

MORALS IN PLACE OF MARKETS: COURTS' APPROACH TO POST-SALE CONFUSION

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ABSTRACT

Post-sale confusion theory—which refers to the public's confusion about a product's source when seeing the product post-sale—is a theory of liability that famous brands often assert to enforce their trademark rights, but the justification for courts' rulings on post-sale confusion claims has received surprisingly little scholarly attention. Under post-sale confusion theory, a plaintiff can claim trademark infringement on the grounds that passersby who see the defendant's product in public would mistakenly think that the product originated from the plaintiff because the mark on the defendant's product looks confusingly similar to the plaintiff's trademark. But what is the harm in this type of consumer confusion? Why should trademark law aim to prevent post-sale confusion from occurring?

This Article presents the first systematic study of the rationale for courts' rulings on post-sale confusion claims. This Article offers three contributions. First, the Article accounts for the ways in which post-sale confusion arises to show that, contrary to courts' assumptions, post-sale confusion does not necessarily yield a harm to the trademark owner or to consumers. Second, the Article presents an empirical analysis of the relationship between courts' findings for each factor of the multifactor test—a test that courts apply to determine the likelihood of consumer confusion—and the case outcome. Notably, the Article finds that the defendant's intent factor has a disproportionately large effect on the case outcome. Third, the Article shows that courts have adopted a moral-based rationale that is primarily concerned with punishing the defendant for intending to profit from the

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plaintiff's trademark, rather than with preventing consumer confusion or a loss of sales. The Article argues that courts should return to the rationale of facilitating a competitive market for quality products that has been at the core of trademark law. To do so, the Article argues that courts should limit liability to only the instances where the existence of post-sale confusion causes an economic harm to the plaintiff.

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INTRODUCTION

In March, 2021, Nike filed a trademark infringement suit against MSCHF Product Studio claiming that MSCHF's "Satan Shoes" caused consumers to boycott Nike based on the mistaken belief that Nike had authorized or approved the shoes.¹ The body of the Satan Shoes was an authentic Nike Air Max shoe, which MSCHF had bought from Nike and then customized with themes of Satan.² While buyers of the shoes were

1. Complaint ¶ 2, Nike, Inc. v. MSCHF Prod. Studio, Inc., No. 21-cv-1679 (E.D.N.Y. Mar. 29, 2021), 2021 WL 1201086. Nike claimed that MSCHF's sale of the Satan Shoes caused initial confusion, post-sale confusion, confusion in the secondary sneakers markets, and dilution by blurring and by tarnishment. *Id.* ¶¶ 6, 48.

2. *Id.* ¶ 1, 36 (describing customizations that included red embroidery on the side of the shoe featuring the Bible verse "LUKE 10:18" that references Satan, a pentagram inside the heel referencing satanic imagery, and red liquid in the sole of the shoe).

unlikely to be confused about the source of the shoes because MSCHF had sold the shoes exclusively through its proprietary app,³ Nike argued that observers of the shoes in post-sale settings were likely to be confused.⁴ Nike pointed to several online consumer commentaries showing that consumers' belief that the shoes were Nike products had caused consumers to never want to purchase Nike products again in the future.⁵

Nike's decision to file suit against MSCHF for the Satan Shoes is in sharp contrast to its decision to take no legal actions against MSCHF for MSCHF's sale of "Jesus Shoes" in 2019.⁶ MSCHF had launched the Jesus Shoes eighteen months prior to its launch of the Satan Shoes.⁷ The two shoes were two stages of the same art project.⁸ MSCHF had used the same model of Nike Air Max shoe for the body of the Jesus Shoes as it did for the body of the Satan Shoes.⁹ The only difference between the two shoes is that the Jesus Shoes were customized with themes of Jesus instead of with themes of Satan.¹⁰ Nike's decision to claim trademark infringement under post-sale confusion theory in response to sales of the Satan Shoes but not to sales of the Jesus Shoes raises the question of what behavior post-sale confusion theory is aiming to encourage or to deter. What is the rationale for courts' rulings on post-sale confusion claims? If the rationale is to facilitate trademarks' role in conveying reliable information to consumers about the source of goods so that consumers' search costs can be minimized, then post-sale confusion theory should have in practice prompted Nike to claim trademark infringement against MSCHF for the sale of both the Satan Shoes and the Jesus Shoes.

The traditional theory for trademark law is that trademarks facilitate the communication of information from sellers to buyers regarding the source and quality of goods so that consumers can make purchasing decisions with minimum search costs.¹¹ In this way,

3. Letter Regarding Plaintiff's Motion for a Temporary Restraining Order at 2, Nike, Inc. v. MSCHF Prod. Studio, Inc., No. 21-cv-1679 (E.D.N.Y. Mar. 31, 2021).

4. Complaint, *supra* note 1, ¶ 48.

5. *Id.* ¶ 43.

6. See Letter Regarding Plaintiff's Motion for a Temporary Restraining Order, *supra* note 3, at 2.

7. *Id.*

8. *Id.* at 1–2.

9. *Id.*

10. *Id.*

11. See Robert G. Bone, *Hunting Goodwill: A History of the Concept of Goodwill in Trademark Law*, 86 B.U. L. REV. 547, 555 (2006) (stating that the main focus of trademark law is to protect "the source identification and information transmission function" of trademarks, which reduces consumer search costs); Stacey L. Dogan & Mark A. Lemley, A

trademark law protects the integrity of competitive markets.¹² Trademark law aims to prevent consumer confusion about the origin of goods when the marks of two different sellers are similar.¹³ Courts have traditionally applied the multifactor test for the likelihood of confusion in cases involving point-of-sale confusion to determine whether consumers would likely be confused by the similarity of the marks.¹⁴

Search-Costs Theory of Limiting Doctrines in Trademark Law, 97 TRADEMARK REP. 1223, 1223–24 (2007) [hereinafter Dogan & Lemley, *A Search-Costs Theory*] (noting that courts generally endorse the search costs theory); Stacey L. Dogan & Mark A. Lemley, *Trademarks and Consumer Search Costs on the Internet*, 41 HOUS. L. REV. 777, 786–87 (2004) [hereinafter Dogan & Lemley, *Trademarks and Consumer Search Costs*] (discussing the purpose of trademark law for reducing consumer search costs); Mark A. Lemley, *Did eBay Irreparably Injure Trademark Law?*, 92 NOTRE DAME L. REV. 1795, 1809 (2017) (stating that the point of trademark law is to prevent consumer confusion that undermines confidence in product quality and purchasing decisions); William McGeeveran & Mark P. McKenna, *Confusion Isn't Everything*, 89 NOTRE DAME L. REV. 253, 272–73 (2013) (stating that trademark law allows consumers to rely on trademarks as a shorthand for information about the source and quality of products); Jeremy N. Sheff, *Marks, Morals, and Markets*, 65 STAN. L. REV. 761, 765–66 (2013) [hereinafter Sheff, *Marks, Morals, and Markets*] (stating that the economic role of trademarks is to help consumers identify the unobservable features of the trademarked product); Anne M. McCarthy, Note, *The Post-Sale Confusion Doctrine: Why the General Public Should be Included in the Likelihood of Confusion Inquiry*, 67 FORDHAM L. REV. 3337, 3340 (1999) (“[A] trademark signifies that any product bearing the mark comes from or is controlled by a single source . . .”).

12. *Dorr-Oliver Inc. v. Fluid-Quip, Inc.*, 894 F. Supp. 1190, 1200 (N.D. Ill. 1995) (stating that the purpose of the Lanham Act is to prohibit unfair competition), *rev'd*, 94 F.3d 376 (7th Cir. 1996); Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 NOTRE DAME L. REV. 1839, 1841 (2007) (arguing that trademark law traditionally, like other forms of unfair competition law, intended to protect producers from illegitimate diversions of trade by competitors).

13. See sources cited *supra* note 11; see also, e.g., *Deere & Co. v. MTD Holdings Inc.*, No. 00 Civ. 5936, 2004 WL 324890, at *9 (S.D.N.Y. Feb. 19, 2004) (“[T]he central inquiry is whether there exists a likelihood of confusion, either because consumers are misled or confused as to the source of the goods in question, or there is confusion as to the sponsorship of the junior mark.” (citing *La Cibeles, Inc. v. Adipar, Ltd.*, No. 99 Civ. 4129, 2000 U.S. Dist. LEXIS 12676, at *11–12 (S.D.N.Y. Aug. 31, 2000))); *Bachelier v. Z. Cavaricci, Inc.*, 762 F. Supp. 1070, 1076 (S.D.N.Y. 1991) (“In order for a plaintiff to prevail on a statutory or common law trademark infringement claim, it must establish . . . that a defendant’s subsequent use of a similar mark is likely to cause confusion as to the origin of the goods.” (citing *Pirone v. Macmillan, Inc.*, 894 F.2d 579, 581–82 (2d Cir. 1990))).

14. See, e.g., *Car-Freshner Corp. v. Big Lots Stores, Inc.*, 314 F. Supp. 2d 145, 149 (N.D.N.Y. 2004) (citing *Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co.*, 799 F.2d 867, 872 (2d Cir. 1986)) (stating that the court applies the multifactor test to evaluate the likelihood of consumer confusion); *Bachelier*, 762 F. Supp. at 1076 (“In deciding the issue of likelihood of confusion in Lanham Act actions, the Second Circuit has long relied on the multi-factor balancing test . . .”); Barton Beebe, *An Empirical Study of the Multifactor Tests for Trademark Infringement*, 94 CALIF. L. REV. 1581, 1582 (2006) (stating that district courts apply the multifactor test for the likelihood of consumer confusion to answer the question of whether the defendant’s trademark is “causing or likely to cause consumer

Confusion at the point-of-sale about the origin of the goods directly affects consumers' purchasing decisions and search costs.¹⁵

Since the middle of the twentieth century, courts have expanded the range of actionable consumer confusion beyond point-of-sale confusion to include other forms of confusion, including post-sale confusion.¹⁶ Under post-sale confusion theory, courts apply the multifactor test for the likelihood of confusion to determine if observers of an allegedly infringing product in a post-sale setting would likely be confused as to the origin of the product.¹⁷ A number of post-sale confusion cases involve claims arising from sales of knockoff versions of luxury brand products.¹⁸ Purchasers of these knockoff products hope to gain the social prestige of owning a luxury brand product at a lower price by deceiving observers into thinking that the products are genuine.¹⁹ In these cases, the

confusion as to the true source of the defendant's goods" due to its similarity with the plaintiff's trademark).

15. *Reebok Int'l Ltd. v. K-Mart Corp.*, 849 F. Supp. 252, 273 (S.D.N.Y. 1994) ("Point-of-sale confusion . . . directly affects individuals who are in the market for the particular product." (quoting *Plasticolor Molded Prods. v. Ford Motor Co.*, 713 F. Supp. 1329, 1336 n.8 (C.D. Cal. 1989))), *vacated sub nom. Reebok Int'l Ltd. v. Kmart Corp.*, No. 92 Civ. 8871, 1994 WL 733616 (S.D.N.Y. Dec. 28, 1994); Kal Raustiala & Christopher Jon Sprigman, *Rethinking Post-Sale Confusion*, 108 TRADEMARK REP. 881, 886 (2018).

16. *Reebok*, 849 F. Supp. at 271 (stating that post-sale confusion is a relatively new cause of action compared to point-of-sale confusion and that courts in the Second Circuit have primarily relied on circuit court's opinion in *Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co.*); *Lois Sportswear*, 799 F.2d at 872–73 (noting the relevance of post-sale confusion); *see also* McCarthy, *supra* note 11, at 3350 (citing James F. Hoge, *The Lanham Act's Housekeeping Amendments*, 52 TRADEMARK REP. 1245, 1245 (1962)) (stating that the 1962 amendment to the Lanham Act led to an expansion of the relevant time of confusion so that confusion need not occur at the point of sale to be actionable).

17. *See* sources cited *supra* note 14; *Gucci Am., Inc. v. Guess?, Inc. (Gucci IV)*, 868 F. Supp. 2d 207, 239 (S.D.N.Y. 2012) (stating that the plaintiff must show a likelihood of confusion among an appreciable number of post-sale observers); *see* McCarthy, *supra* note 11, at 3350–51.

18. *See* discussion *infra* Part IV; Jeremy N. Sheff, *Veblen Brands*, 96 MINN. L. REV. 769, 773 (2012) [hereinafter Sheff, *Veblen Brands*] (stating that post-sale confusion has been a weapon of luxury brand owners); *see also* McKenna, *supra* note 12, at 1908–09 (noting that the real concern of post-sale confusion cases is that consumers can acquire the prestige of owning the trademark product by buying a cheap imitation of the product); Raustiala & Sprigman, *supra* note 15, at 898 (discussing the argument that when knockoff items of products associated with a well-known mark become widely available, the genuine products become less exclusive and the symbol used to convey the social status associated with the mark loses its credibility).

19. *See, e.g., Gucci IV*, 868 F. Supp. 2d at 238–39 ("[Post-sale confusion] occurs when 'a potential purchaser, knowing that the public is likely to be confused or deceived by the allegedly infringing product, will choose to purchase that product instead of a genuine one in order to gain the same prestige at a lower price.'" (citing *Gucci Am., Inc. v. Guess?, Inc. (Gucci II)*, 843 F. Supp. 2d 412, 418 (S.D.N.Y. 2012))); *Cartier, a Div. of Richemont N. Am., Inc. v. Symbolix, Inc.*, 386 F. Supp. 2d 354, 361 (S.D.N.Y. 2005) (stating that post-sale

purchase is one that the buyer made with the intent to confuse, rather than one that stemmed from confusion.²⁰ The courts in these cases view the defendant's intent to profit and the buyer's intent to gain social prestige from the trademark as behavior that should be deterred.²¹ While scholars have addressed many aspects of the expansion of trademark law, a systematic review of courts' rulings on post-sale confusion claims remains to be performed to shed light on the rationale for post-sale confusion theory.²² Professor Barton Beebe's empirical study of courts'

confusion allows a buyer to acquire the prestige of owning the more expensive product); *Spectrum Vision Sys., Inc. v. Spectera, Inc.*, 35 F. Supp. 2d 797, 807 (D. Kan. 1998) (stating that purchasers of cheap imitation products might benefit from the prestige normally associated with the genuine article).

20. *Gucci IV*, 868 F. Supp. 2d at 238–39.

21. See discussion *infra* Part IV; *supra* note 19; *Deere & Co. v. MTD Holdings Inc.*, No. 00 Civ. 5936, 2004 WL 324890, at *15 (S.D.N.Y. Feb. 19, 2004) (“[In] most of the cases where a court has found initial interest confusion or post-sale confusion [to support] a finding of a likelihood of confusion, [the case] involved essentially identical marks and/or evidence of intentional deception on the part of the defendant.”); *Sara Lee Corp. v. Am. Leather Prods., Inc.*, No. 97 C 4158, 1998 WL 433764, at *17 (N.D. Ill. July 29, 1998) (“The damage to the senior user in such a case is that consumers could acquire the prestige value of the senior user's product by buying the copier's cheap imitation.” (quoting J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 23.01[4][c] at 23–16 (3d ed. 1994))); see also Bone, *supra* note 11, at 550–51 (discussing the goodwill misappropriation theory as an explanation for developments in trademark law that cannot be reconciled with the core principles of trademark law).

