did not explicitly

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143. *Amazon TOS*, *supra* note 2.

144. *See supra* note 13.

145. *House of Bryant Publ'ns, LLC v. Lake City, Tenn.*, No. 3:14-CV-93-TAV-HBG, 2014 WL 5449672, at \*8 (E.D. Tenn. Oct. 22, 2014) ("Plaintiff argues that its 'ROCKY TOP' marks are famous, as the phrase is 'an immediately recognizable and highly distinctive trademark most strongly associated with Plaintiff's primary licensee, the University of Tennessee' . . . . The Court finds these points persuasive at this juncture to suggest that [P]laintiff's marks are strong." (citation omitted)).

146. *Id.*

147. *Meth Lab Cleanup, LLC v. Spaulding Decon*, No. 8:14-cv-3129-T-30TBM, 2015 WL

state this, implicit in the court's finding that the defendant could not challenge the validity of the plaintiff's mark was an adoption of the objective theory of contracting: even if the defendant never read the agreement, he did manifest an objective intention to enter into it, and therefore should be bound by it.<sup>148</sup>

There is some evidence that courts may be delineating between contracts as evidence (like the *House of Bryant* and *Meth Clean Up Labs* cases were doing) and user numbers. For example, in a recent case from the Western District of Washington, *Treemo, Inc. v. Flipboard, Inc.*, the court found probative the evidence submitted by Flipboard that its marks, "F" and "Flipboard," were strong due in part to its user numbers and monthly downloads.<sup>149</sup> The court stated that: "Evidence adduced at trial overwhelmingly establishes that the FLIPBOARD marks are commercially strong. Over 130 million people have used the Flipboard app, and 200,000 to 300,000 new users are added every day."<sup>150</sup> In addition, this case does provide evidence that courts are more amenable to accepting newer forms of technological evidence to provide support for strength or fame. This is also mirrored in decisions from the U.S. Patent and Trademark Office and the Trademark Trial and Appeal Board.<sup>151</sup>

Notwithstanding the *Flipboard* case, the cases involving offline agreements and the arguments being made in trademark opposition proceedings do provide cause for concern. Particularly with respect to federal district court cases, where judges are fond of using contracts as evidence, perhaps due in part to their seeming objectivity and the strong trend toward upholding the freedom to contract in the United States.<sup>152</sup> In addition, courts have very infrequently distinguished between offline and online agreements.<sup>153</sup> In fact, since the earliest cases, courts have analogized between offline and online agreements and have upheld the enforceability of online agreements based on the similar requirements of offline agreements.<sup>154</sup> For example, in the earliest case of

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4496193, at \*1 (M.D. Fla. July 23, 2015).

148. *Id.* at \*8.

149. *Treemo, Inc. v. Flipboard, Inc.*, 53 F. Supp. 3d 1342, 1355 (W.D. Wash. 2014).

150. *Id.*

151. *See* Ouellete, *supra* note 77, at 399 ("[A]lthough courts have been reluctant to rely on search results, the TTAB is considering such evidence more frequently, although this acceptance is not uniform.").

152. *Jones v. U-Haul Co. of Mass. & Ohio Inc.*, 16 F. Supp. 3d 922, 942 (S.D. Ohio 2014) ("Ohio courts hold the 'concept of freedom of contract to be fundamental to our society.'" (quoting *Royal Indem. Co. v. Baker Protective Serv., Inc.*, 515 N.E.2d 5, 7 (Ohio Ct. App. 1986))).

153. *Moringiello, supra* note 46, at 1320.

154. *Id.*

browsewraps, the Second Circuit in *Specht v. Netscape* found that the online agreement was invalid due to a lack of notice of the contract terms.<sup>155</sup> However, where all the requirements of offline agreements are met, courts routinely uphold all types of online agreements.<sup>156</sup> All of this leads to the very real possibility that when confronted with online agreements to bolster proof of trademark strength or fame, courts will be amenable to accepting such evidence. In so doing, courts will be implicitly importing the objective theory of contracting into trademark law. As I will argue in the next Section, this would be extremely problematic for at least two reasons.

*B. Normative Arguments Against Importing the Objective Theory of Contracting into Trademark Law*

There are at least two normative arguments to be made against importing the objective theory of contracting into trademark law. The first is a theoretical disconnect between the two disciplines, and the second is that such an adoption would lower the burden of proof for trademark fame. Lowering the burden of proof comes with consequences, such as fostering an anticompetitive business environment. I will discuss these two arguments in turn.

