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TRADEMARK AS PROMISE

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Jeremy N. Sheff, *Marks, Morals, and Markets*, 65 *Stan. L. Rev.* 761 (2013).

The primary theory of trademark law in the academic literature is an economic one. Trademarks are a shorthand, the theory goes, for a number of observable and unobservable qualities of products. The trademark PEPSI, to take one example, is an easy way for a consumer to identify the cola that she enjoys without having to investigate other types of information, such as the location or corporate identity of the manufacturer. Indeed, some types of investigation in this regard—tasting the cola before purchase to confirm that it is the preferred drink—are frowned upon, to say the least. So the law regulates the use of trademarks in order to reduce search costs for consumers and, relatedly, to encourage producer investment in goodwill. When an unauthorized producer uses another's trademark, the consumer is deceived into purchasing an unwanted product or forced to engage in additional efforts to find the product that she desires, both of which are inefficient. Although economic theory may not map neatly onto all areas into which trademark law extends (dilution law being one such example), it appears to be fairly well accepted in the scholarly literature that economic theory provides the predominant justification for trademark law's existence.



[Laura A. Heymann](#)

But consumers obviously do not always act in ways consistent with economic theory. The relationships that some consumers have with some brands transcend a mere economic transaction; they involve identity construction and signaling motivated not by a product's objective qualities but by intangible, emotional responses to the brand. The fact that some consumers are willing to pay many hundreds of dollars for a designer handbag or watch beyond the price that could be justified by the item's materials or workmanship are a testament to the limits of economic theory.

This suggests that alternate theories of trademark law are required, and [Jeremy Sheff](#), in his thoughtful and sophisticated article, aims to provide one. Sheff begins by noting that although a deontological framework in the Lockean tradition is typically the intellectual property counterpart to the law-and-economics framework, the Lockean justification cannot tell the whole story in trademark as it might for its adherents in copyright law or patent law. Lockean labor theory, to the extent one favors it, maps best onto intellectual property schemes where the goal is to incentivize the production of intellectual property, which trademark law does not. Indeed, although early trademark doctrine focused, as Mark McKenna

has [detailed](#), on the moral notion of unfair competition, modern trademark doctrine is primarily concerned with consumer confusion, which Lockean labor theory, with its focus on harms committed by one producer to another, doesn't address. Thus, the economic or consequentialist justification can identify both a producer-side wrong (free riding) and a consumer-side wrong (enhanced search costs), but a deontological justification typically relates only to a producer-side wrong (misappropriation of the fruits of one's labor).

Sheff therefore proposes a Kantian contractualist theory to fill this gap, in which actors are motivated not by consequentialist notions but by a moral imperative to act in a particular manner—as one might characterize it, motivation by “good will,” not by “goodwill.” Sheff notes that under this theory, individuals are treated as ends, not means, which requires an acknowledgement of “the unique capacity of rational beings to choose what ends they will pursue and to settle on actions to achieve those ends” (P. 777) and a commitment not to interfere with those choices by lying or deception. In essence, this is a theory of “trademark as promise.”¹

Sheff then turns to an initial application of a contractualist theory to trademark law. Significantly, his theory addresses a hypothetical with which a consequentialist theory has difficulty: What happens when a consumer is misled into buying a product from producer X because of X's use of Y's trademark, but X's and Y's goods are of identical quality, such that no harm is done? Under a contractualist theory, there is indeed still harm done: To the extent that the use of a trademark is a promise from the producer to the prospective consumer that the producer is who he says he is (and assuming that the consumer is purchasing goods based on this representation), the harm is the very breaking of that promise through deception because it deprives the consumer of autonomy in the marketplace.

To be sure, not every doctrine in trademark law can be explained this cleanly. Later in the article, Sheff turns to post-sale confusion, a more complicated application of his premise, in which the confused consumer is not the point-of-sale purchaser but some later observer, an application that raises the question of whether it is the defendant producer or the status-seeking consumer who is the breaching party. In other words, when Buyer A displays a fake Gucci handbag, thereby deceiving Bystander B into thinking it is genuine, Buyer A may be the morally questionable individual (at least in some circles). But it is the producer of the fake Gucci handbag that is the putative defendant in trademark law—arguably only an accessory to Buyer A's deception—not Buyer A herself.

The fact that Sheff's article leaves many questions not fully answered, however, is not a failing but rather a testament to the creativity it sparks, and Sheff assists the reader by highlighting many of these areas for further exploration. What, for example, would a contractualist theory have to say about trademark infringement cases that don't involve deceptive behavior but instead involve an innocently adopted trademark that turns out to be somewhat similar to the mark of another producer? Does the same notion of a broken promise exist in that instance? Is it a moral violation for a company to [change its trademark](#) after a public relations disaster, or for a company to obscure the connections between its brands by using different trademarks for different products? Does a theory of “trademark as promise” limit the extent of any [changes](#) a company can make to its ingredients or formulation while maintaining the same brand? Put otherwise, do brand owners also have a claim to autonomy in their choices that is incompatible with a theory of trademark as a promise to a consumer?

Sheff does not purport to set forth an all-encompassing theory, but his proposal is highly compatible with the way we now talk about brands. We are ever more in a world in which consumers engage with many brands as personas. Brands are trusted confidants and

comforting companions. They find [allegiances](#) with different social groups at different times in their development; they uplift us and betray us. These brands are not simply a way of finding goods in the marketplace; they are also a way of announcing or defining one's identity, creating relationships with others, signaling wealth, or engaging in any one of a number of expressive functions. Companies respond in kind, by creating advertising or affinity groups that foster this type of engagement, and by aggressively using trademark law as a kind of corporate defamation law, pushing back at uses that offend their view of their brands. If these are our relationships with brands today, then perhaps we should be characterizing their relationships with us as ones of promise, representations, and trust. The difficulty will then be in determining which promises we truly expect brands to keep.



1. Sheff later offers illustrations of a contractualist theory of markets by examining contract law and the prohibition of insider trading by securities laws, both of which regulate the flow of information among individuals in the market. [↩](#)

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