22. Bone, *supra* note 11, at 554 (arguing that judges should avoid applying goodwill misappropriation rationale as a distinct policy rationale); Margaret Chon, *Trademark Goodwill as a Public Good: Brands and Innovations in Corporate Social Responsibility*, 21 LEWIS & CLARK L. REV. 277, 315–16 (2017) (discussing the role of brand value in conveying information about social responsibility); Michael Grynberg, *The Road Not Taken: Initial Interest Confusion, Consumer Search Costs, and the Challenge of the Internet*, 28 SEATTLE U. L. REV. 97, 97–99 (2004) (addressing initial interest confusion); Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 YALE L.J. 1687, 1704–05 (1999) (considering product configuration); Mark A. Lemley & Mark P. McKenna, *Owning Mark(et)s*, 109 MICH. L. REV. 137, 140–41 (2010) [hereinafter Lemley & McKenna, *Owning Mark(et)s*] (discussing free-riding in the context of a trademark owner's potential expansion into a new market and arguing that trademark law should only address practices that harm the plaintiff); Mark A. Lemley & Mark McKenna, *Irrelevant Confusion*, 62 STAN. L. REV. 413, 414–15 (2010) [hereinafter Lemley & McKenna, *Irrelevant Confusion*] (critiquing sponsorship and affiliation confusion); Clarisa Long, *Dilution*, 106 COLUM. L. REV. 1029, 1033–34 (2006) (examining dilution); McGeveran & McKenna, *supra* note 11, at 318 (arguing that confusion by itself should not be what trademark law seeks to prevent); McKenna, *supra* note 12, at 1840–41 (arguing that trademark law was traditionally intended to protect producers from illegitimate diversions of trade by competitors); Jennifer E. Rothman, *Initial Interest Confusion: Standing at the Crossroads of Trademark Law*, 27 CARDOZO L. REV. 105, 162–67 (2005) (discussing initial-interest confusion); Sheff, *Marks, Morals, and Markets*, *supra* note 11, at 767 (discussing the critique raised by some commentators that many of the recent innovations in trademark doctrine cannot be satisfactorily explained by economic analysis); Sheff, *Veblen Brands*, *supra* note 18, at 773 (stating that post-sale confusion doctrine has received little critical attention, despite

application of the multifactor test primarily focuses on opinions addressing point-of-sale confusion, and no study focusing on courts' rulings on post-sale confusion claims exists.²³

This Article presents the first systematic study of the rationale for courts' rulings on post-sale confusion claims. This Article offers three contributions. First, the Article accounts for the ways in which post-sale confusion that has an effect on consumer purchasing decisions arises to show that the existence of post-sale confusion does not necessarily yield a harm to the trademark owner or to consumers. Second, the Article presents an empirical analysis of the relationship in post-sale confusion cases between courts' findings for each factor of the multifactor test and courts' rulings on the likelihood of confusion. This analysis provides a comprehensive view of how courts weigh each factor in their evaluation of the likelihood of post-sale confusion. Third, the Article argues that courts have adopted a moral-based rationale when ruling on post-sale confusion claims and that courts should return to the economics-based rationale of trademark law.

I believe that post-sale confusion theory should center on the search costs theory that has traditionally been at the heart of trademark law. Post-sale confusion theory should focus on protecting the integrity of markets by facilitating the communication of reliable information from sellers to buyers about aspects of the product that affect consumers' purchasing decisions. Only post-sale confusion that leads to a harm to the trademark owner or to consumers should be actionable. The relevant question should be whether the defendant's actions are likely to cause post-sale confusion in a way that results in a harm, rather than whether the defendant or any other party has unfairly benefitted from the trademark.

I set forth my argument as follows. In Part I, I show that a limited number of ways exist in which a potential purchaser's observation of an allegedly infringing product in a post-sale setting can give rise to confusion that subsequently has an effect on her purchasing decision for the trademark owner's product. Of these possibilities, not all of them result in harm to the trademark owner or to consumers. This Part demonstrates that confusion in the post-sale context does not necessarily

literature on the broader trends in intellectual property, and arguing that the post-sale confusion doctrine regulates socially expressive consumption); Rebecca Tushnet, *Gone in Sixty Milliseconds: Trademark Law and Cognitive Science*, 86 TEX. L. REV. 507, 558–61 (2008) (evaluating dilution).

23. Beebe, *supra* note 14, at 1595 & n.65, 1600 (finding a number of core factors to determine the outcome of the multifactor test based on a sample of opinions primarily from cases addressing point-of-sale confusion with 6% of the opinions considering post-sale confusion).

result in a harm. Part II presents the empirical findings showing the factors of the multifactor test that have the most influence on courts' decisions to rule in favor of the trademark owner on post-sale confusion claims and the factors that have the most influence on courts' decision to rule against the trademark owner. The sample of opinions consists of all fifty-eight federal district court opinions for the period up to the end of 2020 in which the court ruled on post-sale confusion and either issued a dispositive ruling or granted a preliminary injunction. The factors with the strongest influence on decisions in favor of the trademark owner are the evidence of actual confusion, defendant's intent, and similarity of the marks factors. The factors with the strongest influence on decisions against the trademark owner are the strength of the plaintiff's mark, similarity of the marks, and evidence of actual confusion factors.

In Part III, I analyze courts' evaluations of the defendant's intent factor, which Part II shows to have a nearly dispositive effect on the case outcome, and the comparative quality of the goods factor, which is central to the search costs theory but has been identified by some courts as irrelevant to the post-sale confusion analysis. I argue that courts' focus on the defendant's mindset, which has no direct effect on what observers can see in a post-sale setting, and the limited influence of the comparative quality of the goods factor suggest that when ruling on post-sale confusion claims, courts are not primarily concerned with preventing confusion that would affect consumers' purchasing decisions. I further the discussion in Part IV and show that courts have adopted a moral-based approach that centers on asking whether the defendant or the buyers of the defendant's product benefited from the trademark without contributing to the trademark's value. In other words, courts ask whether a party has unfairly benefited from the trademark. I argue that courts should return to the traditional economics-based rationale of evaluating the effect that the allegedly infringing product has on consumers' purchasing decisions. I conclude by suggesting how the multifactor test may be applied to post-sale confusion claims in a way that centers on the search costs theory.

I. HOW POST-SALE CONFUSION ARISES AND INFLUENCES PURCHASING DECISIONS

In order for post-sale confusion to arise and to have an effect on consumers' purchasing decisions, the allegedly infringing product must cause a casual observer in a post-sale setting to confuse it with the

trademark owner's product.²⁴ The observer must be sufficiently familiar with the trademark owner's product but, at the same time, not know the product well enough to be able to differentiate it from the allegedly infringing product.²⁵ In some instances, factors other than the characteristics of the allegedly infringing product itself could contribute to influencing the observer's future purchasing decisions. For example, if the product is a clothing item, the physical features of the person who is wearing the product could influence the observer's future purchasing decisions. A shirt may leave a different impression on an observer depending on the wearer's height, hair color, eye color, and other physical features. The mannerisms of the wearer can also influence an observer's impression of a clothing item.

While factors other than the characteristics of the product itself may play a role in influencing an observer's purchasing decisions, the complexities of how those factors interact with each other are beyond the scope of this Article. This Article focuses on situations in which any impact that those factors may have on an observer's future purchasing decisions is minimal. Assuming that the observation influences the observer's future purchasing decisions, the possible outcomes that can result from an observer seeing someone wearing an allegedly infringing product are as follows:

1. The observer likes how the product looks, mistakenly thinks that it is the trademark owner's product, and buys a product from the trademark owner. In this scenario, post-sale confusion exists, but the trademark owner has suffered no harm.
2. The observer likes how the product looks, finds out that it is the defendant's product (perhaps by approaching the individual to ask where she bought it from), and buys a product from the defendant. In this scenario, no post-sale confusion exists, and the trademark owner has suffered no harm.
3. The observer does not like how the product looks, mistakenly thinks that it is the trademark owner's

24. See *supra* notes 13, 17.

25. See Raustiala & Sprigman, *supra* note 15, at 888–89 (arguing that the circumstances must be just right, like Goldilocks and the porridge, to give rise to post-sale confusion); Sheff, *Veblen Brands*, *supra* note 18, at 781 (noting that the facts relevant to the post-sale confusion analysis may differ from those relevant to the point-of-sale confusion analysis).

product, and refrains from buying a product from the trademark owner in the future. In this scenario, post-sale confusion exists, and the trademark owner has suffered a harm.

4. The observer does not like how the product looks, finds out that it is the defendant's product, and refrains from buying a product from the defendant in the future. In this scenario, no post-sale confusion exists, and the trademark owner has suffered no harm.

An outcome can only result in a harm to the trademark owner if the observer notices something about the product that negatively influences her future purchasing decisions for the trademark owner's product.²⁶ Of the four outcomes, only the third outcome results in a harm to the trademark owner in the form of lost revenue. In order for the third outcome to occur, the observer must notice the product in sufficient detail to dislike the product and then incorrectly believe that the product originated from the trademark owner. If she asks the wearer or otherwise finds out about the product's true origin, the scenario becomes outcome four and the trademark owner suffers no harm.²⁷

The first outcome is a scenario in which confusion exists but no harm to the trademark owner results from the confusion. In this scenario, the trademark owner has suffered no harm because the confusion has resulted in an increase in sales for the trademark owner rather than a decrease in sales. This scenario is symmetrical to the scenario leading to the third outcome, with the only difference being that the observer likes how the product looks in this scenario. The symmetry in the two scenarios suggests that the first and the third outcomes have equal probability of occurring.

26. See *McNeil Nutritionals, LLC v. Heartland Sweeteners LLC*, 512 F. Supp. 2d 217, 236–37 (E.D. Pa. 2007) (“Therefore, the post-sale confusion theory requires consumers (1) to mistakenly believe that the allegedly infringing product is the plaintiff's product, (2) to find the allegedly infringing product to be inferior, and (3) to refuse to deal with the plaintiff in the future, as a result of the inferiority of the allegedly infringing product.”), *aff'd in part, rev'd in part*, 511 F.3d 350 (3d Cir. 2007); *Reebok Int'l Ltd. v. K-Mart Corp.*, 849 F. Supp. 252, 272–73 (S.D.N.Y. 1994) (“Even had Reebok demonstrated a likelihood that an appreciable number of consumers would mistake the Titan for a Reebok shoe, a claim of post-sale confusion requires the additional steps of showing that the consumers will perceive something about the product, and that what they observe will affect a later purchasing decision.”), *vacated sub nom. Reebok Int'l Ltd. v. Kmart Corp.*, No. 92 Civ. 8871, 1994 WL 733616 (S.D.N.Y. Dec. 28, 1994).

27. If the observer does not like the product, she would likely not approach a stranger to ask where the product was purchased from, so the likelihood of the fourth outcome occurring is probably lower than that of the third outcome.

The second outcome is a scenario in which the observer finds out that the product originates from the defendant and then chooses to buy a product from the defendant. No post-sale confusion occurs. Even though the defendant makes a sale to the observer, this sale does not result from any confusion. Further, no diversion of sales occurs. We do not know if or how the decision to buy a product from the defendant affects any of her future decisions of buying a product from the trademark owner.

The potential harm to consumers from these outcomes coincides with the potential harm to the trademark owner. Only the third outcome potentially results in a harm to consumers. The observer in the scenario represents the general population of potential purchasers of the trademark owner's product. The third outcome is a scenario in which the observer is deprived of the option of purchasing the trademark owner's product due to mistakenly believing that the product that she had observed originates from the trademark owner. The loss of the trademark owner's product as an option for the observer in this scenario coincides with the loss of sales for the trademark owner. The second and fourth outcomes do not involve post-sale confusion, so no harm to consumers due to post-sale confusion can occur.

The first outcome is a scenario in which post-sale confusion occurs, but consumers do not suffer a harm from the existence of the defendant's product. Any post-sale confusion that the observer experiences is transient and gets dispelled before she buys the trademark owner's product. She buys the product knowing its true source. This scenario could lead to higher search costs for the observer if she decides to continue searching for the product that she had observed, which is the defendant's product, after going to the trademark owner and finding out that the trademark owner's product is not the one that she had observed. The increase in search costs in this hypothetical scenario, however, is not caused by the defendant's product; rather, it results from her being distracted from her search for the defendant's product by the trademark owner's product.

Since post-sale confusion is a stand-alone cause of action that is not dependent on point-of-sale confusion, the outcomes above do not depend on whether the wearer of the allegedly infringing product was confused at the time that she purchased the product.²⁸ The probability of each of

28. See *Chanel, Inc. v. Stevens*, No. 07-81201-CIV, 2009 WL 10668566, at *5 (S.D. Fla. Oct. 20, 2009); *Sara Lee Corp. v. Am. Leather Prods., Inc.*, No. 97 C 4158, 1998 WL 433764, at *17 (N.D. Ill. July 29, 1998) ("Post-sale confusion occurs when the actual purchaser knows that the item originates [from] the infringer rather than the owner, but subsequent observers likely will confuse the source of the goods due to the confusing similarities."); *Leatherman Tool Grp., Inc. v. Cooper Indus. Inc.*, No. 96-1346, 1996 WL 931338, at *7 (D. Or. Dec. 18, 1996), *rev'd in part*, 199 F.3d 1009 (9th Cir. 1999); *T. Anthony, Ltd. v. Malletier*,

these outcomes occurring is not necessarily equal. The distribution of probability across the different outcomes may depend on the product type. For example, in cases involving fashion products, post-sale confusion commonly arises when an observer notices a passerby wearing the product.²⁹ If the observer does not like how the product looks, she would likely not approach the passerby to ask about the product to find out the product's origin. In these instances, outcomes two and four are less likely to occur than outcomes one and three.

II. RELATIONSHIP BETWEEN FACTOR OUTCOME AND CASE OUTCOME

Courts apply the multifactor test to determine whether consumers would likely mistakenly believe the trademark owner to be the source of the allegedly infringing product.³⁰ Courts do not weigh each factor of the multifactor test equally.³¹ When evaluating the likelihood of post-sale

No. 93 Civ. 6900, 1993 WL 659682, at *3 (S.D.N.Y. Nov. 24, 1993); Connie Davis Powell, *We All Know It's a Knock-Off! Re-Evaluating the Need for the Post-Sale Confusion Doctrine in Trademark Law*, 14 N.C. J.L. & TECH. 1, 17 (2012).

29. See *Cartier, a Div. of Richemont N. Am., Inc. v. Aaron Faber, Inc.*, 396 F. Supp. 2d 356, 361 (S.D.N.Y. 2005) (discussing the likelihood of post-sale confusion when individuals see the allegedly infringing watch, which had the Cartier mark, on a purchaser's wrist post-sale); *Reebok Int'l Ltd. v. Sung Hwa Int'l Corp.*, No. 87 Civ. 7015, 1987 WL 27684, at *2 (S.D.N.Y. Dec. 10, 1987) (discussing the likelihood of confusion that passers-by would experience when seeing post-sale the defendant's sneakers that had a nearly identical design and marking to those on the plaintiff's shoes); *Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co.*, 631 F. Supp. 735, 747 (*Lois I*) (S.D.N.Y. 1985) (discussing the likelihood of post-sale confusion arising from the arcuate marking at the back of the defendant's jeans that created a general impression of similarity to the plaintiff's arcuate marking when seen on individuals wearing the jeans in public).

30. See *supra* notes 14, 17.

31. *Coty Inc. v. Excell Brands, LLC*, 277 F. Supp. 3d 425, 442 (S.D.N.Y. 2017) (citations omitted) ("Application of the Polaroid test is 'not mechanical, but rather, focuses on the ultimate question of whether, looking at the products in their totality, consumers are likely to be confused.'"); *Louis Vuitton Malletier S.A. v. Sunny Merchandise Corp.*, 97 F. Supp. 3d 485, 493 (S.D.N.Y. 2015) (stating that the likelihood of confusion inquiry is not a mechanical process where the party with the greatest number of factors weighing in its favor wins); *adidas-America, Inc. v. Payless Shoesource, Inc.*, 546 F. Supp. 2d 1029, 1052 (D. Or. 2008) (citations omitted) ("Likelihood of confusion is not determined by mechanically counting the number of factors that weigh in favor of each party, or by giving the same weight to a particular factor in each case."); *ACI Int'l. Inc. v. Adidas-Salomon AG*, 359 F. Supp. 2d 918, 921 (C.D. Cal. 2005) (citations omitted) ("[I]t is often possible to reach a conclusion with respect to likelihood of confusion after considering only a subset of factors."); *Car-Freshner Corp. v. Big Lots Stores, Inc.*, 314 F. Supp. 2d 145, 152 (N.D.N.Y. 2004) ("If each of the Polaroid factors were given equal weight, the scales would clearly tip in favor of Plaintiffs. However, the Polaroid factors are not of equal weight and the different factors are of different value in different cases."); *Bachellerie v. Z. Cavaricci, Inc.*, 762 F. Supp. 1070, 1076 (S.D.N.Y. 1991) (stating that all of the factors must be considered together according to the degree to which each is implicated to evaluate how each factor bears on the ultimate

confusion, courts weigh the factors differently than when evaluating the likelihood of point-of-sale confusion. Courts place more emphasis on factors that relate to aspects of the product that are visible to observers in a post-sale setting and less emphasis on factors that relate to aspects of the product that are only visible in a point-of-sale setting.³² For example, courts have found price tags and disclaimers on display in the store to be irrelevant when evaluating post-sale confusion claims.³³ The Second Circuit has stated that the similarity of targets of sales efforts factor and the sophistication of the consumers factor are less relevant for evaluating post-sale confusion claims.³⁴ The Ninth Circuit has stated that the similarity of the marketing channels factor is less relevant.³⁵

question of the likelihood of confusion as to the source of the product); *see also* Beebe, *supra* note 14, at 1587, 1600 (finding the similarity of the marks, the defendant's intent, the proximity of the goods, and the evidence of actual confusion factors to have a large, if not dispositive, influence on the outcome of the case in a sample of cases that primarily addressed point-of-sale confusion).