1. Theoretical Disconnect

Contract law and trademark law are connected areas of the law. After all, trademarks are vehicles through which products are sold and contracts are the mode of transportation. Without contract law, trademarks would not be as valuable as they are today because many businesses may not have flourished without the certainty of contracting.<sup>157</sup> Therefore, it may seem natural that contract theory may be equally applicable to trademark law. While this may be true with respect to other contract theories, with respect to the objective theory of contracting and trademark law's fame doctrine, this is not the case. In fact, there is a serious theoretical disconnect between the objective theory and the realist theory that underlies the fame doctrine.

The theoretical premises upon which the objective theory of contracting is based are efficiency and business efficacy. As I discussed

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155. *Specht, et al. v. Netscape Commc'ns Corp.*, 306 F.3d 17, 29–30 (2d Cir. 2002).

156. KIM, *supra* note 8, at 43.

157. *See supra* note 43 and accompanying text. An example of this is the Singer sewing machine, which was one of the success stories of the standard-form contract. The Singer sewing machine and its trademark became so popular that in 1896, the trademark was declared generic by the U.S. Supreme Court. *See Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169, 203 (1896) (“[T]he word ‘Singer,’ as we have seen, had become public property, and the defendant had a right to use it.”).

in Part I.A above, the objective theory of contracting was adopted to stabilize the certainty of contract enforcement. Under the objective theory, outward manifestations of assent to an agreement (a handshake, signature, etc.) were sufficient to bind the parties to their contract, even if they subjectively had different meanings or expectations. While courts developed interpretative doctrines and defenses to resolve disputes, the objective theory had the desired effect of fostering a stable contracting environment. Instead of contract dissolution in the event of two different subjective meanings, courts would look at interpretative doctrines and maxims such as “contra proferentum” (construing a written document’s ambiguity against the drafter).<sup>158</sup>

Although the objective theory of contracting is good for business, it is in essence a legal fiction. One of the downsides to a purely objective approach is that parties may be deemed to be bound to a contract neither of the parties intended.<sup>159</sup> With the objective theory of contracting, however, the burden is placed on the parties to ensure that they understand the terms of the contract (including the other party’s meaning of the terms) before manifesting an outward sign of assent. Aside from some limited exceptions, this burden is maintained in all contracting situations, even where assenting parties do not receive contractual terms until after they have accepted them, or when the terms are too complicated or long to be understood by an average reader.<sup>160</sup>

By contrast, I argue that legal realism and subjectivity are the theoretical premises upon which trademark law’s doctrine of fame (ranging from the spectrum of secondary meaning, strong to famous) is based. Rather than adopting legal fictions for the sake of efficiency, the search for a mark’s fame is grounded in factual context. As I discussed in Part II, the analysis of a mark’s acquired distinctiveness is one grounded in the reality of consumer perception.<sup>161</sup> The goal of an acquired distinctiveness analysis is to figure out how consumers really perceive the mark at issue. This is an inherently subjective inquiry into the minds of the consumers and is reflected in how judges and courts approach the analysis. Judges claim to put themselves in the shoes of the consumer, even where consumers are young children or women and

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158. See *Miller v. Monumental Life Ins. Co.*, 502 F.3d 1245, 1253 (10th Cir. 2007) (“Contra proferentem construes all ambiguities against the drafter.”).

159. KNAPP, CRYSTAL & PRINCE, *supra* note 25, at 375 (“This objective approach, however, led to the striking conclusion that contractual language could be given a meaning that *neither* of the parties intended.”).

160. See Rustad & Koenig, *supra* note 55, at 1447.

161. See *supra* note 113.

the judge is a male.<sup>162</sup> Further, judges claim to speak for consumers in deciding what would be important to them or not. For example, in *Dastar Corp. v. Twentieth Century Fox Film Corp.*, Justice Scalia purported to speak for consumers: “The consumer who buys a branded product does not automatically assume that the brand-name company is the same entity that came up with the idea for the product, or designed the product—and typically does not care whether it is.”<sup>163</sup>

Unfortunately, as explained above in Part II, obtaining direct evidence of consumers’ subjective perceptions of trademarks is difficult. Due to this, courts have developed proxies for attempting to pierce the consumer mind—these proxies are all grounded in context, which is the hallmark of legal realism.<sup>164</sup> Assumptions are made about these proxies and their impact on consumers; for example, where a trademark has been in use over a wide geographical territory, along with a progression in sales and money spent on advertising, the assumption is that consumers will have come to recognize the trademark (and perhaps even have a high recognition).<sup>165</sup> These assumptions, however, are an attempt to ground the inquiry in reality.

Therefore, courts are conducting an analysis under trademark law that is completely the opposite of contract law. Yet, if the objective theory of contracting were imported into trademark law for the purposes of determining a mark’s acquired distinctiveness, we would be replacing the long-standing goal of legal reality for one steeped in fiction. By presuming that consumers recognize trademarks that they have never encountered, but are listed on a click-through webpage from an online agreement, the resulting effect would be theoretical dissonance. This would cause an inconsistency between the fame doctrine and other trademark doctrines, such as functionality or even confusion. In addition, flowing from such an importation of the objective theory would be an undesired consequence of lowering the burden of proof of fame, which will be discussed next.

## 2. Lowering the Burden of Proof for Fame

Currently, the burden of proof for fame is set at a high bar.<sup>166</sup> The rationale behind this is fairly straightforward. At each stage of the trademark fame spectrum, a trademark increasingly gains a larger scope

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162. See Ann Bartow, *Likelihood of Confusion*, 41 SAN DIEGO L. REV. 721, 779–88 (2004).

163. *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 32 (2003).

164. KNAPP, CRYSTAL & PRINCE, *supra* note 25, at 12–13.

165. *Genesee Brewing Co. v. Stroh Brewing Co.*, 124 F.3d 137, 143 n.4 (2d Cir. 1997) (quoting *Centaur Commc’ns v. A/S/M Commc’ns*, 830 F.2d 1217, 1222 (2d Cir. 1987)).

166. See *supra* Part II.B.

of rights and a greater ability to exclude others from using such mark. Starting from the birth of a mark, anything under the sun, including common everyday words, can be considered a trademark if it is considered distinctive.<sup>167</sup> Being granted a trademark for a common word or design means that the mark holder has the ability to exclude others from using such mark, depending on the level of fame. Simply acquiring distinctiveness limits the scope of exclusivity to the same category of products as the mark—for example, a trademark used for a magazine could not enjoin the use of the same trademark for women’s clothing or food.<sup>168</sup> However, the scope expands further in the life of the trademark. If a mark is considered commercially strong, the trademark holder will be able to exclude others from using the same or similar marks on related products. Thus, a trademark used for women’s clothing could enjoin uses in other product categories, such as personal care.<sup>169</sup> Finally, at the end of the spectrum, a famous mark’s scope of exclusivity is almost limitless. It makes sense, therefore, to set the burden of proof at a fairly high level, as a holder of a famous trademark is able to control almost all unauthorized uses of its mark. For example, Louis Vuitton, with its famous “toile” monogram was able to enjoin Hyundai from using a one-second clip of a basketball with a similar design in one of its car commercials.<sup>170</sup>

If the objective theory of contracting were imported into trademark law, the current high bar for proof of fame would be lowered for some large entities. The ability to prove fame through the use of online agreements would mean that those large entities with popular websites would easily be able to prove fame for all of their trademarks simply through the number of users. For instance, Twitter has approximately 304 million monthly active users, while Facebook has approximately 1.49 billion.<sup>171</sup> While these large entities’ dominant marks are likely

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167. *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 162 (1995) (“Since human beings might use as a ‘symbol’ or ‘device’ almost anything at all that is capable of carrying meaning, this language, read literally, is not restrictive.”).

168. *See Wish Atlanta, LLC v. Contextlogic, Inc.*, No. 4:14-CV-51, 2015 WL 7761265, at \*8 (M.D. Ga. Dec. 2, 2015) (holding that the plaintiff’s “WISH” marks for clothing were weak and therefore the plaintiff could not enjoin the defendant from using the same mark in the technology field); *see also Family Circle, Inc. v. Family Circle Assocs. Inc.*, 332 F.2d 534, 540 (3d Cir. 1964).

169. *See Wet Seal Inc. v. FD Mgmt. Inc.*, 82 U.S.P.Q.2d (BNA) 1629, 1641–42 (T.T.A.B. 2007).

170. *Louis Vuitton Malletier, S.A. v. Hyundai Motor Am.*, No. 10 Civ. 1611(PKC), 2012 WL 1022247, at \*1 (S.D.N.Y. Mar. 22, 2012).

171. *Facebook: Number of Monthly Active Users Worldwide 2008–2015*, STATISTA, <http://www.statista.com/statistics/264810/number-of-monthly-active-facebook-users-worldwide/> (last visited Mar. 29, 2015); *Twitter: The Number of Monthly Active Users 2010–2015*, STATISTA,



strong or famous, their online agreements contain references to trademarks that are not dominant (or not even used on the main website) or are portions of the dominant mark.<sup>172</sup> The objective theory would have courts accepting the legal fiction of consumer recognition, thereby providing these non-dominant or portions of dominant marks the status of strong or famous, with the resulting high levels of protection as described above.