32. *See, e.g., Gucci II*, 843 F. Supp. 2d 412, 423 (S.D.N.Y. 2012) (stating that identifiers that are not visible in post-sale settings do not dispel post-sale confusion and are therefore irrelevant to the post-sale confusion analysis); *K-Mart Corp.*, 849 F. Supp. at 271 ("Several Polaroid factors are immaterial in the context of post-sale confusion. Those factors include the price differences in the shoes and their different marketing channels. In addition, any physical differences between the products become less apparent when viewed outside of the point of sale, and any identifying labels are more likely to be removed by the purchaser."); *Lois I*, 631 F. Supp. at 746 (citation omitted) (stating that post-sale confusion "is not a significant factor in cases involving products which are not generally visible post-sale, such as food products or toiletries or where the mark in question is not highly visible").

33. *See, e.g., Gucci II*, 843 F. Supp. 2d at 425; *Coach, Inc. v. Uptown Bags for Downtown Girls, LLC*, No. 10-cv-511, 2012 WL 13018623, at *6 (W.D. Mich. Apr. 13, 2012) (stating that neither the price of the defendant's bags nor the disclaimers that explicitly informed shoppers in the store that the bags were not [the plaintiff] Coach's bags addressed the likelihood of post-sale confusion); *Gateway, Inc. v. Companion Prods., Inc.*, No. Civ. 01-4096, 2003 WL 22508907, at *16 (D.S.D. Aug. 19, 2003) (stating that the defendant's packaging and other identifying marks were irrelevant for the post-sale confusion analysis because they are not present in a post-sale setting); *K-Mart Corp.*, 849 F. Supp. at 271 (finding price differences and differences in marketing channels to be irrelevant).

34. *See Coty*, 277 F. Supp. 3d at 448 (finding differences in sales facilities and price points to have "little or no bearing on post-sale confusion as to the source of the goods" (quoting *Clinique Lab'ys, Inc. v. Dep Corp.*, 945 F. Supp. 547, 554 (S.D.N.Y. 1996))); *Gucci IV*, 868 F. Supp. 2d 207, 248 (S.D.N.Y. 2012) (finding similarity in the target market to be less important for the post-sale confusion analysis, as "the confusion that exists in the general viewing public is what matters"); *T. Anthony, Ltd. v. Malletier*, No. 93 Civ. 6900, 1993 WL 659682, at *4 (S.D.N.Y. Nov. 24, 1993) ("[T]he sophistication of direct purchasers has no effect upon the potential for post-sale confusion, which is a central allegation here.").

35. *See adidas-Am.*, 546 F. Supp. 2d at 1055 ("Even if the Payless and adidas' marketing channels were completely incongruous (which they are not), this factor would not necessarily favor Payless because channels of trade are largely irrelevant in determining the likelihood of post-sale confusion."); *ASICS Corp. v. Payless Shoe Source, Inc.*, No. CV 06-3962, 2006 WL 8434720, at *7 (C.D. Cal. Aug. 23, 2006) ("[D]ifferences in the channels of trade are not relevant to post-sale confusion as to the source of goods.").

Following the same reasoning, some courts have stated that the similarity of the products factor, which is based on an aspect of the product that is visible in a post-sale setting, is the most important factor for evaluating post-sale confusion claims.³⁶

This Part presents the conclusions from my empirical study on the relationship in post-sale confusion cases between the court's findings for each factor and the case outcomes. The study's findings shed light on the way in which courts weigh each factor when ruling on post-sale confusion claims.³⁷ The study is based on a sample of all opinions issued up to the end of 2020 that address post-sale confusion claims and that are dispositive rulings (bench trials and summary judgement motions in which the court granted the motion) or preliminary injunctions in which the court granted the injunction. The issue dates of the opinions are between 1985 and 2020.³⁸ The total number of opinions is fifty-eight.³⁹ The total number of rulings on marks at issue in these opinions is sixty-one because the court in *Gucci America, Inc. v. Guess?, Inc.* applied the multifactor test separately to four marks.⁴⁰ The total number of data points in the study is sixty-one because the court's application of the multifactor test to each of the marks is coded as a separate data point.⁴¹ I systematically reviewed the courts' findings for each factor of the multifactor test and the courts' holdings on the likelihood of confusion in each opinion.

My main conclusion is as follows: (1) the factors with the most influence on courts' decisions to rule in favor of the trademark owner on post-sale confusion claims are the evidence of actual confusion,

36. See, e.g., *adidas-Am.*, 546 F. Supp. 2d at 1052 (“[I]n the post-sale confusion context, ‘the ultimate test is whether the public is likely to be deceived or confused by the similarity of the marks.’” (quoting *Acad. of Motion Picture Arts & Scis. v. Creative House Promotions, Inc.*, 944 F.2d 1446, 1454 (9th Cir. 1991))); *Adidas-Salomon AG v. Target Corp.*, 228 F. Supp. 2d 1192, 1213 (D. Or. 2002) (“In the post-sale context, the similarity of the products themselves is the most important factor tending to prove confusion.” (citing *Payless Shoesource, Inc. v. Reebok Int’l Ltd.*, 998 F.2d 985, 989–90 (Fed. Cir. 1993))).

37. See Beebe, *supra* note 14, at 1595 n.65, 1600 (finding that a number of core factors are decisive for the outcome of the multifactor test for a sample of opinions that included initial-interest confusion, point-of-sale confusion, and post-sale confusion, with point-of-sale confusion forming the bulk of the sample); *id.* at 1609 (stating that the highly routinized and explicit manner in which most district courts apply the multifactor test renders the multifactor analysis suitable for empirical methods).

38. See *id.*

39. See *id.*

40. *Gucci IV*, 868 F. Supp. 2d 207, 218–20 (S.D.N.Y. 2012) (applying the multifactor test to the defendant Guess’s Quattro G design, GRG Stripe design, Square G design, and Script Guess mark).

41. See discussion of the data set *infra* Appendix A. The court in each of the opinions, other than *Gucci IV*, applied the multifactor test once.

defendant's intent, and similarity of the marks factors; and (2) the factors with the most influence on courts' decisions to rule against the trademark owner are the strength of the plaintiff's mark, similarity of the marks, and evidence of actual confusion factors. Notably, in nearly all of the cases in which a court had found that either the evidence of actual confusion factor or the defendant's intent factor was in favor of the trademark owner, the court then ruled in favor of the trademark owner on the likelihood of confusion.⁴² While the data does not allow drawing the conclusion that these two factors are dispositive, as the data only indicates a correlation relationship rather than a causation relationship between the factor outcome and the case outcome, the high degree of correlation suggests that these two factors have a large influence on courts' decisions to rule in favor of the trademark owner. Similarly, in all of the cases in which a court had found the strength of the plaintiff's mark factor to be against the trademark owner, the court ultimately ruled against the trademark owner on the likelihood of confusion, suggesting that the factor has a large influence on courts' decisions to rule against the trademark owner.⁴³

Table 1 below shows, for each factor, the trademark owner's win rate for each of the three possible factor outcomes⁴⁴—a finding that the factor (1) favors, (2) disfavors, or (3) neither favors nor disfavors a ruling that a likelihood of confusion exists. I use the same terms in Table 1 to refer to the factors as the terms that Professor Beebe uses in his study, as the terms that each circuit uses to refer to the factors differ across the circuits.⁴⁵ Table 1 lists the third possible outcome as "other."⁴⁶ The "other" category includes instances in which a court found the factor to be a draw between the parties, disputed, or irrelevant, as well as instances in which a court either did not give a clear conclusion as to whether the factor favored a likelihood of confusion or did not address the factor.

Table 2 below shows, for each factor, the trademark owner's win rate for the subset of opinions in which a court specifically addressed post-sale confusion in its evaluation of that factor.⁴⁷ Since the same facts are often relevant to the analysis of both point-of-sale confusion and post-sale confusion, courts often do not explicitly mention the type of confusion in their analysis of a factor, and the analysis applies to both types of

42. See *infra* Table 1.

43. See *infra* Table 1.

44. See *infra* Table 1.

45. Beebe, *supra* note 14, at 1590 (stating that the precise wording of the factors varies across circuits). Table 1 follows the same format as Table 3 in Professor Beebe's study. *Id.* at 1609 tbl.3.

46. See *infra* Table 1.

47. See *infra* Table 2.

confusion.⁴⁸ The data for each factor in Table 2 thus does not include all of the opinions in which that factor's outcome contributed to a court's ruling on the post-sale confusion claim. The data in Table 2 only includes the opinions in which a court specifically mentioned post-sale confusion in its analysis of the factor.

In Tables 1 and 2, "LOC" denotes "likelihood of confusion," "N" denotes the number of rulings for each factor outcome, "%" denotes the percentage of the total number of rulings for each factor that yielded each factor outcome, and "Trademark Owner Win Rate" denotes the percentage of the total number of rulings for each factor outcome that yielded a holding in favor of the trademark owner. As an example, Table 1 shows that courts found that the similarity of the marks factor favored a likelihood of confusion in forty-nine rulings. The forty-nine rulings are 80% of the total sixty-one rulings in which the court addressed the similarity of the marks factor.⁴⁹ Of these forty-nine rulings, in 94% of them courts ultimately ruled in favor of the trademark owner.⁵⁰ Table 2 shows that for the similarity of the marks factor, courts specifically addressed post-sale confusion and found the factor to favor a likelihood of confusion in nineteen rulings.⁵¹ The nineteen rulings are 79% of the total twenty-four rulings in which courts specifically addressed post-sale confusion in its evaluation of the similarity of the marks factor.⁵² Of these nineteen rulings, courts in 95% of them ultimately ruled in favor of the trademark owner.⁵³

Tables 1 and 2 summarize the data indicating the strength of influence that each factor has (1) in yielding a ruling in favor of the trademark owner and (2) in yielding a ruling against the trademark owner on post-sale confusion claims. For example, if courts have held that a likelihood of confusion existed in every case in which they found a particular factor to weigh in favor of a likelihood of confusion, then that factor has a strong influence on a court's decision to rule in favor of the trademark owner. Similarly, if courts have held that a likelihood of confusion did not exist in each case in which they found a particular factor to weigh against a likelihood of confusion, then that factor has a strong influence on a court's decision to rule against the trademark

48. See, e.g., *Louis Vuitton Malletier S.A. v. Sunny Merch. Corp.*, 97 F. Supp. 3d 485, 491–98 (S.D.N.Y. 2015); *Clinique Lab'ys, Inc. v. Dep Corp.*, 945 F. Supp. 547, 551–58 (S.D.N.Y. 1996); *Reebok Int'l Ltd. v. Sung Hwa Int'l Corp.*, No. 87 Civ. 7015, 1987 WL 27684, at *2 (S.D.N.Y. Dec. 10, 1987).

49. See *infra* Table 1.

50. See *infra* Table 1.

51. See *infra* Table 2.

52. See *infra* Table 2.

53. See *infra* Table 2.

owner. Section III.A below summarizes the analysis showing that the factors with the strongest influence in yielding a ruling in favor of the trademark owner are the evidence of actual confusion, defendant's intent, and similarity of the marks factors.⁵⁴ Section III.B below summarizes the analysis showing that the factors with the strongest influence in yielding a ruling against the trademark owner are the strength of the plaintiff's mark, similarity of the marks, and evidence of actual confusion factors.⁵⁵

Table 1. Trademark Owner Win Rate by Factor Outcome for All Opinions for the Period to the End of 2020 in which a Court Issued a Dispositive Ruling or Granted a Preliminary Injunction on a Post-Sale Confusion Claim

Factor	Outcome	Distribution		Trademark Owner Win Rate (%)
		N	%	
Similarity of the marks	Favors LOC	49	80	94
	Disfavors LOC	10	16	10
	Other	2	3	50
Proximity of the goods	Favors LOC	40	66	88
	Disfavors LOC	6	10	33
	Other	15	25	67
Evidence of actual confusion	Favors LOC	18	30	100
	Disfavors LOC	13	21	38
	Other	30	49	83
Strength of plaintiff's mark	Favors LOC	48	79	83
	Disfavors LOC	6	10	0
	Other	7	11	71
Defendant's intent	Favors LOC	36	59	97

54. See *infra* Section III.A.

55. See *infra* Section III.B.

	Disfavors LOC	18	30	44
	Other	7	11	71
Sophistication of the consumers	Favors LOC	15	25	93
	Disfavors LOC	17	28	47
	Other	28	46	89
Similarity of advertising methods	Favors LOC	10	16	80
	Disfavors LOC	6	9	67
	Other	11	18	90
Similarity of sales facilities	Favors LOC	8	13	88
	Disfavors LOC	0	0	0
	Other	4	7	75
Likelihood of bridging the gap	Favors LOC	7	11	86
	Disfavors LOC	4	7	50
	Other	33	54	76
Comparative quality of the parties' goods	Favors LOC	10	16	90
	Disfavors LOC	5	8	40
	Other	18	30	72
Length of time of concurrent use	Favors LOC	0	0	0
	Disfavors LOC	0	0	0
	Other	2	3	50
Similarity in targets of sales efforts	Favors LOC	1	2	100
	Disfavors LOC	0	0	0
	Other	1	2	0

Table 2. Trademark Owner Win Rate by Factor Outcome for All Opinions to the End of 2020 in Which a Court Specifically Addressed Post-Sale Confusion in Its Analysis of the Factor and Issued a Dispositive Ruling or Granted a Preliminary Injunction on Post-Sale Confusion

Factor	Outcome	Distribution		Trademark Owner Win Rate (%)
		N	%	
Similarity of the marks	Favors LOC	19	79	95
	Disfavors LOC	5	21	20
	Other	0	0	0
Proximity of the goods	Favors LOC	7	58	86
	Disfavors LOC	3	25	33
	Other	2	17	100
Evidence of actual confusion	Favors LOC	10	45	100
	Disfavors LOC	6	27	0
	Other	6	27	67
Strength of plaintiff's mark	Favors LOC	5	63	80
	Disfavors LOC	2	25	0
	Other	1	13	100
Defendant's intent	Favors LOC	5	63	100
	Disfavors LOC	3	38	33
	Other	0	0	0
Sophistication of the consumers	Favors LOC	2	13	100
	Disfavors LOC	5	33	40
	Other			

	Other	8	53	88
Similarity of advertising methods	Favors LOC	0	0	0
	Disfavors LOC	0	0	0
	Other	4	100	100
Similarity of sales facilities	Favors LOC	0	0	0
	Disfavors LOC	0	0	0
	Other	1	100	0
Likelihood of bridging the gap	Favors LOC	0	0	0
	Disfavors LOC	2	50	50
	Other	2	50	100
Comparative quality of the parties' goods	Favors LOC	1	17	100
	Disfavors LOC	2	33	50
	Other	3	50	67
Length of time of concurrent use	Favors LOC	0	0	0
	Disfavors LOC	0	0	0
	Other	0	0	0
Similarity in targets of sales efforts	Favors LOC	0	0	0
	Disfavors LOC	0	0	0
	Other	0	0	0

A. Factor Outcomes' Influence on Rulings in Favor of the Trademark Owner

The proportion of rulings in which courts held that a likelihood of confusion existed after finding a factor to weigh in favor of a likelihood of confusion provides insight on the strength of that factor's influence on a court's decision to rule in favor of the trademark owner. Based on the

trademark owner's win rates from Table 1, the chances of a court ruling that a likelihood of confusion exists are the highest when the court has found that the following factors favor a likelihood of confusion: evidence of actual confusion (100%), defendant's intent (97%), and similarity of the marks (94%).⁵⁶ The values in parentheses indicate the percentage of rulings in which courts found a likelihood of confusion to exist after finding the factor to favor a likelihood of confusion. Of the rulings in which courts found the evidence of actual confusion factor to favor a likelihood of confusion, the court in all of them ultimately held that a likelihood of confusion existed.⁵⁷ Similarly, of the rulings in which courts found the defendant's intent factor to favor a likelihood of confusion, the court in 97% of them ultimately held that a likelihood of confusion existed.⁵⁸

When taking into account only the rulings in which courts specifically addressed post-sale confusion in their evaluation of the factor, as shown in Table 2, the data indicates that the chances of a court holding that a likelihood of confusion exists are the highest when the court has found that the following factors favor a likelihood of confusion: evidence of actual confusion (100%), defendant's intent (100%), and sophistication of the consumers (100%).⁵⁹ In all of the opinions in which courts specifically addressed post-sale confusion when evaluating one of these three factors and then found the factor to favor a likelihood of confusion, courts ultimately held that a likelihood of confusion existed.⁶⁰ The data does not, however, allow drawing the conclusion that these three factors are dispositive in yielding a holding in favor of the trademark owner because the data only indicates a correlation relationship, rather than a causation relationship, between the factor outcome and the case outcome. The sample size further limits the reliability of these values for predicting the outcome of future cases. The sample size for each of these three factors are, respectively, ten, five, and two opinions.⁶¹ The phi coefficient

56. The trademark owner win rate for the similarity in targets of sales efforts factor is 100%, but this win rate is based on a sample size of only one opinion. *Sweet People Apparel, Inc. v. Fame of NY, Inc.*, No. 11-1666, 2011 WL 2937360, at *4 (D.N.J. July 19, 2011).