There are serious consequences from lowering the burden of proof for fame and providing such high levels of protection. These include depletion of the English language, erosion of free speech, and business competition concerns. With respect to the English language, new research is shedding light on the long-held assumption that the pool from which to pick new trademarks is very large.<sup>173</sup> Professors Barton Beebe and Jeanne Fromer are analyzing the U.S. Patent and Trademark Office's recently released Trademark Case Files Dataset, which consists of information relating to 7.4 million trademark applications filed with the Office between the years 1870 and 2014.<sup>174</sup> What they are finding is empirical evidence that the size of the universe from which to pick trademarks is shrinking. In fact, Professors Beebe and Fromer have found from this dataset that there is already a high proportion of English words registered in the United States and a "limited availability of possible coinages not already identical or similar to registered word marks."<sup>175</sup> Based on this, if a greater proportion of registered trademarks were considered strong or famous, whole swathes of the English language would be considered proprietary intellectual property of private entities.

The privatization of the English language leads to the next problem with lowering the burden of proof for fame, which is a curtailment of free speech in the United States. The rise of the Internet has not only seen a rise in the use of online agreements, but also in the ability by

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<http://www.statista.com/statistics/282087/number-of-monthly-active-twitter-users/> (last visited Mar. 29, 2016).

172. See, e.g., *Amazon TOS*, *supra* note 2; *Facebook 2013 TOS*, *supra* note 10.

173. WILLIAM M. LANDES & RICHARD A. POSNER, *THE ECONOMIC STRUCTURE OF INTELLECTUAL PROPERTY LAW* 172 (2003) ("[T]he universe from which trademarks are picked is very large. . . . The number of distinctive yet pronounceable combinations of letters to form words that will serve as a suitable trademark is very large, implying a high degree of substitutability and hence only a slight value in exchange." (footnote omitted)).

174. Barton Beebe & Jeanne Fromer, *Is the Frontier Closing? Registration Rates of Frequently Used Words on the PTO's Trademark Register*, [http://law.depaul.edu/about/centers-and-institutes/center-for-intellectual-property-law-and-information-technology/programs/ip-scholars-conference/Documents/ipsc\\_2015/abstracts-papers-presentation/BeebeB\\_abstract.pdf](http://law.depaul.edu/about/centers-and-institutes/center-for-intellectual-property-law-and-information-technology/programs/ip-scholars-conference/Documents/ipsc_2015/abstracts-papers-presentation/BeebeB_abstract.pdf) (last visited Mar. 29, 2016).

175. *Id.*

trademark holders to detect any potential infringement of their claimed trademarks.<sup>176</sup> For example, consumer reviews that were previously limited to word of mouth or in print (such as *Consumer Reports*) are all available online and now easily discovered by trademark holders.<sup>177</sup> Trademark holders are attempting to control all uses of their marks online, particularly in cases where third-party uses are not positive ones. This can result in trademark holders bringing infringement allegations and actions against reviewers, such as in the *International Payment Services, LLC v. Cardpaymentoptions.com, Inc.* case.<sup>178</sup> The defendant in that case had reviewed the plaintiff's credit services and the online reviews included the plaintiff's trademark and logo. The defendant's review (as well as forty other reviews of the plaintiff's services) was not very complimentary.<sup>179</sup> The plaintiff alleged trademark infringement for the use of its mark on the site. Luckily, the court (as have other courts) found in the defendant's favor, holding that the defense of nominative fair use shielded the defendant's use of the plaintiff's trademark in this manner.<sup>180</sup> As Professor Eric Goldman has consistently noted, the fact that courts are routinely finding in favor of defendants in cases like these has not stopped trademark holders from bringing such lawsuits.<sup>181</sup>

Unfortunately, what these types of trademark holders are attempting to accomplish is to stifle speech. As Professor Goldman has insightfully stated, "it's ludicrous to hold a review website liable for trademark infringement for reviewing the trademark owner—especially when it's a critical review, which increases our suspicion that the trademark owner is really seeking to suppress negative commentary, not redress a trademark injury."<sup>182</sup> In addition to attempting to stifle negative commentary, trademark holders may also attempt to stifle commercial speech by competitors or other businesses. A particular instance when there may be an unconstitutional restriction of free

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176. Leah Chan Grinvald, *Policing Cease-and-Desist Letters*, 49 U.S.F. L. REV. 411, 418 (2015) ("Potential violations of one's rights are easily discoverable with specialized software or even by conducting a quick Google search.").