57. See *supra* Table 1.

58. See *supra* Table 1.

59. See *supra* Table 2. The trademark owner win rate for the comparative quality of the goods factor is 100%, but this win rate is based on a sample size of only one opinion. *MetroPCS Wireless, Inc. v. Metro PCS Wireless, Inc.*, No. 08-cv-3326, 2009 WL 10705874, at *11 (E.D.N.Y. Dec. 7, 2009).

60. See *supra* Table 2.

61. For example, the courts in ten of the cases in which they specifically addressed post-sale confusion when evaluating the evidence of actual confusion factor found that the factor favored a likelihood of confusion. See, e.g., *MetroPCS Wireless*, 2009 WL 10705874, at *9,

discussed later in this section provides additional perspective on the relationship between the factor outcome and the case outcome.

These conclusions from the data are consistent with Professor Beebe's finding of the core factors that determine the outcome of the multifactor test for a sample of opinions that primarily addressed point-of-sale confusion.⁶² The three factors from Professor Beebe's study that correlate with the highest win rate for the trademark owner are the defendant's intent (97%), evidence of actual confusion (92%), and sophistication of consumers (86%) factors.⁶³ In comparison, the values in Table 1 are higher for the evidence of actual confusion factor, 100% compared to 92%, and the similarity of the marks factor, 94% compared to 84%.⁶⁴

The reason that the similarity of the marks factor corresponds to a higher trademark owner's win rate for the sample of opinions on post-sale confusion than for the sample of opinions primarily on point-of-sale confusion is that a higher proportion of post-sale confusion cases involve marks that are either identical or nearly identical.⁶⁵ The degree of similarity in the marks is high in cases involving post-sale confusion claims. Close to half of the rulings (39%), twenty-four of the sixty-one rulings, in this Article's data set involve marks that courts found to be either identical or nearly identical.⁶⁶ In all twenty-four of these rulings, courts held that a likelihood of confusion existed.⁶⁷ Of these twenty-four

*12. The courts in all ten cases then held that a likelihood of confusion existed. *See supra* Table 2.

62. Beebe, *supra* note 14, at 1609 (listing plaintiff win rates).

63. *Id.* In Professor Beebe's study, the plaintiff's win rate for the length of time of concurrent use factor is 100%, but this win rate was based on a sample size of only four cases, as the court in only four cases found this factor to be in favor of a likelihood of confusion. *Id.* (showing N equal to four). The sample size for the defendant's intent, evidence of actual confusion, and sophistication of consumers factors are sixty-seven, sixty-six, and fifty-five, respectively. *Id.*

64. *Id.* at 1591, 1609.

65. *See Deere & Co. v. MTD Holdings Inc.*, No. 00 Civ. 5936, 2004 WL 324890, at *15 (S.D.N.Y. Feb. 19, 2004) ("[In] most of the cases where a court has found initial interest confusion or post-sale confusion [to] support[] . . . a finding of a likelihood of confusion, [the case] involved essentially identical marks and/or evidence of intentional deception on the part of the defendant.").

66. *See, e.g., Car-Freshner Corp. v. Big Lots Stores, Inc.*, 314 F. Supp. 2d 145, 150 (N.D.N.Y. 2004) (citation omitted) ("Here Defendants' tree-shaped air fresheners bear a striking resemblance to Plaintiffs' tree-shaped air fresheners. While a few branches may be different here and there, overall, the silhouette of the products are virtually identical.").

67. *See Adidas America, Inc. v. Skechers USA, Inc.*, 149 F. Supp. 3d 1222 (D. Or. 2016); *Car-Freshner Corp.*, 314 F. Supp. 2d at 150; *Cartier, a Div. of Richemont N. Am., Inc. v. Aaron Faber Inc.*, 396 F. Supp. 2d 356, 359 (S.D.N.Y. 2005); *Cartier, Inc. v. Four Star Jewelry Creations, Inc.*, 348 F. Supp. 2d 217, 245 (S.D.N.Y. 2004); *Cartier, a Div. of Richemont N. Am., Inc. v. Symbolix, Inc.*, 386 F. Supp. 2d 354, 361 (S.D.N.Y. 2005); *Cartier*

rulings, ten of them involved counterfeit products, which is 16% of the total of sixty-one rulings in the data set.⁶⁸ The sample of opinions from Professor Beebe's study, by contrast, excludes opinions that address counterfeit products.⁶⁹

Table 3 below lists, for each factor, the phi coefficient value for the correlation between the following two outcomes: (1) a court's finding that the factor favors a likelihood of confusion and (2) the court's holding that a likelihood of confusion exists.⁷⁰ The phi coefficient indicates the strength of the correlation between the two outcomes.⁷¹ The factors in bold typeface in Tables 3 have a phi coefficient that is at least 0.4 (+/- 0.05), which indicates that the strength of the correlation between the two outcomes is at least moderate.⁷² The values of the phi coefficient are

v. TechnaOro, Inc., No. 05-CV-6614, 2008 WL 11518433, at *7 (S.D.N.Y. Mar. 28, 2008); Chanel, Inc. v. Stevens, No. 07-81201-CIV, 2009 WL 10668566, at *4 (S.D. Fla. Oct. 20, 2009); Coach, Inc. v. Richie's Playhouse Inc., 2013 WL 594243 at *6 (E.D. Mich. 2013); Coach, Inc. v. Treasure Box, Inc., 2013 WL 2402922 at *4-5 (N.D. Ind. 2013); Coach, Inc. v. Uptown Bags for Downtown Girls, LLC, No. 10-cv-511, 2012 WL 13018623, at *4 (W.D. Mich. Apr. 13, 2012); Empi, Inc. v. Iomed, Inc., 923 F. Supp. 1159, 1167 (D. Minn. 1996); Empresa Cubana del Tabaco v. Culbro Corp., No. 97 Civ. 8399, 2004 WL 602295, at *41 (S.D.N.Y. Mar. 26, 2004), *aff'd in part, rev'd in part*, 399 F.3d 462 (2d Cir. 2005); GTFM, Inc. v. Solid Clothing, Inc., 215 F. Supp. 2d 273, 295 (S.D.N.Y. 2002); Hard Rock Cafe Licensing Corp. v. Pacific Graphics, Inc., 776 F. Supp. 1454, 1461 (W.D. Wash. 1991); H-D U.S.A., LLC v. SunFrog, LLC, 311 F. Supp. 3d 1000, 1029 (E.D. Wis. 2018); McNeil-PPC, Inc. v. Granutec, Inc., 919 F. Supp. 198, 202 (E.D.N.C. 1995); Nabisco Brands, Inc. v. Conusa Corp., 722 F. Supp. 1287, 1291 (M.D.N.C. 1989); Nat'l Bus. Forms & Printing, Inc. v. Ford Motor Co., 2009 WL 3570387 at *4 (S.D. Tex. 2009); Reebok Int'l Ltd. v. Sung Hwa Int'l Corp., No. 87 Civ. 7015, 1987 WL 27684, at *2 (S.D.N.Y. 1987); River Light V, L.P. v. Lin & J Int'l, Inc., No. 13cv3669, 2014 WL 6850966, at *12, *16 (S.D.N.Y. 2014); Sara Lee Corp. v. Am. Leather Prods, Inc., No. 97 C 4158, 1998 WL 433764, at *15 (N.D. Ill. 1998); Sweet People Apparel, Inc. v. Fame of NY, Inc., No. 11-1666, 2011 WL 2937360, at *3 (D.N.J. 2011); Sweet People Apparel, Inc. v. LA Idol Fashion, Inc., 2011 WL 13196077 at *5 (C.D. Cal. 2011); Volkswagen AG v. iman365-usa, No. 18-cv-06611, 2020 WL 977969, at *5 (N.D. Ill. 2020).

68. See *Cartier*, 396 F. Supp. 2d at 359; *Cartier*, 386 F. Supp. 2d at 361; *Chanel, Inc.*, 2009 WL 10668566, at *4; *Coach, Inc.*, 2013 WL 594243 at *6; *Coach, Inc.*, 2013 WL 2402922 at *4-5; *H-D U.S.A., LLC*, 311 F. Supp. 3d at 1029; *Nat'l Bus. Forms & Printing, Inc.*, 2009 WL 3570387 at *4; *River Light V*, 2014 WL 6850966, at *16; *Sweet People Apparel, Inc.*, 2011 WL 2937360, at *3; *Volkswagen AG*, 2020 WL 977969, at *5.

69. See Beebe, *supra* note 14, at 1597.

70. See *infra* Table 3.

71. Hakan Demirtas, *A Note on the Relationship Between the Phi Coefficient and the Tetrachoric Correlation Under Nonnormal Underlying Distributions*, 70 AM. STATISTICIAN 143, 143 (2016) (explaining that the phi coefficient indicates the strength of the correlation between two variables when both variables are dichotomous); see also JACOB COHEN ET AL., *APPLIED MULTIPLE REGRESSION/CORRELATION ANALYSIS FOR THE BEHAVIORAL SCIENCES* 30-31, 390 (3d ed. 2002).

72. See Patrick Schober et al., *Correlation Coefficients: Appropriate Use and Interpretation*, 126 ANESTHESIA & ANALGESIA 1763, 1765 (2018).

consistent with the findings summarized in Table 1.⁷³ The evidence of actual confusion, defendant's intent, and similarity of the marks factors—the factors for which a finding that the factor favors a likelihood of confusion corresponds to the highest trademark owner win rates, as discussed above—all have at least a moderate strength of correlation between the two outcomes.

Table 3. Phi Coefficient R_ϕ for the Correlation Between a Court Finding that a Factor Favors a Likelihood of Confusion and the Court Holding that a Likelihood of Confusion Exists

Factor	R_ϕ between a factor favoring LOC and a holding of LOC
Similarity of the marks	0.75
Proximity of the goods	0.34
Evidence of actual confusion	0.35
Strength of plaintiff's mark	0.42
Defendant's intent	0.54
Sophistication of the consumers	0.21
Similarity of advertising methods	-0.03
Similarity of sales facilities	0.16
Likelihood of bridging the gap	0.11
Comparative quality of the parties' goods	0.26
Length of time of concurrent use	0.00
Similarity in targets of sales efforts ⁷⁴	1.00

Figure 1 below provides an additional perspective for considering the relationship between the factor outcome and the case outcome. Figure 1 depicts, for each factor, the proportion of rulings in which courts found that the factor weighed in favor of a likelihood of confusion to the total of all forty-eight rulings in which courts ruled in favor of the trademark

73. See *supra* Table 1.

74. The sample size for the similarity in targets of sales efforts factor is one, as the court in only one case found it to weigh in favor of a likelihood of confusion. See *Sweet People Apparel, Inc. v. Fame of NY, Inc.*, No. 11-1666, 2011 WL 2937360, at *4 (D.N.J. July 19, 2011).

owner.⁷⁵ Similarity of the marks, strength of the plaintiff's mark, proximity of the goods, and defendant's intent are the factors with the highest proportions.⁷⁶

One limitation of this depiction of the relationship between the factor outcome and the case outcome is that the total number of opinions that address each factor is not equal across the factors because courts do not always consider all of the factors.⁷⁷ Courts in all of the rulings considered the first five factors listed from the top in Figure 1, but the number of rulings in which courts addressed the other factors varies depending on the factor.⁷⁸ Tables 1 and 2 do not have this limitation in their depiction of the data.⁷⁹ Tables 1 through 3 and Figure 1 together provide a comprehensive view of the strength of influence that each factor has on a court's decision to rule in favor of the trademark owner.⁸⁰

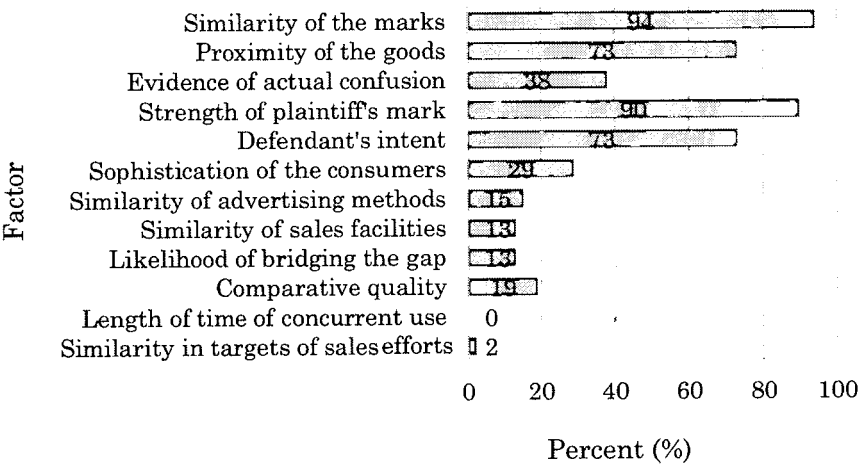


Figure 1. Proportion of Rulings in Which a Factor Weighed in Favor of a Likelihood of Confusion to the Total of All Forty-Eight Rulings in Favor of the Trademark Owner.

75. See *infra* Figure 1.
76. See *infra* Figure 1.
77. See *supra* Table 1.
78. See *supra* Table 1.
79. See *supra* Tables 1, 2.
80. See *supra* Tables 1–3; see *infra* Figure 1.

B. Factor Outcomes' Influence on Rulings Against the Trademark Owner

The trademark owner's win rate for the opinions in which courts found a factor to weigh against a likelihood of confusion provides an indication of the strength of that factor's influence on a court's decision to rule against the trademark owner on a post-sale confusion claim.⁸¹ Based on the trademark owner's win rates from Table 1, the chances of a court ruling in favor of the trademark owner are the lowest when the court has found that the following factors disfavor a likelihood of confusion: strength of the plaintiff's mark (0%), similarity of the marks (10%), and evidence of actual confusion (38%).⁸² The values in parentheses indicate the percentage of rulings in which courts held that a likelihood of confusion existed after finding the factor to weigh against a likelihood of confusion.⁸³ Of the six rulings in which courts found the strength of the plaintiff's mark factor to disfavor a likelihood of confusion, the court in all of them held that a likelihood of confusion did not exist.⁸⁴ Of the ten rulings in which courts found that the similarity of the marks factor disfavored a likelihood of confusion, the court in all but one of them held that a likelihood of confusion did not exist.⁸⁵ The only ruling in which a court held that a likelihood of confusion existed was *Gucci America, Inc. v. Guess?, Inc. (Gucci IV)*.⁸⁶ In *Gucci IV*, the court's finding that the similarity of the marks factor weighed against a likelihood of confusion applied to all of the products at issue except for a certain style of belt and shoes.⁸⁷ The court's holding that a likelihood of post-sale confusion existed applied only to the belt and the shoes.⁸⁸

When taking into account only the rulings in which courts specifically addressed post-sale confusion in their evaluation of the factor, as shown in Table 2, the chances of a court ruling in favor of the trademark owner

81. Table 1 provides the trademark owner's win rate by factor outcome, from which we can determine the strength of each factor's influence on decisions against the trademark owner as follows. A factor has a large influence on a court's decision to rule against the trademark owner if it is true that when the court finds that the factor weighs against a likelihood of confusion, the court almost always rules against the trademark owner on the likelihood of confusion. Since the outcome for the holding is binary—either the trademark owner wins or does not win—then the lower the trademark owner's win rate, the stronger the factor's influence on the court's decision to rule against the trademark owner.

82. See *supra* Table 1.

83. See *supra* Table 1.

84. See *supra* Table 1.

85. See *supra* Table 1.

86. *Gucci IV*, 868 F. Supp. 2d 207, 247–51 (S.D.N.Y. 2012).

87. *Id.* at 250.