177. ERIC GOLDMAN, *TRADEMARK LAW AND THEORY: A HANDBOOK OF CONTEMPORARY RESEARCH* 411–12 (Graeme B. Dinwoodie & Mark D. Janis eds., 2008).

178. Complaint, *Int'l Payment Servs., LLC v. CardPaymentOptions.com, Inc.*, No. 2:14-cv-02604-CBM-JC (C.D. Cal. June 5, 2015), 2014 WL 1418671.

179. *Id.* at 2.

180. *Id.* at 12.

181. Eric Goldman, *Competitive Keyword Advertising Permitted as Nominative Use—ElitePay Global v. CardPaymentOptions*, TECH. & MARKETING L. BLOG (June 17, 2015), <http://blog.ericgoldman.org/archives/2015/06/competitive-keyword-advertising-permitted-as-nominative-use-elitepay-global-v-cardpaymentoptions.htm>.

182. *Id.*

speech is where the trademark in question is a descriptive mark,<sup>183</sup> as advocated by Professor Lisa Ramsey.<sup>184</sup> Professor Ramsey has eloquently argued that,

[c]ommercial expression is suppressed more than necessary when our trademark laws allow one company to register the descriptive term “Park ‘N Fly” for airport parking lot services, and enjoin competitors, such as “Dollar Park and Fly,” from using “Park and Fly” as part of their brand name to inform customers that they can park and fly at this particular airport parking lot.<sup>185</sup>

As can be seen, free speech concerns occur across the spectrum of potential speakers. If the burden of proof for fame were lowered, it is possible speech could further be restricted through the adoption of these types of arguments by courts, or even through more aggressive policing in this area by trademark holders.

A final concern I would like to address that stems from lowering the burden of proof for fame is the harm to business competition. This is sometimes an overlooked concern when discussing the enlargement of trademark rights, as more serious concerns to society can take form in the loss of our rights to freely express ourselves. No less important, however, is the ability of businesses (of all sizes) to freely compete in our consumer-oriented marketplace. In fact, ensuring that all businesses have the ability to compete fairly is a goal of trademark law, which is a species of unfair competition law.<sup>186</sup> A number of scholars, including myself, have argued that trademark rights can be used to stifle competition by large entities.<sup>187</sup> Professor Rosemary Coombe has stated that “[p]rotecting consumers from potential confusion becomes the ruse by which corporations protect themselves from competition.”<sup>188</sup> In addition, I have argued that small businesses, which are uniquely susceptible to claims of trademark infringement, are the entities that often provide competition to large and established businesses.<sup>189</sup> Lowering the burden of proof for fame would provide large entities the ability to exclude other businesses, particularly small

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183. See Ramsey, *supra* note 20, at 1097 (“A descriptive mark is a word, name, or symbol used to indicate a brand of product or service that also describes the qualities or characteristics of the product or service sold under that mark.”).

184. *Id.*

185. *Id.* at 1099–100 (footnote omitted).

186. *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 413 (1916).

187. Grinvald, *supra* note 176, at 436.

188. ROSEMARY J. COOMBE, *THE CULTURAL LIFE OF INTELLECTUAL PROPERTIES: AUTHORSHIP, APPROPRIATION, AND THE LAW* 66 (1998).

189. Grinvald, *supra* note 176, at 436 (“In the marketplace, it is often the small businesses and individuals who provide competition to the established businesses in any particular industry, often by offering cheaper or cutting-edge alternatives.”).

ones, from utilizing the same or similar marks to sell products that compete directly with the large entity. In the end, consumers are the ones who are harmed, as competition is typically the best way of lowering high prices and ensuring robust consumer choice.<sup>190</sup>

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In conclusion, the combination of a theoretical disconnect with the serious consequences that stem from lowering the burden of proof for trademark fame supports an argument mitigating against the importation of the objective theory of contracting into trademark law. I readily acknowledge, however, that there could be some criticisms of my concerns and I briefly address these potential criticisms in the next Section.

### C. Potential Criticisms

There are a number of potential criticisms to my concerns over importing the objective theory of contracting into trademark law. I will address two of those concerns in this Section: (1) that I might be worrying over nothing, and (2) that notwithstanding the theoretical disconnect, importing the objective theory may make trademark infringement cases more efficient.

#### 1. Worry Over Nothing?

I admit that my worry over importing the objective theory of contracting into trademark law may be for naught. After all, there are not that many cases where courts have used offline or online agreements to prove trademark distinctiveness. It could be that judges are quite capable of distinguishing between arguments to use online agreements to prove fame and the use of total website users. As I acknowledged earlier, in such a situation, it is likely that a judge is not importing the objective theory of contracting if she is looking at the use of total website users, particularly for dominant marks that appear on the website.<sup>191</sup> Nonetheless, I believe my concerns are justified for two reasons: the tendency of trademark holders to attempt to enforce non-dominant and portions of their dominant marks, and the alluring nature of using contracts as evidence.