88. *Id.*

are the lowest when the court has found that the following factors disfavor a likelihood of confusion: strength of plaintiff's mark (0%), evidence of actual confusion (0%), and similarity of the marks (20%).⁸⁹ The values in parentheses indicate the percentage of rulings in which the courts held that a likelihood of confusion existed after having specifically addressed post-sale confusion when analyzing that factor and found the factor to weigh against a likelihood of confusion.⁹⁰

These conclusions from the data are consistent with Professor Beebe's findings for the sample of opinions primarily addressing point-of-sale confusion.⁹¹ The three factors from Professor Beebe's study that correspond to the lowest win rate for the trademark owner are the similarity of the marks (0%), similarity of sales facilities (0%), and proximity of the goods (2%) factors.⁹² The win rate for the proximity of the goods factor is lower for the sample of opinions primarily on point-of-sale confusion than for the sample of opinions on post-sale confusion, 2% compared to 33%,⁹³ because some courts have stated that this factor has less effect on potential purchasers in a post-sale setting than on purchasers in a point-of-sale setting.⁹⁴ For example, in *Coty Inc. v. Excell Brands, LLC*, the court found that the proximity of the goods factor weighed slightly in favor of the defendant because the plaintiff's products were generally sold in high-end retail stores whereas the defendant's products were sold in discount stores.⁹⁵ The court then stated that this difference in the store type had "little or no bearing on post-sale confusion as to the source of the goods" because it reasoned that sales venue has no effect on a potential purchaser in the post-sale context.⁹⁶

The values of the phi coefficient shown in Table 4 below are consistent with the findings summarized in Table 1.⁹⁷ Table 4 lists, for each factor, the phi coefficient value for the correlation between the following two outcomes: (1) the court's finding that the factor disfavors a

89. The 20% win rate for the similarity of the marks factor is because of one opinion. See *id.* at 207.

90. See *supra* Table 2.

91. Beebe, *supra* note 14, at 1609.

92. *Id.* at 1609 (listing plaintiff's win rates). For this Article's data set, the sample size for the targets of sales efforts factor is zero because no court in the sample of opinions that addressed this factor found it to weigh against a likelihood of confusion.

93. See *supra* Table 1.

94. See, e.g., *Audemars Piguet Holding S.A. v. Swiss Watch Int'l, Inc.*, 46 F. Supp. 3d 255, 279 (S.D.N.Y. 2014) ("[B]ecause *post-sale* confusion considers confusion subsequent to purchase . . . considering proximity at the time of purchase[] is not relevant."), *rev'd in part*, No. 12 Civ. 5423, 2015 WL 150756 (S.D.N.Y. Jan. 12, 2015).

95. See *Coty Inc. v. Excell Brands, LLC*, 277 F. Supp. 3d 425, 448 (S.D.N.Y. 2017).

96. *Id.* (citing *Clinique Lab'ys, Inc. v. Dep Corp.*, 945 F. Supp. 547, 554 (S.D.N.Y. 1996)).

97. See *supra* Table 1; see also *infra* Table 4.

likelihood of confusion and (2) the court's holding that a likelihood of confusion does not exist.⁹⁸ Table 4 shows in bold typeface the factors that have a phi coefficient that is at least 0.4 (+/- 0.5), which indicates that the strength of the correlation between the two outcomes is at least moderate.⁹⁹ As Table 4 shows, the strength of the plaintiff's mark, evidence of actual confusion, and similarity of the marks factors—the factors for which a finding that the factor disfavors a likelihood of confusion corresponds to the lowest trademark owner win rates, as discussed above—all have at least a moderate strength of correlation between the two outcomes.

Table 4. Phi Coefficient R_ϕ for the Correlation Between a Court Finding that a Factor Disfavors a Likelihood of Confusion and the Court Holding that a Likelihood of Confusion Does Not Exist

Factor	R_ϕ between a factor disfavoring LOC and a holding of no LOC
Similarity of the marks	0.74
Proximity of the goods	0.34
Evidence of actual confusion	0.38
Strength of plaintiff's mark	0.55
Defendant's intent	0.54
Sophistication of the consumers	0.48
Similarity of advertising methods	0.20
Similarity of sales facilities	0.00
Likelihood of bridging the gap	0.11
Comparative quality of the parties' goods	0.31
Length of time of concurrent use	0.00
Similarity in targets of sales efforts	0.00

98. See *infra* Table 4.

99. See Schober et al., *supra* note 72, at 1765.

Figure 2 below depicts, for each factor, the proportion of rulings in which courts found that the factor weighed against a likelihood of confusion to the total of all thirteen rulings in which courts ruled against the trademark owner.¹⁰⁰ Similarity of the marks, evidence of actual confusion, defendant's intent, and sophistication of the consumers are the factors with the highest proportions.¹⁰¹ As discussed above, one limitation of this depiction of the relationship between the factor outcome and the case outcome is that the total number of opinions that address each factor is not equal across the factors. Tables 1, 2, and 4, and Figure 2 together provide a comprehensive view of the strength of each factor's influence on courts' decisions to hold that a likelihood of confusion does not exist.

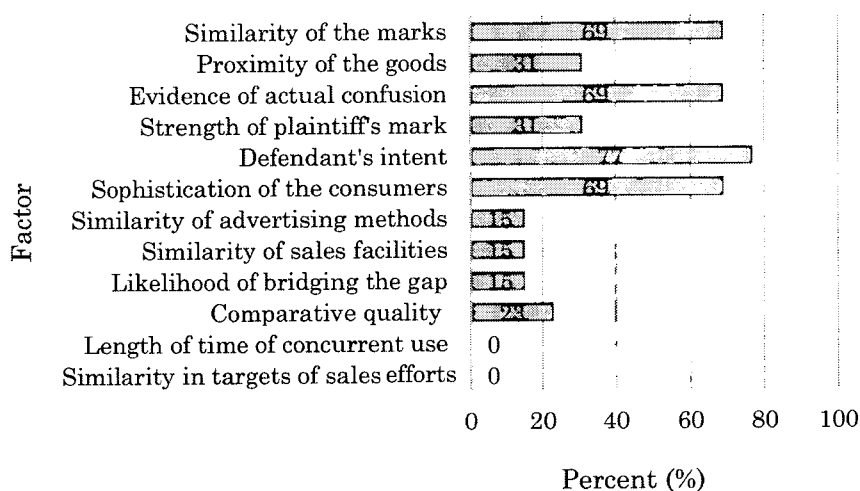


Figure 2. Proportion of Rulings in which a Factor Weighed Against a Likelihood of Confusion to the Total of All Thirteen Rulings Against the Trademark Owner.

III. COURTS' ANALYSIS OF FACTORS WHEN RULING ON POST-SALE CONFUSION

Of the factors that Part II has demonstrated to have the most influence on the outcome of post-sale confusion cases, the defendant's intent is the only factor that is not directly related to an allegedly

100. See *infra* Figure 2.

101. See *infra* Figure 2.

infringing product's observable qualities in a post-sale setting.¹⁰² Yet, a finding that a defendant has bad faith has a strong, if not dispositive, influence on courts' decisions.¹⁰³ On the other hand, the comparative quality of the goods factor only has a limited influence on the case outcome,¹⁰⁴ even though product quality is at the heart of the search costs theory of trademark law, as product quality is central to consumers' purchasing decisions.¹⁰⁵

This Part examines courts' analysis of these two factors—the defendant's intent factor and the comparative quality of the goods factor. This Part shows that in evaluating the defendant's intent factor, courts focus on the mindset of the defendant rather than on the aspects of the product that are visible in a post-sale setting. Courts distinguish between an intent to copy the trademark for competitive purposes from an intent to deceive consumers as to the origin of the product, even though the aspects of the product that are visible to consumers in a post-sale setting

102. As shown *supra* Part II, the factors with the strongest influence on a court's decision to rule in favor of the trademark owner are the evidence of actual confusion, defendant's intent, and similarity of the marks factors. The factors with the strongest influence on a court's decision to rule against the trademark owner are the strength of the plaintiff's mark, similarity of the marks, and evidence of actual confusion factors.

103. See *supra* Part I; see also *supra* Table 1 (showing that the trademark owner's win rate is 97% for the rulings in which the court found the defendant's intent factor to favor a likelihood of confusion). The phi coefficient for the correlation between the court finding that the defendant's intent factor favors a likelihood of confusion and the court ruling in favor of the trademark owner is 0.54. See *supra* Part II; see also *supra* Table 3. Of the thirty-six rulings in which the court found this factor to favor a likelihood of confusion, the court ruled in favor of the trademark mark owner in thirty-five of them. See *supra* Part II; see also *supra* Table 1.

104. The trademark owner's win rate for the cases in which the court found the comparative quality of the goods factor to favor a likelihood of confusion is 90%, but the phi coefficient for the correlation between the factor favoring a likelihood of confusion and the court ruling in favor of the trademark owner is only 0.26. See *supra* Part II; see also *supra* Tables 1, 3. The low phi coefficient value for the comparative quality of the goods factor compared to that of the defendant's intent factor is due to the lower total number of opinions, ten compared to thirty-six, in which the court ruled that the comparative quality of the goods factor favored a likelihood of confusion.

105. See Dogan & Lemley, *Trademarks and Consumer Search Costs*, *supra* note 11, at 782 (discussing the purpose of trademark law for reducing consumer search costs); Lemley, *supra* note 11, at 1809 (stating that the point of trademark law is to prevent consumer confusion that undermines confidence in product quality and purchasing decisions); Lemley & McKenna, *Irrelevant Confusion*, *supra* note 22, at 415 (arguing that courts should presume materiality in cases in which confusion exists as to whether the plaintiff is responsible for the quality of the defendant's goods, as quality of the goods is likely to impact consumers' purchasing decisions); McGeveran & McKenna, *supra* note 11, at 272–73 (stating that trademark law allows consumers to rely on trademarks as shorthands for information about the source and quality of the products); Sheff, *Marks, Morals, and Markets*, *supra* note 11, at 765 (stating that the economic role of trademarks is to help consumers identify the unobservable features of the trademarked product).

may be the same in both cases.¹⁰⁶ In evaluating the comparative quality of the goods factor, some courts reason that the factor is irrelevant in the post-sale context.¹⁰⁷ Courts' reasoning when evaluating these two factors suggests that post-sale confusion theory is not rooted in the traditional trademark doctrine of facilitating the communication of reliable information that is relevant to consumers' purchasing decisions. Part IV further discusses this argument in asking the question of what the rationale for post-sale confusion theory is.

A. Defendant's Intent Factor

Courts have stated that a finding of bad faith—that the defendant's intent factor weighs in favor of a likelihood of confusion—can be dispositive.¹⁰⁸ For example, courts in the Second Circuit and the Fifth Circuit have stated that a finding of bad faith creates a “rebuttable presumption of actual confusion.”¹⁰⁹ Courts in the Ninth Circuit have similarly expressed the view that a finding of bad faith is a strong indicator that a likelihood of confusion exists.¹¹⁰ Courts in the Sixth Circuit have stated that when bad faith and a direct competition of the products are established, it presumes a likelihood of confusion and does not need to consider the other factors of the multifactor test.¹¹¹

106. See *infra* note 123.

107. See *infra* note 157.

108. See *RE/MAX Int'l, Inc. v. Trendsetter Realty, LLC*, 655 F. Supp. 2d 679, 702 (S.D. Tex. 2009).

109. *Gucci II*, 843 F. Supp. 2d 412, 425 (S.D.N.Y. 2012) (“Bad faith also gives rise to a rebuttable presumption of actual confusion, which is necessary to obtain damages.”); *RE/MAX Int'l*, 655 F. Supp. 2d at 702 (“If, however, a plaintiff can show that a defendant adopted a mark with the intent of deriving benefit from the reputation of the plaintiff, that fact alone ‘may be sufficient to justify the inference that there is confusing similarity.’” (quoting *Exxon Corp. v. Tex. Motor Exch. of Hous., Inc.*, 628 F.2d 500, 506 (5th Cir. 1980))); *Dall. Cowboys Football Club, Ltd. v. Am.’s Team Props., Inc.*, 616 F. Supp. 2d 622, 640 (N.D. Tex. 2009).

110. *Adidas Am., Inc. v. Skechers USA, Inc.*, No. 15-cv-01741, 2017 WL 3319190, at *19 (D. Or. Aug. 3, 2017) (stating that if the defendant adopts its mark “with the intent of deriving benefit from the reputation of the trade-mark . . . its intent may be sufficient to justify the inference” that a likelihood of confusion exists); *adidas-Salomon AG v. Target Corp.*, No. 01–1582, 2003 WL 25710435, at *7 (D. Or. Jan. 29, 2003) (“[I]ntent to deceive is strong evidence of a likelihood of confusion.”).

111. *Coach, Inc. v. Uptown Bags for Downtown Girls, LLC*, No. 10-cv-511, 2012 WL 13018623, at *6 (W.D. Mich. Apr. 13, 2012) (“[W]here the defendant has copied the precise trademark on its own goods, the consideration of each of the eight factors is not necessary where the two products compete and a likelihood of confusion can be presumed.” (citing *Gen. Motors Corp. v. Autovation Techs., Inc.*, 317 F. Supp. 2d 756, 761 (E.D. Mich. 2004))). The court in *Uptown Bags for Downtown Girls* held that “a likelihood of confusion is presumed when the defendant intentionally copies a trademark design ‘with the intent to

In some cases, courts have based a holding of a likelihood of confusion solely on a finding of bad faith. For example, in *Gucci IV*, the defendant's intent factor was the only factor that the court evaluated when ruling on the likelihood of post-sale confusion for the stripe mark.¹¹² The court found that defendant Guess's bad faith in copying the mark was "so egregious that a full Polaroid analysis [was] not necessary to conclude that there [was] a likelihood of confusion."¹¹³ In the same case, when evaluating the Quattro G pattern, the court stated that Guess's bad faith in copying the pattern created a presumption of actual confusion that weighed more than the survey evidence that Gucci had presented as evidence for the evidence of actual confusion factor.¹¹⁴

The heavy influence of the defendant's intent factor that courts have expressed in their opinions is consistent with the empirical findings summarized in Table 1 showing that the courts in all but one of the opinions in which they had found bad faith have held that a likelihood of confusion existed.¹¹⁵ On the other hand, while a finding of bad faith can create a presumption of a likelihood of confusion, a finding of a lack of bad faith does not shield the infringer from liability.¹¹⁶ This is consistent with the conclusion from Part II showing that while the defendant's intent factor has a strong influence on decisions in favor of the trademark owner, it does not have a strong influence on decisions against the trademark owner.

In counterfeit cases, courts have assumed that bad faith exists based on the reasoning that the only motivation for one to sell counterfeit products is to profit in bad faith from the trademark holder's

derive a benefit from the reputation of another." *Id.* (quoting *Ford Motor Co. v. Lloyd Design Corp.*, 22 Fed. Appx. 464, 468 (6th Cir. 2001)).

112. *Gucci IV*, 868 F. Supp. 2d 207, 249 (S.D.N.Y. 2012) ("Gucci has submitted evidence that [defendant] knowingly and in bad faith copied Gucci's GRG Stripe. This conduct was so egregious that a full *Polaroid* analysis is not necessary to conclude that there is a likelihood of confusion with Gucci's GRG Stripe.").

113. *Id.*

114. *Id.* at 225, 248 (finding that the survey only provided "some support").

115. See *supra* Part II; see also *supra* Table 1 (showing that of the thirty-six rulings in which a court found the defendant's intent factor to favor a likelihood of confusion, the court ruled in favor of the trademark mark owner in thirty-five of them).

116. *OraLabs, Inc. v. Kind Grp. LLC*, No. 13-cv-00170, 2015 WL 4538444, at *8 (D. Colo. July 28, 2015) (concluding that while the intent factor favors the defendant, the factor should be given minimal weight in the face of the similarity of the products, the strength of the plaintiff's trade dress, and the evidence of actual confusion factors weighing in favor of the plaintiff); *MetroPCS Wireless, Inc. v. Metro PCS Wireless, Inc.*, No. 08-CV-3326, 2009 WL 10705874, at *11 (E.D.N.Y. Dec. 7, 2009) ("[T]he defendant's good faith, even if established, is not a defense to infringement."); *YKK Corp. v. Jungwoo Zipper Co.*, 213 F. Supp. 2d 1195, 1205 (C.D. Cal. 2002) ("[A] showing of good faith [by a defendant] is not very probative as to the determination of likelihood of confusion . . .").

popularity.¹¹⁷ Courts have presumed a likelihood of confusion based on the assumption of bad faith.¹¹⁸ For example, in *Coach, Inc. v. Richie's Playhouse Inc.*, the court found a likelihood of confusion solely based on the defendant's bad faith in misappropriating the Coach mark and placing the mark on the same type of goods that Coach sold.¹¹⁹ Similarly, in *Coach, Inc. v. Treasure Box, Inc.*, the court based its holding of a likelihood of confusion on its finding that the defendant had bad faith, which it had found was evidenced by the defendant's admission that she had purchased the knockoff fashion accessories knowing that they were not authentic and with the intention of selling them for a profit by taking advantage of the Coach trademark.¹²⁰

Courts in the Second Circuit, Fifth Circuit, and Ninth Circuit have in some cases stated that evidence of a defendant's intent to copy a trademark is not sufficient to prove bad faith.¹²¹ The courts in these cases required evidence of an intent to deceive consumers as to the origin of the product.¹²² They distinguished an intent to copy from an intent to deceive on the basis that a defendant may copy a trademark with an intent to compete in the market rather than with an intent to deceive consumers as to the origin of the product.¹²³ For example, the court in *GTFM, Inc. v.*

117. See *Coach, Inc. v. Treasure Box, Inc.*, No. 11 CV 468, 2013 WL 2402922, at *8 (N.D. Ind. May 31, 2013) (stating that counterfeit cases are better understood as giving rise to a presumption of consumer confusion); *Coach, Inc. v. Richie's Playhouse Inc.*, No. 11-cv-12638, 2013 WL 594243, at *6 (E.D. Mich. Feb. 15, 2013) (concluding that the court may presume a likelihood of confusion because the defendants have placed the counterfeit mark on the same type of goods that the plaintiff Coach sold, with the obvious intent of deriving benefit from Coach's reputation); *Chanel, Inc. v. Stevens*, No. 07-81201-CIV, 2009 WL 10668566, at *5 (S.D. Fla. Oct. 20, 2009) (concluding that the defendant owner of websites selling counterfeit Chanel products intended to capitalize on the reputation and goodwill of the Chanel marks, based on evidence showing that the defendant used phrases such as "mirror image" and "knockoffs" to describe the products).