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190. For example, in the market of dog accessories, Haute Diggity Dog was able to produce chewable dog toys called “Chewy Vuitton” for a price of \$10 each, whereas Louis Vuitton sells dog accessories costing approximately \$1,600. *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC*, 507 F.3d 252, 268 (4th Cir. 2007); see Peter Lattman, “Chewy Vuitton” Beats Louis Vuitton, But Feels a Bite, WALL ST. J. L. BLOG (Nov. 28, 2006), <http://blogs.wsj.com/law/2006/11/28/chewy-vuitton-beats-louis-vuitton-but-feels-a-bite/>.

191. See *supra* Part III.A (discussing the *Flipboard* case).

First, large trademark holders have recently been attempting to enforce non-dominant marks, as well as portions of their dominant marks. Two good examples of this are the enforcement strategies of Facebook and Amazon.<sup>192</sup> I have peppered this Article with references to Facebook's enforcement of "Book" against all types of online entities.<sup>193</sup> This enforcement occurs informally through cease-and-desist letters, as well as formally through federal litigation and oppositions brought at the U.S. Patent and Trademark Office.<sup>194</sup> In addition, this enforcement occurs against all types of uses of the word "Book," even where the alleged infringer argues that its use is in a generic or descriptive sense.<sup>195</sup> A recent example of this is Facebook's opposition against the term "DesignBook," which was inspired by the design books that the founders of a startup used in engineering school.<sup>196</sup> With respect to Amazon, their trademark enforcement strategy appears largely focused on oppositions at the U.S. Patent and Trademark Office, with their objections to other applicants' marks based on their non-dominant "Whisper" mark.<sup>197</sup>

Second, it is likely very enticing to a judge to utilize contracts as evidence. In the realm of the types of evidence admissible in federal court, contracts are considered to be admissible documents and not inadmissible hearsay.<sup>198</sup> As the Ninth Circuit has held, "a written contract . . . memorializes the fact of a legal agreement . . . [and] falls outside the definition of hearsay."<sup>199</sup> Other appellate courts have held likewise. In fact, in a copyright infringement lawsuit, the Fifth Circuit

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192. Jon Brodtkin, *Facebook Asserts Trademark on Word "Book" in New User Agreement*, ARS TECHNICA (Mar. 23, 2012 1:20 PM); US PTO, TTABVUE, <http://ttabvue.uspto.gov/ttabvue/> (search "Amazon" in "Party" for search results that include oppositions brought against applications for the mark "Whisper").

193. See, e.g., *Facebook 2013 TOS*, *supra* note 10.

194. See, e.g., *Facebook, Inc. v. Teachbook.com, LLC*, 819 F. Supp. 2d 764 (N.D. Ill. Sept. 26, 2011); see also Robin Wauters, *Hey Facebook, Here are Some Other Companies you can Bully or Sue*, TECHCRUNCH (Aug. 26, 2010), <http://techcrunch.com/2010/08/26/facebook-teachbook/>.

195. See AJ Dellinger, *Facebook Bullies Startup Over Name Trademark*, DAILY DOT (June 4, 2015, 11:16 AM), <http://www.dailydot.com/technology/facebook-designbook-trademark/>; Tiffany R. Johnson, *Facebook Is Accepting No Friend Requests: Trademark of "Generic Plus" Words Makes Fast Adversaries*, J. BUS. & INTEL. PROP. L. (Oct. 30, 2010), <http://ipjournal.law.wfu.edu/2010/10/facebook-is-accepting-no-friend-requests-trademark-of-generic-plus-words-makes-fast-adversaries/>.

196. Joe Mullin, *Facebook Sics Trademark Lawyers on "Designbook" Startup*, ARS TECHNICA (June 2, 2015, 12:24 PM), <http://arstechnica.com/tech-policy/2015/06/facebook-sics-trademark-lawyers-on-designbook-startup/>.

197. See Brodtkin, *supra* note 192.

198. FED. R. EVID. 801(c).

199. *United States v. Bellucci*, 995 F.2d 157, 161 (9th Cir. 1993).

held that the defendant's objection to the admission of a licensing agreement based on hearsay grounds was unfounded. The court stated:

The objection was—in fact—inapposite. . . . Under the objective theory of contracts, the fact that two parties signed a contract is enough to create legal rights, whatever the signatories might have been thinking when they signed it. The admission of a contract to prove the operative fact of that contract's existence thus cannot be the subject of a valid hearsay objection.<sup>200</sup>

## 2. More Efficient Resolution of Trademark Litigation Suits?

A second criticism or argument against my thesis that the objective theory of contracting should not be imported into trademark law is that such importation could actually lead to more efficient resolutions of infringement lawsuits. Online agreements could serve as probative evidence to shortcut the fact-heavy analysis that courts are currently required to undertake in trademark infringement litigation. This could make trademark litigation more efficient because currently parties to the suit need to submit high volumes of evidence to prove fame. Correspondingly, courts need to sift through and analyze such evidence, which makes trademark litigation fairly inefficient.

The use of online agreements as evidence of fame could be akin to a bright-line rule because under the objective theory the court would not have to question the validity of the trademark acknowledgement. The problem with this argument is that courts have routinely rejected bright-line rules in trademark litigation, unless they are provided for in the federal trademark statute.<sup>201</sup> For example, the Supreme Court in *Qualitex* overturned a lower court's ruling that colors could never be considered distinctive.<sup>202</sup> Instead, the Court held that "no special legal rule prevents color alone from serving as a trademark."<sup>203</sup> In addition, the gains in efficiency that could be achieved from using contracts as stand-alone evidence of fame would be small, compared to the likely high levels of inaccuracies that would occur. These inaccuracies would be where courts find fame for generic or merely descriptive terms based on this evidence. Therefore, it is unlikely that an efficiency argument could serve as a stand-alone reason to import the objective theory of contracting into trademark law.

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200. *Kepner-Tregoe, Inc. v. Leadership Software*, 12 F.3d 527, 540 (5th Cir. 1994).

201. *See, e.g., Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 196 (1985) (holding that the Lanham Act's incontestability provision meant that an incontestable mark could not be challenged based on being merely descriptive because of the text of the federal trademark law).

202. *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 160 (1995).

203. *Id.* at 161.

## IV. SOME SOLUTIONS

Although I have argued against the importation of the objective theory of contracting into trademark law, I do recognize that courts may be tempted to utilize online agreements as evidence of fame. Based on this, I advance two proposals that could assist in overcoming the importation of the objective theory while utilizing online agreements as evidence of fame. The first is to scrutinize the online agreements carefully and the second is to adopt an “interactive theory” of distinctiveness. I will discuss each in turn.

*A. Scrutinize Agreements Carefully*

My first proposal is not ground breaking, but builds upon what judges already do in contract dispute cases, namely, scrutinize the online agreements entered into evidence very carefully. Typically, parties to a contract dispute will first argue over formation of the contract.<sup>204</sup> Based on the objective theory of contracting, it is highly unlikely that a court would find a lack of contract formation.<sup>205</sup> The next step after finding that the parties entered into a binding contract is to interpret the terms in dispute.<sup>206</sup>

As such, I encourage courts that will be faced with such evidence to look at the terms of the online agreement and understand what the terms are attempting to do. For example, based on my categorization of these terms in Part III, I would encourage courts to scrutinize very carefully contracts that fall into category one, contracts where the trademark provision has a list of specific marks. If faced with this type of provision, I would encourage the court to question which trademarks are being asserted in the litigation and whether website users encounter such marks in any place on the website other than in the online agreement. If the answer is in the negative, or the marks are very rarely encountered, then I would encourage the court to not provide any probative weight to such an agreement. An example of this is Amazon’s “Whisper” mark, which is listed on Amazon’s “non-exhaustive” list of 462 trademarks, but does not appear on any of the main pages of its website.<sup>207</sup> In fact, one has to search for the very specific “WhisperSync” mark in order to obtain any results.<sup>208</sup>

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204. See, e.g., *Feldman v. Google, Inc.*, 513 F. Supp. 2d 229, 235 (E.D. Pa. 2007) (addressing arguments of contract formation before interpretation).

205. Moringiello, *supra* note 46, at 1320.

206. See, e.g., *Feldman*, 513 F. Supp. 2d, at 239–44 (analyzing the contract’s terms for unconscionability after deciding the formation question).

207. *Amazon TOS*, *supra* note 2.