118. See generally *Richie's Playhouse*, 2013 WL 594243; *Treasure Box*, 2013 WL 2402922.

119. *Richie's Playhouse*, 2013 WL 594243, at *6.

120. *Treasure Box*, 2013 WL 2402922, at *8.

121. See generally *Louis Vuitton Malletier S.A. v. Sunny Merch. Corp.*, 97 F. Supp. 3d 485 (S.D.N.Y. 2015); *Deere & Co. v. MTD Holdings Inc.*, No. 00 Civ. 5936, 2004 WL 324890 (S.D.N.Y. Feb. 19, 2004); *GTFM, Inc. v. Solid Clothing, Inc.*, 215 F. Supp. 2d 273 (S.D.N.Y. 2002); *New Colt Holding Corp. v. RJG Holdings of Fla., Inc.*, 312 F. Supp. 2d 195 (D. Conn. 2004); *Bisous Bisous LLC v. Cle Grp., LLC*, No. 21-CV-1614, 2021 WL 3618042 (N.D. Tex. Aug. 16, 2021).

122. See generally *Louis Vuitton*, 97 F. Supp. 3d 485; *Deere & Co.*, 2004 WL 324890; *GTFM, Inc.*, 215 F. Supp. 2d 273; *New Colt*, 312 F. Supp. 2d 195; *Bisous Bisous LLC*, 2021 WL 3618042.

123. See *Louis Vuitton*, 97 F. Supp. 3d at 497 (citation omitted) ("There is a considerable difference between an intent to copy and an intent to deceive . . ."); *Deere & Co.*, 2004 WL 324890, at *16 ("Even if the Court were to find MTD in fact copied Deere's products, which the Court has not, this evidence alone falls short of showing that MTD intended to promote

Solid Clothing, Inc. stated that an intent to copy does not necessarily indicate bad faith because the defendant may have copied successful aspects of the plaintiff's trademark or trade dress with the intention to compete rather than to deceive.¹²⁴ The court in *Bisous Bisous LLC v. Cle Group, LLC* similarly stated that while the defendant's prior knowledge of the trademark owner's mark may indicate an intent to copy, it does not necessarily show an intent to deceive.¹²⁵ The court in *Skechers U.S.A., Inc. v. Vans, Inc.* stated that even if the defendant had prior knowledge of the trademark and had intentionally copied the trademark, clear labeling of the product with the defendant's brand name could indicate an intent to compete rather than an intent to deceive consumers as to the origin of the product.¹²⁶

The court in *Butcher Co. v. Bouthot*, on the other hand, concluded that the defendant had bad faith based on evidence showing that the defendant had an intent to compete, even though it had found that the defendant lacked an intent to deceive.¹²⁷ *Butcher* is the only opinion out of the fifty-eight opinions in this Article's data set in which a court found that a likelihood of confusion did not exist despite having found that the defendant had bad faith.¹²⁸ The court in *Butcher* found that the defendant had intended to take advantage of the plaintiff's brand goodwill and market recognition for competitive purposes through its "compare-and-save" marketing strategy.¹²⁹ The court reasoned that the defendant had no intent to deceive because the defendant had consistently communicated to its customers that its cleaning products were not those of the plaintiff.¹³⁰

confusion between the products or appropriate Deere's goodwill."); *New Colt*, 312 F. Supp. 2d at 226–27 (finding an intent to compete but not to confuse because defendants targeted a different consumer market than that of plaintiffs by offering a lower priced alternative to plaintiff's revolver products).

124. See *GTFM, Inc.*, 215 F. Supp. 2d at 297.

125. *Bisous Bisous LLC*, 2021 WL 3618042, at *8 ("Courts in this circuit focus 'on whether the defendant intended to derive benefits from the reputation of the plaintiff.'").

126. *Skechers U.S.A., Inc. v. Vans, Inc.*, No. CV 07–01703, 2007 WL 4181677, at *8 (C.D. Cal. Nov. 20, 2007) ("Skechers may have intended to copy the appealing look of Vans, but it is the intent to profit by confusing customers that is actionable under trademark law, not the intent to copy.").

127. *Butcher Co. v. Bouthot*, 124 F. Supp. 2d 750, 759 (D. Me. 2001).

128. See *id.* at 759–60.

129. *Id.* at 759.

130. *Id.* at 757, 759 ("Purchasers who are told that the product they are buying is an Odorite [defendant] product that is comparable to but less expensive than a Butcher [plaintiff] product simply cannot reasonably be confused regarding the product's source."). The plaintiff Butcher Company was a manufacturer of industrial cleaning solutions and dispensing units for the solutions. *Id.* at 752. Each of the cleaning solutions had a particular color and number. *Id.* at 753. The defendant Odorite Company was a terminated distributor

To determine whether an intent to copy exists, courts consider the degree of similarity between the marks and whether the defendant had known of the trademark at the time that the defendant adopted its mark.¹³¹ When evaluating the likelihood of post-sale confusion, courts consider two marks to be similar if they give a potential purchaser the same overall impression in a post-sale setting in which a casual observer is likely to encounter them.¹³² Courts consider whether the defendant's product has any identifiers that are visible in a post-sale setting that would distinguish the defendant's product from the trademark owner's product.¹³³ To determine whether the defendant had known of the trademark, courts consider how long and how prominently the trademark owner had used the mark in the market prior to the defendant's adoption of its mark.¹³⁴ Absent direct proof showing that the defendant had known of the trademark, courts have inferred based on the similarity of the marks that the defendant must have known of and intentionally copied the mark.¹³⁵

of the plaintiff's products. *Id.* After its termination as a distributor, the defendant began selling its own line of cleaning solutions in the plaintiff's dispensers using the same number and color-coding system as that of the plaintiff. *Id.* The names of the defendant's cleaning solutions had similarities to those of the plaintiff's cleaning solutions. *Id.* The defendant stated that it had chosen the names, colors, and numbers to convey comparability to its customers and that it had consistently communicated to its customers that it no longer carried the plaintiff's products. *Id.*

131. *MetroPCS Wireless, Inc. v. Metro PCS Wireless, Inc.*, No. 08-CV-3326, 2009 WL 10705874, at *10 (E.D.N.Y. Dec. 7, 2009).

132. *Gucci IV*, 868 F. Supp. 2d 207, 239 (S.D.N.Y. 2012).

133. *See, e.g., id.* at 228 ("While the Square Gs on the shoes have the word 'Guess' on them, I find that a casual observer in a typical post-sale setting is not likely to notice such markings."); *Lois I*, 631 F. Supp. 735, 747 (S.D.N.Y. 1985) ("Although 'permanent' markings bearing the Levi and Lois names remain on the products after the point of sale, the limited degree to which they would be visible in a public setting obviates any ability they might have to reduce the possibility of confusion.");

134. *See, e.g., Gucci II*, 843 F. Supp. 2d 412, 425 (S.D.N.Y. 2012) ("The evidence shows, however, that Gucci's Stylized G was featured in an advertising campaign in 1995, well before Guess's first use of the Square G in 1996."); *Patsy's Brand, Inc. v. I.O.B. Realty, Inc.*, No. 99 CIV 10175, 2001 WL 170672, at *12 (S.D.N.Y. Feb. 21, 2001) (noting that the defendant introduced its sauce label, which the court found to be remarkably similar to that of the plaintiff, five years after the plaintiff had entered the sauce market).

135. *MetroPCS Wireless*, 2009 WL 10705874, at *10 ("The burden may also shift where the defendant had actual knowledge of the plaintiff's mark at the time the defendant adopted the mark and the two marks are so similar that 'that it seems clear that deliberate copying has occurred.'"); *ASICS Corp. v. Payless Shoe Source, Inc.*, No. CV 06-3962, 2006 WL 8434720, at *8 (C.D. Cal. Aug. 23, 2006) ("The Court finds that Payless knew of ASICS's mark and still created a design that is very similar to the Stripe Design mark. Thus, this factor [intent] weighs toward granting the injunction."); *GTFM, Inc. v. Solid Clothing, Inc.*, 215 F. Supp. 2d 273, 297 (S.D.N.Y. 2002) ("To begin with, the similarities between Solid's and GTFM's use of the number '05' are so strong that they could only have occurred through deliberate copying. GTFM has shown that Solid was aware of the '05' mark and was in

Courts have in some cases found an intent to deceive based on a combination of a high degree of similarity in the marks and either evidence showing that the defendant had known that its actions were unlawful or a lack of evidence showing that the defendant had an intent to compete.¹³⁶ For example, in *National Business Forms & Printing, Inc. v. Ford Motor Co.*, the court concluded that the commercial printer National Business Forms & Printing (“NBFP”) had an intent to deceive on the basis that NBFP had not sought to show a competitive advantage in either the quality or the design of its products.¹³⁷ The court in *Louis Vuitton Malletier S.A. v. Sunny Merchandise Corp.* found that the defendant Sunny Merchandise, a seller of cheap sunglasses, acted in bad faith in appropriating the plaintiff Louis Vuitton’s mark based on the facts that the defendant’s “Louis V” mark was confusingly similar, the defendant admitted to choosing the name “Louis V” because it sounded French, the defendant had emailed its general manager stating that it hoped to stay under the plaintiff’s radar, and the defendant had a history of trademark infringement.¹³⁸ The court in *River Light V, L.P. v. Lin & J International, Inc.* concluded that the defendant jewelry manufacturer had bad faith on the basis that the defendant had fabricated books and invoices in attempt to show a false starting date for the use of its mark and had marked its products as knockoffs of the plaintiff Tory Burch’s products.¹³⁹

In other cases, courts have determined whether the defendant had an intent to deceive based on the degree of similarity in the marks and whether the defendant had known of the plaintiff’s trademark at the time that it adopted its mark—the same considerations that courts use to evaluate whether the defendant had an intent to copy.¹⁴⁰ For example, in

possession of a 1998 catalogue of GTFM apparel as well as numerous pictures of GTFM ‘05’ garments.”); *Clinique Lab’ys, Inc. v. Dep Corp.*, 945 F. Supp. 547, 555 (S.D.N.Y. 1996) (“The overall appearance of the two lines of products is too similar even to entertain the idea that Dep did not mimic Clinique’s mark and dress.”).

136. See *Louis Vuitton Malletier S.A. v. Sunny Merch. Corp.*, 97 F. Supp. 3d 485, 497 (S.D.N.Y. 2015) (finding a high degree of similarity and evidence showing that the defendant knew its actions were unlawful); *River Light V, L.P. v. Lin & J Int’l, Inc.*, No. 13cv3669, 2014 WL 6850966, at *14 (S.D.N.Y. Dec. 4, 2014) (finding that the defendant jeweler used a mark that was highly similar to plaintiff Tory Burch’s trademark on jewelry and had known that its actions were unlawful); *Nat’l Bus. Forms & Printing, Inc. v. Ford Motor Co.*, No. H–08–1906, 2009 WL 3570387, at *4 (S.D. Tex. Oct. 30, 2009) (finding that the defendant lacked an intent to compete).

137. *Nat’l Bus. Forms & Printing*, 2009 WL 3570387, at *4.

138. *Louis Vuitton*, 97 F. Supp. 3d at 497.

139. *River Light V*, 2014 WL 6850966, at *14.

140. See, e.g., *Volkswagen AG v. iman365-usa*, No. 18-cv-06611, 2020 WL 977969, at *6 (N.D. Ill. Feb. 28, 2020) (finding an intent to palm off the defendant’s products, which were small car accessories displaying the plaintiff Audi’s trademark, as those of Audi based on

Patsy's Brand, Inc. v. I.O.B. Realty, Inc., the court concluded that the defendant had an intent to deceive on the basis that the defendant Patsy's Pizzeria had introduced its sauce label five years after the plaintiff first started using its sauce label, that the defendant's sauce label referred to the plaintiff's name "Patsy's Restaurant," and that the font style on the defendant's sauce label was similar to the font style used on the plaintiff's label.¹⁴¹ Similarly, the court in *Coty Inc. v. Excell Brands, LLC* concluded that the defendant had an intent to deceive based on the "remarkable similarities" in the trade dress of the fragrances and the "uncanny resemblance" of the product names.¹⁴² The court in *GTFM, Inc. v. Solid Clothing, Inc.* concluded that the defendant Solid Clothing, a manufacturer of sports clothing, had an intent to deceive on the basis of strong similarities between the parties' use of the marks "05" and "PLAYERS 05" on athletic jerseys, the defendant's familiarity with the plaintiff's marks, and the defendant's history of infringing behavior.¹⁴³ The court in *Gateway, Inc. v. Companion Products, Inc.* concluded that the defendant CPI, which sold plush stuffed animals that wrap around electronic screens, had an intent to deceive because the defendant had purchased from the plaintiff a plush cow to use as reference for creating the prototype of its product and had planned to use the same manufacturing company as the one that the plaintiff used.¹⁴⁴

B. Comparative Quality of the Goods Factor

Courts are divided on how the comparative quality of the goods factor influences the likelihood of confusion analysis for post-sale confusion claims. Some courts have reasoned that this factor has limited relevance

the similarity of the marks and the strength of the Audi Trademark); *Cartier v. TechnaOro, Inc.*, No. 05-CV-6614, 2008 WL 11518433, at *9 (S.D.N.Y. Mar. 28, 2008) ("[W]here we can perceive freedom of choice with full knowledge of a senior user's mark, we can readily read into defendant's choice of a confusingly similar mark the intent to get a free ride upon the reputation of a well-known mark."); *Gateway, Inc. v. Companion Prods., Inc.*, No. Civ. 01-4096, 2003 WL 22508907, at *10 (D.S.D. Aug. 19, 2003) ("[A] defendant who purposely chooses a particular mark because it is similar to that of a senior user is saying, in effect, that he thinks that there is at least a possibility that he can divert some business from the senior user—and the defendant ought to know at least as much about the likelihood of confusion as the trier of fact.").

141. See *Patsy's Brand, Inc. v. I.O.B. Realty, Inc.*, No. 99 CIV 10175, 2001 WL 170672, at *8, *12-13 (S.D.N.Y. Feb. 21, 2001) (noting that Patsy's Pizzeria was "reaping a harvest which others have sown").

142. *Coty Inc. v. Excell Brands, LLC*, 277 F. Supp. 3d 425, 454-55 (S.D.N.Y. 2017) (reasoning that the defendant purposefully chose to emulate fragrances that were established in the marketplace in order to capitalize on the plaintiff's goodwill).

143. *GTFM, Inc. v. Solid Clothing, Inc.*, 215 F. Supp. 2d 273, 297 (S.D.N.Y. 2002).

144. *Gateway*, 2003 WL 22508907, at *11.

because casual observers in a post-sale setting are not able to examine the quality of the product.¹⁴⁵ The court in *River Light V, L.P. v. Lin & J International, Inc.* stated that this factor has little weight in its analysis of the likelihood of post-sale confusion because observers in a post-sale setting are unlikely to be able to touch or closely examine the products to discern any inferior quality.¹⁴⁶ Similarly, the court in *Gucci America, Inc. v. Guess?, Inc. (Gucci II)* stated that casual observers in a post-sale setting would not be able to examine the product's quality but may nonetheless be confused about the source of the products.¹⁴⁷ The court in *Juicy Couture, Inc. v. L'Oreal USA, Inc.* stated that this factor addresses the question of how much harm consumer confusion would cause the trademark owner rather than the question of whether consumers would likely be confused.¹⁴⁸

Of the courts that view the comparative quality of the goods factor to be of considerable relevance, there is a divide between two views, both of which favor the trademark owner. Some of the courts have followed the reasoning that the factor weighs in favor of a likelihood of confusion when the products have comparable quality because the similarity in the quality increases the difficulty for consumers to discern between the products.¹⁴⁹ For example, in *Empresa Cubana del Tabaco v. Culbro Corp.*, the court found that while the defendant's cigar was of high quality and

145. *Audemars Piguet Holding S.A. v. Swiss Watch Int'l, Inc.*, 46 F. Supp. 3d 255, 281 (S.D.N.Y. 2014), *rev'd in part*, No. 12 Civ. 5423, 2015 WL 150756 (S.D.N.Y. Jan. 12, 2015); *Gucci IV*, 868 F. Supp. 2d 207, 240 (S.D.N.Y. 2012) ("[T]he concern that casual observers will attribute an infringing product's low quality to the owner of the mark is reduced in post-sale confusion cases, as such persons are not in a position to examine a product's construction and materials.").

146. *River Light V, L.P. v. Lin & J Int'l, Inc.*, No. 13cv3669, 2014 WL 6850966, at *14 (S.D.N.Y. Dec. 4, 2014).

147. *Gucci II*, 843 F. Supp. 2d 412, 424 (S.D.N.Y. 2012).

148. *See Juicy Couture, Inc. v. L'Oreal USA, Inc.*, No. 04 Civ.7203, 2006 WL 1012939, at *29 (S.D.N.Y. Apr. 19, 2006) ("A difference in the quality of the infringed and accused goods goes more to the harm that confusion can cause to plaintiff's mark than it does to the likelihood of confusion.").

149. *See River Light V*, 2014 WL 6850966, at *14 (noting that an inferior quality would decrease the likelihood of confusion); *Malletier v. Dooney & Bourke, Inc.*, 561 F. Supp. 2d 368, 388–89 (S.D.N.Y. 2008) ("The Second Circuit has observed, however, that a 'marked difference in quality . . . actually tends to reduce the likelihood of confusion . . . because buyers will be less likely to assume that the senior user whose product is high-quality will have produced the lesser-quality products of the junior user.'"); *Juicy Couture*, 2006 WL 1012939, at *29 ("A marked difference in quality would 'militate against finding a likelihood of confusion' as customers are less likely to assume a high quality senior user would produce low-quality products."); *Clinique Lab'ys, Inc. v. Dep Corp.*, 945 F. Supp. 547, 556 (S.D.N.Y. 1996) (finding that since the defendant represents that Basique's skin care products were as good as those of the plaintiff Clinique, such a similarity in quality would result in a higher likelihood of confusion).

had little risk of tarnishing the reputation of the plaintiff's well known Cuban cigar, the similarity in the quality of the two products increased the risk that consumers would believe that the two brands were affiliated.¹⁵⁰ Similarly, the court in *GTFM, Inc. v. Solid Clothing, Inc.* ruled that the comparative quality of the goods factor weighed in favor of the trademark owner because even though the quality of the plaintiff's apparel product was higher than that of the defendant, the difference in the quality of the two products was not sufficiently great to suggest to consumers that the defendant's apparel originated from a source other than the plaintiff.¹⁵¹ Following this reasoning, the comparative quality of the goods factor for a product that has a significantly inferior quality would weigh *against* a finding of a likelihood of confusion because the difference in quality would help a potential purchaser to discern between the defendant's product and the trademark owner's product.¹⁵²

Other courts have reasoned that the comparative quality of the goods factor weighs in favor of a likelihood of confusion when the allegedly infringing product is of significantly lower quality, as the lower quality would harm the plaintiff's reputation when potential purchasers confuse the defendant's product with the trademark owner's product.¹⁵³ In *H-D U.S.A., LLC v. SunFrog, LLC*, the court reasoned that observers seeing the knockoff product in a post-sale setting might see the low quality of the product and be dissuaded from purchasing a genuine Harley-Davidson product in the future.¹⁵⁴ Applying the same reasoning, the court in *Gucci IV* found that this factor weighed against a finding of a

150. *Empresa Cubana del Tabaco v. Culbro Corp.*, No. 97 Civ. 8399, 2004 WL 602295, at *48 (S.D.N.Y. Mar. 26, 2004), *aff'd in part, rev'd in part*, 399 F.3d 462 (2d Cir. 2005).

151. *GTFM, Inc. v. Solid Clothing, Inc.*, 215 F. Supp. 2d 273, 298 (S.D.N.Y. 2002).

152. *See id.* No court has applied this reasoning in cases where the defendant's product quality is lower than the trademark owner's product quality. In cases where a court has found an inferior quality, the court has either followed the reasoning that the lower quality would harm the trademark owner or followed the reasoning that the comparative quality of the goods factor was irrelevant for evaluating the likelihood of post-sale confusion. *See, e.g., id.; River Light V*, 2014 WL 6850966, at *14.

153. *adidas-Am., Inc. v. Payless Shoesource, Inc.*, 546 F. Supp. 2d 1029, 1059 (D. Or. 2008) ("Indeed, consumers who view Payless' shoes in the post-sale context 'may attribute any perceived inferior quality of Payless shoes to [adidas].'"); *Car-Freshner Corp. v. Big Lots Stores, Inc.*, 314 F. Supp. 2d 145, 152 (N.D.N.Y. 2004) (ruling in favor of the defendant mass merchandiser of car fresheners on the comparative quality of the goods factor in the absence of evidence showing that the plaintiff's product was superior); *BIC Corp. v. Far E. Source Corp.*, No. 99 CIV. 11385 HB, 2000 WL 1855116, at *4 (S.D.N.Y. Dec. 19, 2000) (ruling in favor of the defendant on the comparative quality of the goods factor on the basis that the plaintiff BIC, the owner of the trademark Wite-Out, had not claimed that the defendant Far Eastern's product was inferior); *Acxiom Corp. v. Axiom, Inc.*, 27 F. Supp. 2d 478, 497 (D. Del. 1998) ("[The plaintiff] Acxiom has not shown that [the defendant] Axiom performs inferior quality work or has a negative reputation in any way.").

154. *H-D U.S.A., LLC v. SunFrog, LLC*, 311 F. Supp. 3d 1000, 1035 (E.D. Wis. 2018).

likelihood of confusion because the defendant Guess's products were of sufficiently high quality that Gucci's reputation would not be harmed by any post-sale confusion.¹⁵⁵

IV. RATIONALE FOR POST-SALE CONFUSION THEORY

While courts have stated that the purpose of post-sale confusion theory is to prevent post-sale observations of an infringing product from influencing consumers' purchasing decisions for the trademark owner's products,¹⁵⁶ courts' approach to evaluating the defendant's intent and the comparative quality of the goods factors suggests that the search costs theory is not the primary rationale for courts' rulings on post-sale confusion claims. Protecting trademarks' role in conveying reliable information about product quality is at the heart of the search costs theory, but, as discussed in Part III, courts have in some cases stated that the comparative quality of the goods factor is of limited relevance in the post-sale context.¹⁵⁷ Moreover, courts have found the comparative quality of the goods factor to weigh against the defendant in cases where the quality of the products was similar.¹⁵⁸ The rulings in these cases effectively punish the defendant for producing high quality products and contradicts the traditional view of trademarks as facilitating a competitive market for quality goods.¹⁵⁹

Courts have expressed the view that factors in the multifactor test that do not relate to aspects of the product that are visible in a post-sale setting have limited relevance to the post-sale confusion analysis.¹⁶⁰ For example, courts have found the similarity of targets of sales efforts, the

155. *Gucci IV*, 868 F. Supp. 2d 207, 247 (S.D.N.Y. 2012).

156. *See, e.g.,* *W. Chem. Pumps, Inc. v. Superior Mfg., Inc.*, 989 F. Supp. 1112, 1126–27 (D. Kan. 1997) (“Post-sale confusion ‘refers to the association consumers might make between the allegedly infringing item and the familiar product, thereby influencing their purchasing decisions.’” (quoting *Insty*Bit, Inc. v. Poly-Tech Indus., Inc.*, 95 F.3d 663, 671 (8th Cir. 1996))); *Dorr-Oliver Inc. v. Fluid-Quip, Inc.*, 894 F. Supp. 1190, 1200–01 (N.D. Ill. 1995) (“In the instant case, this post-sale confusion would involve consumers seeing appellant’s jeans outside of the retail store, perhaps being worn by a passer-by. The confusion the Act seeks to prevent in this context is that a consumer seeing the familiar stitching pattern will associate the jeans with appellee and that association will influence his buying decisions.” (quoting *Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co.*, 799 F.2d 867, 872 (2d Cir. 1986))), *rev’d*, 94 F.3d 376 (7th Cir. 1996).

157. *See supra* Section III.B.

158. *See supra* notes 149–52.

159. *See Sheff, Marks, Morals, and Markets*, *supra* note 11, at 798; *see also id.* at 766 (stating that under the Chicago School theory of trademark law, trademarks promote efficient markets for high-quality products by incentivizing consistent product quality and disseminating reliable product information).

160. *See Beebe, supra* note 14, at 1643–44.

sophistication of the consumers, and the similarity of marketing channels factors to be less important when evaluating the likelihood of post-sale confusion.¹⁶¹ Under this reasoning, the defendant's intent factor should have limited, if any, influence on the post-sale confusion analysis because the defendant's intent factor focuses on the mindset of the defendant rather than on the visible aspects of the product.¹⁶² However, contrary to having a limited role, the defendant's intent factor has a decisive role in the outcome of post-sale confusion claims, as demonstrated in Part II.¹⁶³ The nearly dispositive role that a finding of bad faith has on the case outcome raises the question of what harm it is that courts aim to deter when ruling on post-sale confusion. Courts' approach to evaluating the defendant's intent factor sheds light on this question.

In evaluating the defendant's intent factor, courts have distinguished between an intent to copy and an intent to deceive, reasoning that an intent to copy does not necessarily indicate bad faith because a defendant may have copied the mark or the trade dress with an intent to compete in the market instead of with an intent to deceive potential purchasers.¹⁶⁴ In a post-sale setting, however, an intent to compete is not less likely to cause consumer confusion than an intent to deceive when the appearance of the product is the same.

The defendant's intent might affect circumstances at the point-of-sale that influence a customer's purchasing decision, but circumstances at the point-of-sale do not affect observers post-sale. In *Butcher Co. v. Bouthot*, the court found that despite the fact that the defendant had copied the plaintiff's product name and numbering system, the defendant's intent to compete was apparent through its compare-and-save marketing campaign that clearly communicated at the point-of-sale the origin of its products to its customers.¹⁶⁵ The marketing campaign dispelled at the point-of-sale any confusion that its customers may have had due to the similarities in the products.¹⁶⁶ In *Coach, Inc. v. Uptown Bags for Downtown Girls, LLC*, the court found that the defendant had bad faith based on disclaimers in the store that stated that the bags were

161. See discussion *supra* Part II.

162. See *Butcher Co. v. Bouthot*, 124 F. Supp. 2d 750, 759 (D. Me. 2001) (“[S]trictly, intent, or lack thereof, does not affect the eyes of the viewer.” (quoting *I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27, 45 (1st Cir. 1998))).

163. See *supra* Part II.

164. See discussion *supra* Section III.A.

165. See *supra* notes 127–30.

166. *Butcher Co.*, 124 F. Supp. 2d at 757 (“Bouthot employs a ‘compare-and-save’ marketing strategy and always informs prospective purchasers that Odorite products are different from Butcher products.”).

not authentic, even though the disclaimers helped to dispel potential consumer confusion.¹⁶⁷ The court reasoned that the disclaimers indicated that the defendant knew that the bags were not authentic.¹⁶⁸ These circumstances at the point-of-sale in *Butcher* and in *Uptown Bags for Downtown Girls* reflect the defendant's intent but do not affect a casual observer in a post-sale setting.

The court in *Hard Rock Cafe Licensing Corp. v. Pacific Graphics, Inc.* acknowledged the limited impact of the defendant's intent on the likelihood that consumers would be confused, stating that "[r]egardless of actual intent, the defendant has knowingly adopted a mark substantially similar to plaintiff's mark," and expressed the view that it "should therefore presume that the defendant will accomplish its purpose and that the public will be deceived."¹⁶⁹ This statement suggests that intent affects the likelihood that consumers would in fact be deceived. The likelihood of confusion inquiry, however, occurs after the defendant has already carried out its intent, and the court asks whether potential purchasers are likely to be confused in the *present*.¹⁷⁰ The intent itself therefore has less impact on the likelihood of confusion than the results of the actions that the defendant took to realize the intent, which are shown in the visible aspects of the product itself.

The distinction between an intent to compete and an intent to deceive suggests that courts approach the defendant's intent factor as an equitable inquiry that centers on determining whether the defendant aimed to benefit from the trademark by deceiving consumers.¹⁷¹ For example, in *Louis Vuitton Malletier S.A. v. Sunny Merchandise Corp.*, the court stated that the defendant's intent factor "is an equitable inquiry which seeks to answer the overarching question of whether [the] defendant adopted its mark with the intention of capitalizing on [the] plaintiff's reputation and goodwill."¹⁷² In *Patsy's Brand, Inc. v. I.O.B. Realty, Inc.*, the court found that the defendant capitalized on the

167. *Coach, Inc. v. Uptown Bags for Downtown Girls, LLC*, No. 10-cv-511, 2012 WL 13018623, at *5 (W.D. Mich. Apr. 13, 2012).

168. *Id.*

169. *Hard Rock Cafe Licensing Corp. v. Pac. Graphics, Inc.*, 776 F. Supp. 1454, 1461 (W.D. Wash. 1991).

170. *Id.*

171. *See Deere & Co. v. MTD Holdings Inc.*, No. 00 Civ. 5936, 2004 WL 324890, at *15 (S.D.N.Y. Feb. 19, 2004) ("[In] most of the cases where a court has found [that] initial interest confusion or post-sale confusion supported . . . a finding of a likelihood of confusion, [the case] involved essentially identical marks and/or evidence of intentional deception on the part of the defendant.").

172. *Louis Vuitton Malletier S.A. v. Sunny Merch. Corp.*, 97 F. Supp. 3d 485, 496 (S.D.N.Y. 2015).

plaintiff's goodwill to "harvest which others have sown."¹⁷³ A ruling against a defendant on a post-sale confusion claim that is largely based on a finding of bad faith punishes the defendant for having the intent to benefit from the plaintiff's efforts in cultivating the trademark's value.¹⁷⁴ The likelihood of confusion analysis in these cases thus distills into the question of whether the defendant intended to profit from the plaintiff's mark, rather than whether the defendant's actions, caused consumer confusion in a way that would influence purchasing decisions.

The focus on the defendant's intent does not take into account whether the consequences of the defendant's actions are relevant for trademark law to address.¹⁷⁵ The link between consumer confusion and harm to the trademark owner is particularly tenuous in the post-sale context.¹⁷⁶ Members of the public that are confused in a post-sale setting

173. *Patsy's Brand, Inc. v. I.O.B. Realty, Inc.*, No. 99 CIV 10175, 2001 WL 170672, at *12-13 (S.D.N.Y. Feb. 21, 2001).

174. See *Louis Vuitton*, 97 F. Supp. 3d at 496; *Gucci IV*, 868 F. Supp. 2d 207, 240 (S.D.N.Y. 2012) (stating that the defendant's intent factor looks into "whether the defendant adopted its mark with the intention of capitalizing on plaintiff's reputation and goodwill and any confusion between his and the senior user's product"); see also *MetroPCS Wireless, Inc. v. Metro PCS Wireless, Inc.*, No. 08-CV-3326, 2009 WL 10705874, at *10 (E.D.N.Y. Dec. 7, 2009); *Car-Freshner Corp. v. Big Lots Stores, Inc.*, 314 F. Supp. 2d 145, 151 (N.D.N.Y. 2004); *Deere & Co.*, 2004 WL 324890, at *16; *Empresa Cubana del Tabaco v. Culbro Corp.*, No. 97 Civ. 8399, 2004 WL 602295, at *45 (S.D.N.Y. Mar. 26, 2004), *aff'd in part, rev'd in part*, 399 F.3d 462 (2d Cir. 2005); *Waddington N. Am. Bus. Tr. v. EMI Plastics, Inc.*, No. 02-CV-3781, 2002 WL 2031372, at *9 (E.D.N.Y. Sept. 5, 2002) ("[A] competitor has only one reason for wanting to copy a trademark: to profit from another's good will."); see also Bone, *supra* note 11, at 550-51 (describing the misappropriation argument for trademark law as preventing a party from benefitting from something of value that another has invested in creating, regardless of whether the party's actions resulted in a harm to the trademark owner).