208. See AMAZON, <http://www.amazon.com> (last visited Mar. 29, 2016).

B. Adopt an “Interactive” Theory of Fame

My second proposal is more wide ranging, and is also intended to assist in the use by courts of website user numbers (even if divorced from the online agreements, as seen in the *Flipboard* case). I propose that courts adopt an “interactive” theory of trademark distinctiveness. This theory is intended to capture the analysis that courts are already undertaking in distinctiveness, which is the connection between the mark and consumers.<sup>209</sup> However, this theory provides more concrete guidance to courts when undertaking this analysis. Although I have previously argued that this theory could assist in determining when a trademark has reached “well-known” mark status, I believe that it is equally applicable to the broader question of distinctiveness.<sup>210</sup>

The main thrust of the interactive theory of distinctiveness is that consumers learn to recognize trademarks as source identifiers, and then as famous marks, through direct experiences with the mark.<sup>211</sup> As I have noted elsewhere, manufacturers already recognize this method of cognitive learning of trademarks and have adjusted their marketing campaigns accordingly.<sup>212</sup> For example, one of the touted methods of promoting a new product (and hence its trademark) is to provide product giveaways.<sup>213</sup> By providing the actual product to consumers to experience, manufacturers are initiating a direct experience between the consumer and the product, which raises the possibility of trademark recognition.<sup>214</sup>

The interactive theory is equally applicable to the online context, where users are initiating direct experiences with websites they visit or applications they use on their smartphones or tablets. The more users are forced to interact with a particular trademark through clicking, the more likely it is that they will recognize the trademarks that they

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209. Greene & Wilkerson, *supra* note 11, at 555.

210. See generally Grinvald, *supra* note 11.

211. *Id.* at 45.

212. See Leah Chan Grinvald, *Interactivity, Territoriality, and Well-Known Marks*, in TRADEMARK PROTECTION AND TERRITORIALITY CHALLENGES IN A GLOBAL ECONOMY 45–46 (Irene Calboli & Edward Lee eds., 2014) (“[T]rademark holders are already cognizant of this evolution in the manner of gaining consumer recognition: think of all of the ‘sampling’ that is done at grocery stores, or ‘free samples’ of products that are given away at fairs or festivals.”).

213. See, e.g., Steve Olenski, *5 Inexpensive Ways to Promote a Product Launch*, FORBES (Oct. 14, 2014, 9:38 AM), <http://www.forbes.com/sites/steveolenski/2014/10/14/5-inexpensive-ways-to-promote-a-product-launch/>.

214. See Frank R. Kardes et al., *Construal-Level Effects on Preference Stability, Preference-Behavior Correspondence, and the Suppression of Competing Brands*, 16 J. CONSUMER PSYCHOL. 135, 137 (2006) (citing three previous studies, and finding: “[p]rior research has shown that direct (vs. indirect) experiences with an object are likely to lead to the spontaneous formation of strong attitudes that are highly accessible in memory.”).



encounter on the sites or applications. Courts should adopt this theory when analyzing the evidence presented to prove any level of distinctiveness on the spectrum, whether it is secondary meaning, strength, or fame. In particular, courts could require that plaintiffs provide web analytic-type evidence to prove the amount of time users are spending with particular parts of the website, how often they are clicking on links that include the site's claimed trademarks, and so forth.<sup>215</sup> This type of evidence does not need to be to the exclusion of other relevant evidence, such as progression of sales over the time period of the mark's use, but could help shed more insight into how consumers really perceive the trademark at issue. Adoption of this theory would provide guidance to courts in an area that is extremely difficult to navigate.

#### CONCLUSION

The fields of contract law and trademark law overlap in significant ways: without the certainty of contracting, it is likely that trademarked goods and services would not be freely traded. Therefore, it may be tempting to blindly accept at face value that a theory that appears to work well in contract law could work equally as well in trademark law. My goal of this Article has been to show that before we import a theory from one area of the law into another, we should more consciously question such importation. In this Article, I focused on the question of importing one specific theory of contract law into trademark law, but the questioning should be applied to other fields of law and other theories. In particular, the questioning should focus on the "fit" of the imported theory with existing theories, as well as the consequences that could flow from such importation.

With respect to the importation of the objective theory of contracting into trademark law, I have argued against such importation. My main two arguments are based on the theoretical disconnect, in addition to serious real-life consequences, that would flow from such importation. Given that the utilization of user and download numbers are a tempting shortcut for difficult decisions regarding trademark fame, I have offered two proposals to assist decision makers, including the adoption of an interactive theory of trademark fame. My proposals are non-exhaustive and it is my hope that this Article will simply highlight this as a problem to take seriously and start a discussion of how to resolve it.

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215. See generally AVINASH KAUSHIK, *WEB ANALYTICS 2.0: THE ART OF ONLINE ACCOUNTABILITY & SCIENCE OF CUSTOMER CENTRICITY* (2010) (defining web analytics and arguing for better use of such data).