175. See *Gucci IV*, 868 F. Supp. 2d at 239 ("[T]he fact that post-sale observers are removed from purchasing decisions [renders] post-sale trademark cases inherently difficult to prove . . ."); Lemley & McKenna, *Owning Mark(et)s*, *supra* note 22, at 152 (stating that courts do not require proof showing that the observers who are confused in a post-sale setting are likely to be potential purchasers of the trademark owner's products or that the alleged confusion affects purchasing decisions); Sheff, *Veblen Brands*, *supra* note 18, at 782 (arguing that courts often do not discuss facts beyond those that they have reviewed for point-of-sale confusion when evaluating post-sale confusion and that the current post-sale confusion doctrine encourages courts to speculate about the consequences of a non-confused purchase); see also Lemley & McKenna, *Irrelevant Confusion*, *supra* note 22, at 414-15 (arguing that trademark law should focus on confusion that is relevant to purchasing decisions).

176. See McKenna, *supra* note 12, at 1907 ("[T]he post-sale confusion doctrine, which makes actionable confusion of nonpurchasers based on their post-sale interaction with a product, requires rank speculation about viewers' future purchasing intentions."); Raustiala & Sprigman, *supra* note 15, at 883 (arguing that post-sale confusion is either unlikely to exist in many instances or, if it does exist, unlikely to harm consumers or mark owners).

might not always be potential purchasers of the trademark owner's products.¹⁷⁷ Moreover, even if some of the members of the public who are confused are potential purchasers, the amount of time that lapses between the occurrence of the confusion and the purchasing decision can sever the link between the confusion and the harm.¹⁷⁸ For example, an observer in a post-sale setting might gain new information that clears up the confusion before she makes a purchasing decision. Alternatively, the observer's memory might fade over time or her impression of the product might blur, causing her to place less weight on the observation when making her purchasing decision. In contrast to point-of-sale confusion, post-sale confusion by itself does not necessarily result in a harm to the trademark owner.¹⁷⁹

Some courts have linked post-sale confusion with harm to the trademark owner under the social prestige theory.¹⁸⁰ For example, in *Gucci II*, the court stated that post-sale confusion harms the trademark owner because a potential purchaser will choose to buy the defendant's product in order to gain the social prestige of owning a genuine product at a lower price, causing a diversion of sales from the trademark owner to the infringer.¹⁸¹ Similarly, in *Empresa Cubana del Tabaco v. Culbro*

177. See *Mastercrafters Clock & Radio Co. v. Vacheron & Constantin-LeCoultre Watches, Inc.*, 221 F.2d 464, 466 (2d Cir. 1955) (arguing that liability turns on the possibility of confusing casual observers whose future purchasing potential is unknown).

178. Raustiala & Sprigman, *supra* note 15, at 901.

179. See *Reebok Int'l Ltd. v. K-Mart Corp.*, 849 F. Supp. 252, 273 (S.D.N.Y. 1994) ("Point-of-sale confusion is by far the more important, because it directly affects individuals who are in the market for the particular product [P]ost-sale confusion is far less likely to cause erroneous purchases than point-of-sale confusion."), *vacated sub nom.* *Reebok Int'l Ltd. v. Kmart Corp.*, No. 92 Civ. 8871, 1994 WL 733616 (S.D.N.Y. Dec. 28, 1994).

180. See *Coty Inc. v. Excell Brands, LLC*, 277 F. Supp. 3d 425, 449 (S.D.N.Y. 2017) ("[Defendant's] lower prices may increase the likelihood of consumers purchasing 'the allegedly infringing product, on the grounds that [consumers] can obtain the same prestige for less money.'" (quoting *Gucci Am., Inc. v. Guess?, Inc. (Gucci I)*, 831 F. Supp. 2d 723, 747 (S.D.N.Y. 2011))); *Spectrum Vision Sys., Inc. v. Spectera, Inc.*, 35 F. Supp. 2d 797, 807 (D. Kan. 1998) ("[A]lthough purchasers of cheap, imitation products would not themselves experience confusion as to the authenticity of the product, the purchaser might benefit from the prestige normally associated with the genuine article, and thus the more expensive manufacturer would suffer a loss of sales to the imitator."); see also *Cartier, a Div. of Richemont N. Am., Inc. v. Symbolix, Inc.*, 386 F. Supp. 2d 354, 360–61 (S.D.N.Y. 2005) ("[P]ost-sale confusion to downstream purchasers is likely to occur where the defendant offers a cheap knockoff copy of the original manufacturer's more expensive product, thus 'allowing a buyer to acquire the prestige of owning what appears to be a more expensive product.'" (quoting *Hermes Int'l v. Lederer de Paris Fifth Ave., Inc.*, 219 F.3d 104, 108 (2d Cir. 2000))).

181. *Gucci II*, 843 F. Supp. 2d 412, 418 (S.D.N.Y. 2012). Professor Jeremy Sheff refers to the social prestige theory as "status confusion." Sheff, *Veblen Brands*, *supra* note 18, at 792. Professor Sheff's view differs from the court's view in *Gucci II* on the point of whether the trademark owner suffers a harm. See *id.* Professor Sheff argues that the trademark owner

Corp., the court reasoned that while the defendant's cigar product was of high quality, it was less expensive than the plaintiff's Cuban cigar and the existence of post-sale confusion would allow consumers to acquire the prestige of owning the plaintiff's well known Cuban cigar by purchasing the defendant's less expensive product.¹⁸² In *H-D U.S.A., LLC v. SunFrog, LLC*, the court reasoned that the very purpose a purchaser would buy an apparel from the defendant showing the plaintiff Harley-Davidson's mark was for the purchaser to have an "association with the iconic [Harley-Davidson] brand at a lower cost."¹⁸³ Relatedly, the court in *Gucci II* stated that while a casual observer in a post-sale setting would not be in a position to examine the product's quality, he may nonetheless be confused about the source of the product.¹⁸⁴ While the court in *Gucci II* did not specify what information the source of the product conveys to consumers other than information about the product's quality, the opinions from these other cases indicate that courts view the brand's prestige as important information that the source conveys to consumers in a post-sale setting.¹⁸⁵

The courts' reasoning that a defendant's cheaper product would cause harm to the trademark owner assumes that an overlap exists in the target market for the two parties' products.¹⁸⁶ Under this assumption, consumers would consider buying the genuine product if the cheaper alternative was not available, and the main reason for consumers to buy the genuine product would be for the social prestige that it bestows.¹⁸⁷ This assumption may not always hold. A purchaser of the cheaper product is likely not a potential purchaser of the genuine product because she is likely not able to afford the high cost of the genuine product. A purchaser of the genuine product might not buy the cheaper product even if it was available because she might value the quality of the genuine product.¹⁸⁸ The defendant's sales therefore might not always be diverted

does not suffer a harm and that only the trademark owner's customers and the public suffer harms. *Id.*

182. *Empresa Cubana del Tabaco v. Culbro Corp.*, No. 97 Civ. 8399, 2004 WL 602295, at *49 (S.D.N.Y. Mar. 26, 2004), *aff'd in part, rev'd in part*, 399 F.3d 462 (2d Cir. 2005).

183. *H-D U.S.A., LLC v. SunFrog, LLC*, 311 F. Supp. 3d 1000, 1035 (E.D. Wis. 2018).

184. *Gucci II*, 843 F. Supp. 2d at 424.

185. *See id.*; *see also Empresa Cubana del Tabaco*, 2004 WL 602295, at *49; *H-D U.S.A.*, 311 F. Supp. 3d at 1035.

186. *See Gucci II*, 843 F. Supp. 2d at 418.

187. *See supra* notes 180–83; *Coach, Inc. v. Uptown Bags for Downtown Girls, LLC*, No. 10-cv-511, 2012 WL 13018623, at *4 (W.D. Mich. Apr. 13, 2012) (“[I]ndividuals who wish to appear as though they own a Coach bag, but do not want to pay the price of a Coach bag, are likely to shop at Defendant's store.”).

188. *See Powell, supra* note 28, at 32–33 (arguing that the availability of counterfeits in the market place validates the prestige of luxury goods); *see also Arghavan Nia & Judith*

from those of the trademark owner. Moreover, a casual observer who sees a passerby wearing the allegedly infringing product is the one who is confused in these cases, rather than the purchaser herself. The purchaser made her purchasing decision knowing the true origin of the product. Thus, there is not a direct link between the confusion and the purchasing decision. In ruling against the defendant under the social prestige theory, courts aim to deter the purchaser and the defendant from benefitting from trademark, rather than to prevent the trademark owner from suffering a harm.

Courts have in some cases noted that post-sale confusion may harm consumers who are owners of genuine luxury products by making luxury products appear to be commonplace.¹⁸⁹ Social science research on the effects of counterfeit products on the perceived value of genuine luxury products challenges the reasoning that counterfeit products necessarily decrease the perceived value of genuine products. A 2000 study found that 69% of its respondents, who were all owners of genuine luxury products, believed that the existence of counterfeit products does not affect the value and status of genuine products.¹⁹⁰ Some respondents "believe[d] that ownership of original luxury brand names[] [products] [gave] them personal satisfaction and help[ed] them be admired, recognized and accepted by others."¹⁹¹ A 2012 study found that counterfeit products can increase the perceived value of genuine products but only for well-known luxury brands and not for lesser-known luxury brands, which are vulnerable to a decrease in perceived value when counterfeit alternatives are available.¹⁹² The study further found that the existence of counterfeit products validates the prestige of owning genuine luxury products because it enhances the feeling of being envied, yields pleasure in distinguishing the ownership of genuine products from that of counterfeit products, and highlights the quality of genuine products.¹⁹³

Lynne Zaichkowsky, *Do Counterfeits Devalue the Ownership of Luxury Brands?*, 9 J. PROD. & BRAND MGMT. 485, 494 (2000) (finding that 69% of respondents in the study, who were all owners of luxury brand products, believed that the availability of counterfeit products does not affect the value and status of genuine luxury products).

189. See, e.g., *Coach, Inc. v. Richie's Playhouse Inc.*, No. 11-cv-12638, 2013 WL 594243, at *5 (E.D. Mich. Feb. 15, 2013) ("[T]he purchaser of an original may be harmed if the widespread existence of knockoffs decreases the original's value by making the previously scarce commonplace."); see also Sheff, *Veblen Brands*, *supra* note 18, at 792 ("[T]he purchaser of an original is harmed by the widespread existence of knockoffs because the high value of originals, which derives in part from their scarcity, is lessened.").

190. Nia & Zaichkowsky, *supra* note 188, at 494.

191. *Id.*

192. Simona Romani et al., *When Counterfeits Raise the Appeal of Luxury Brands*, 23 MKTG. LETTERS 807, 818 (2012).

193. *Id.*

The existence of post-sale confusion thus does not necessarily lead to a harm to consumers who own or are potential purchasers of genuine products.

If the defendant or the defendant's customers benefit from the trademark, in the form of a gain in either sales or social prestige, without causing harm to the trademark owner or to consumers, should courts deter the defendant's behavior? The opinions from courts' rulings on post-sale confusion claims do not directly address this question, since the courts' reasoning assumes that post-sale confusion necessarily results in a harm, as discussed above. Courts' focus on the defendant's intent to deceive and on the purchaser's intent to gain social prestige suggests that courts believe that it is inherently wrong for a party to benefit from a trademark without contributing to the value of the mark.¹⁹⁴ Under this view, the trademark owner and the purchasers of the genuine product are justified in benefitting from the mark because they have contributed to the mark's value, either through cultivating the reputation of the mark or through purchasing the product. The defendant and the purchasers of the knockoff product are not justified in benefitting from the mark because they have not contributed to the value of the mark, even though they have paid a price for the benefits that they gained, either through manufacturing the knockoff product or buying the knockoff product.

This view is a moral-based approach that centers on a concept of fairness without requiring a direct link between the post-sale confusion and a potential harm to either the trademark owner or to consumers. Is it wrong for one to benefit from the value of something if one has not contributed to its value? Should courts apply post-sale confusion theory to determine whether the defendant's actions are wrong when the actions do not yield an economic consequence for consumers or the trademark owner? I argue that the moral question of whether a behavior is right or wrong should not be within the realms of post-sale confusion theory, which should be rooted in the economic rationale of protecting the integrity of the market. Moreover, by deciding whether a defendant should sell a product, the court also determines the range of options that consumers have in a certain type of product and may risk limiting the range of options in a way that overrides the personal preferences of the consumer.

To be consistent with the core economic rationale of trademark law, I suggest that courts limit post-sale confusion theory to addressing only

194. See Bone, *supra* note 11, at 582 (discussing the Lockean view that a business that has "invested in advertising [has] a moral right to reap all the benefits of the resulting goodwill"); McCarthy, *supra* note 11, at 3367–68 (discussing courts' rulings that recognize the importance of protecting a trademark owner's investment).

the forms of confusion that influence the purchasing decisions of observers in post-sale settings. This approach would reframe the post-sale confusion analysis to ask whether an observer of the product in a post-sale setting would likely be confused as to the source of the product and be influenced by the observation in her future purchasing decisions in a way that harms the trademark owner or consumers. Whether the defendant or the purchasers of the defendant's product unfairly benefitted from the trademark would be irrelevant. I think that in evaluating each factor of the multifactor test, courts should only focus on the aspects of the product that are observable in a post-sale setting. In cases involving products that bestow social prestige on the owner, post-sale confusion should be actionable only if the individuals who are confused are potential purchasers of the trademark owner's product. This approach would tie the confusion with the harm by requiring that the post-sale confusion and the purchasing decision be with respect to the same individual.

CONCLUSION

The focus of post-sale confusion theory has shifted away from trademark law's traditional rationale of minimizing consumer search costs to the moral-based rationale of deterring parties from unfairly benefitting from the trademark. Under the current approach, the defendant's intent factor has a disproportionately large influence on the outcome of post-sale confusion cases. In ruling on post-sale confusion claims, courts have focused on evaluating whether the defendant intended to deceive consumers, which this Article has demonstrated does not always have a direct link to potential harm to the trademark owner or consumers. I suggest that post-sale confusion theory return to trademark law's doctrinal roots of protecting the communication of information that is material to purchasing decisions. The relevant question for evaluating post-sale confusion claims should be whether the alleged infringer's actions would likely cause post-sale confusion in a way that results in a harm to consumers or the trademark owner.

APPENDIX A

This Article's data set is from a potential population of all federal district court opinions in which the court applied the multifactor test for the likelihood of confusion to a post-sale confusion claim. First, I compiled the potential population of all federal district court opinions by searching on Westlaw and on Lexis with variations of the search term "post-sale confusion." The searches yielded a total of 207 opinions. I conducted a

preliminary review of the 207 opinions. For each opinion, I coded the following information: the district court that issued the opinion, the year in which the opinion was issued, whether the case involved counterfeit goods, the type of mark asserted, the procedural posture, whether the court found that a likelihood of confusion existed, the case outcome, and the court's finding for each factor of the multifactor test.¹⁹⁵ For the evidence of actual confusion factor, I noted the type of proof that the court considered in the cases where evidence was presented.

Next, I compiled the data set for this Article from the potential population of 207 opinions. The data set consists of all opinions that have been issued up to the end of 2020 that are dispositive rulings (bench trials and summary judgement motions in which the court granted the motion) or preliminary injunctions in which the court granted the injunction. The total number of opinions is fifty-eight. The issue dates of the opinions are between 1985 and 2020. The court in all of the opinions except for one applied the multifactor test only one time. The one exception is the opinion from *Gucci IV* in which the court applied the multifactor test separately to four asserted marks. The court's application of the multifactor test to each mark is coded as a separate data point in the data set and counted as one "ruling." The total number of data points in this Article's data set is thus sixty-one.

Lastly, I reviewed all of the opinions in the data set a second time to check for the accuracy of the coding from the preliminary round of review. I additionally noted, for each opinion, the product type that the case involved. For the similarity of the marks factor, I coded whether the court found the mark to be identical or nearly identical. For the evidence of actual confusion factor, I coded which party the court found the factor to favor. In the preliminary round of review, I had only coded whether the court found evidence of actual confusion to exist, which does not show whether the court found the factor to weigh against the plaintiff or found the factor to be neutral in the cases in which the court found no evidence to exist. For the cases in which the court found the defendant's intent to be in favor of the trademark owner, I coded whether the court had reached this conclusion based on the similarity of the marks, the defendant's familiarity with the plaintiff's mark at the time that the defendant had adopted its mark, or direct evidence. For the cases in which the court found the comparative quality of the goods factor to favor the trademark owner, I coded whether the court reached this conclusion based on the theory that a similar quality increases the likelihood of

195. The coding method is similar to the method that Professor Beebe applied in his empirical study. See Beebe, *supra* note 14, at 1649-52.

confusion or on the theory that an inferior quality harms the trademark owner's reputation.